



PRESS RELEASE

No. 172/2015

Date: 19th March 2015

Netto Statement Suggests Loans Obtained by the GSD with No Intention of Complying with the Terms

Her Majesty's Government of Gibraltar has carefully analysed statements made last week by GSD MP, Jaime Netto, on GBC's Viewpoint discussion programme.

Mr Netto was discussing the fact that the GSD had entered into an undisclosed commitment to the lenders who were funding the debt for them to pay for the GSD's proposed power station prior to them leaving office in 2011. According to their own business plan submitted to the lenders, this commitment would have increased the cost of electricity by 5% per annum each and every year after the general election but Mr Netto said that this did not mean that they were going to pass on those costs to consumers.

This is entirely contrary to the position they agreed with the funders.

The agreement with the funders specifically provided that the cost of electricity to consumers was going to increase by 5% per annum for twenty years. This was the basis on which the GSD administration had secured the borrowing which they needed for their proposed power station.

It is therefore astounding that Mr Netto should now be saying the complete opposite.

Indeed, the situation which arises as a result of Mr Netto's statement is one which suggests that the GSD administration was procuring lending on terms which it had absolutely no intention of complying with.

If it is true that the 5% increases were not going to be funded by increasing the costs to consumers and were going to be subsidised by the GSD from taxpayers' money, that would be entirely contrary to the position of Mr Feetham, who said last year that he was against continuing the subsidising of the cost of electricity. That contradiction is stark and demonstrates that Mr Feetham just makes up policy as he goes along.

The Chief Minister, Hon Fabian Picardo QC, said: "The GSD was going to fund its plan for a new power station with debt outside the definition of public debt. After the election they left Gibraltar with only £2m of usable cash reserves as Sir Peter Caruana QC has repeatedly confirmed. Based on Mr Netto's statements, it emerges that the GSD had procured that borrowing on terms it had



no intention of complying with. That would be absolutely scandalous if true. Mr Feetham now needs to clarify urgently whether the GSD Government were going to comply with the terms agreed and were going to increase the cost of electricity to consumers by 5% per annum or were they not going to comply with the terms that they themselves agreed with the lenders. This would have breached the agreement and his own earlier commitment to end the subsidy which business and residential consumers presently enjoy and which would hugely increase the cost of doing business in Gibraltar and the cost of running a household. It's one or the other. On this one, Mr Feetham cannot sit on the fence."