



**HM GOVERNMENT OF GIBRALTAR**

Ministry for Economic Development, Telecommunications and the Gibraltar Savings Bank  
76-77 Harbours Walk  
New Harbours  
Gibraltar

**PRESS RELEASE**

No. 58/2015

Date: 3<sup>rd</sup> February 2015

**Opposition criticism based on incorrect information**

The GSD did not leave the net debt at £217M as they are deliberately trying to imply.

They know full well that the £217M was given as the result for 2010/2011 Financial Year and was estimated to grow to £222M during 2011 before the Elections. By December 2011 the Gross Debt was £520M and the Net Debt was around £286M.

The Manifesto Commitment was to reduce the Gross Debt to half the level inherited which was not known before the Election took place.

The Policy therefore is to bring the Gross Debt down to £260M from the £520M inherited on the 9 December 2011. As the Opposition should know if they have learnt anything when they were in Government it is not possible to predict the level of the Net Debt but they have already been told that the Net Debt will also be reduced.

When the GSD was in power they claimed that to refer to the level of Debt other than as a percentage of GDP was economic illiteracy. On the basis of their definition by reference to the GDP the debt has been declining since 2011.

As a percentage of Revenue the maximum Net Debt is £443M currently. This means that the usable reserves presently available continue to be much higher than the £2M at which level they left it in December 2011.

It was they therefore who could not borrow without breaking the Debt Limits in 2011. This they had planned to do before the Elections took place as Mr Caruana accepted in this Year's Budget. The motion to do this was prepared before the Elections but never mentioned in the Campaign.

At the Official opening of the Parliament Mr Caruana indicated the need to suspend the legal limit and said the Opposition would vote in favour of doing so.

This never happened because the Government decided to slow the spending programme between January and March 2012 rather than increase the level of Debt.

The Government has every intention of meeting its target of reducing Gross Debt to £260M which is the commitment it has given.