



PRESS RELEASE

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GSD HID ESTATE TRANSACTIONS AND WERE SELLING OFF GIBRALTAR'S "FAMILY SILVER"

The hypocrisy of the GSD is unfathomable. It is utterly ridiculous for them to misrepresent the excellent financing transaction which the government has achieved for Gibraltar as if it were something negative.

In order not to allow the GSD to continue with their repeated scaremongering, the Government comments as follows on the GSD's lies and misrepresentations:

1. Government housing estates and car parks were secretly and outside of Parliamentary scrutiny put into companies by the GSD Government of which Mr Feetham and Mr Reyes were members. They did not inform the Parliament of that at any time. Mr Clinton and the GSD now complain that the Government and Mr Picardo DID disclose this to the Parliament at the first sitting of the Parliament after the transaction closed and provided explicit details of the excellent financing arrangements in question.

2. The GSD was going to sell off all the properties in question. That means that the GSD were selling off the "family silver" to try to recover the very precarious position they left Gibraltar in at the end of the time in office in 2011. Gibraltar under the GSD was left with no sinking funds, no cash in Community Care, no reserves in the Savings Bank and only £2m in cash. That is why Sir Peter Caruana admitted at the ceremonial opening of the Parliament that he would support a Resolution to raise the debt ceiling, as required by law, knowing that they had put Gibraltar in a situation where the debt ceiling would have been breached by them after the election. Indeed the then Financial Secretary advised the Chief Minister the day after the election in 2011 that the debt ceiling was about to be breached and that the GSD of which Mr Feetham was a member, had known that and was ready to bring such a Resolution.

2. Under these arrangements, the "family silver" is not sold off as the GSD was going to do. We keep the "family silver" in the family for future generations to have post war rental accommodation available. Additionally, we invest in polishing the "family silver" via our refurbishment programme.

3. In addition, the tenants of these estates are entirely, 100%, secure. No-one's home is at any risk at all. Even if financing service costs were not met WHICH WILL NEVER HAPPEN



the tenants' position is entirely risk free. For the GSD to pretend otherwise by references to a "mortgage" is the disgraceful scaremongering they have tried in the past without success. In fact, in the United Kingdom where these transactions are common, there has never been a default of any Housing Association and there had never been an eviction of a tenant for such a reason.

4. As the Chief Minister set out in his speech to the Parliament in the Budget debate, the Government has not raised the £300m in question because it needs liquidity. The money has been raised in the company structure to take advantage of the historic low interest rates and to provide stability in the face of the result of the referendum if necessary.

5. As the Chief Minister also told the Parliament, this transaction was proposed to the Government by the Financial Secretary as a mechanism which is being used throughout the United Kingdom. It is the now common type of transaction which allows Housing Associations to raise long term finance at low interest rates to be raised against government owned residential property assets without any default or eviction ever recorded.

6. The fact that the lending institutions involved have entered into these arrangements is, as Mr Clinton knows, a sign of huge confidence in the Gibraltar economy and the strength of our public finances. It demonstrates that, quite contrary to the GSD's claims, objective third parties who have analysed our economy and public finances believe that they are well managed and robust.

7. Moreover, such transactions are on hold now throughout the United Kingdom or would require higher long terms rates given the uncertainty which exists after the result of the Brexit referendum. It was therefore absolutely right for the Financial Secretary to complete the transaction as soon as possible after the re-election in 2010 of the Conservative Government in the United Kingdom on a ticket of holding an EU Referendum.

The Chief Minister, the Hon Fabian Picardo QC MP, who is away from Gibraltar at the meeting of all Overseas Territories Premiers, to continue the excellent lobbying work he and the Deputy Chief Minister have been undertaking since the referendum result became known, said: "I am not surprised at this further attempt at scaremongering from the GSD. They have no other way to try to grab the public's attention. Mr Clinton has not "revealed" anything today. The GSD of Mr Feetham sunk the Government estates in companies in secret as well as the Government car parks and hid it from the public and from Parliament and we only found out after we were elected into Government. Instead, I proudly revealed this transaction to Parliament, although I did not have to do so under the rules, at the first meeting of Parliament after this brilliant financing arrangement closed. In fact, this is such a great deal for Gibraltar that I was very proud indeed to announce it and to congratulate Financial Secretary Albert Mena for his idea and his advice throughout as well as Peter Montegriffo of Hassans for the diligent legal work and the advice they provided throughout. The properties are subject to a board made up of respected professionals James Levy QC, senior partner of Hassans, John Collado of Land Property Services, and Charles Serruya. This deal is undoubtedly much better for Gibraltar and for tenants in particular than selling off the estates as they GSD were doing. We keep the "family silver" and polish it with the fantastic refurbishment programme of the estates we have undertaken and will soon complete. On the other hand, the GSD have criticised the refurbishment programme and



its cost would not have undertaken it and they were in the process of "selling the family silver" and would have lost the estates by selling off the flats. A very large number of professionals have been in touch with the Government to congratulate us on this transaction. If Mr Clinton and Mr Feetham were being objective, they too would be congratulating the Government and not seeking to scare people unnecessarily. I will look forward to answering any questions from the GSD on this and any other subject at the next Question Time in the Parliament and will remind Mr Feetham and Mr Clinton that their policy at the election eight months ago was to raise the Public Debt to £900m! Until then, the Deputy Chief Minister and I will continue my work lobbying for Gibraltar at the highest levels in the aftermath of the Brexit referendum."