

**THIRD SUPPLEMENT TO THE GIBRALTAR  
GAZETTE**

**No. 3,694 of 22nd January, 2009**

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**B. 02/09**

**BILL**

**FOR**

**AN ACT** to amend the Public Finance (Borrowing Powers) Act 2008.

**ENACTED** by the Legislature of Gibraltar.

**Title and commencement.**

1. This Act may be cited as the Public Finance (Borrowing Powers) (Amendment) Act 2009 and comes into operation on the day of publication.

**Amendment to the Public Finance (Borrowing Powers) Act 2008.**

2.(1) The Public Finance (Borrowing Powers) Act 2008 is amended in accordance with this section.

(2) In the Arrangement of Sections, sections 11 and 12 are amended by inserting after the word “agreements” the words “and interest rate swap agreements”.

(3) Section 2 is amended as follows—

(a) after the definition of “Public Debt” insert—

““Cash Reserves” means the total amount of cash held by the Government in the Consolidated Fund and the Improvement and Development Fund;” and

(b) after the definition of “Aggregate Public Debt” insert—

““Net Public Debt” means the Aggregate Public Debt less the Cash Reserves;”.

(4) Section 3 is amended as follows–

- (a) in subsection (1) insert a coma after the word “Minister”;
- (b) in subsection (1)(i) for the word “Aggregate” substitute “Net”;
- (c) in subsection (2)(iv) delete the full stop and replace with a semicolon and thereafter insert–

“(v) Net Public Debt.”;

- (d) for the second reference to subsection “(2)” substitute “(3)”;
- (e) after subsection (3) insert–

“(4) For the purpose of managing debt interest payments, the Government may from time to time, with the prior approval of the Minister, enter into interest rate swap agreements provided that the total notional principal sum under such swap agreements does not exceed the Aggregate Public Debt.”.

(5) Section 11 is amended as follows–

- (a) in the heading, after the word “agreements”, insert “and interest rate swap agreements”;
- (b) for the word “section” substitute “sections” and after “3(3)(b)” insert “and 3(4)”.

(6) The heading of section 12 is amended by inserting after the word “agreements” the words “and interest rate swap agreements”.

**EXPLANATORY MEMORANDUM**

This Bill amends the Public Finance (Borrowing Powers) Act 2008 to provide for:

- (1) the criteria to establish the statutory limit on new borrowing under the Act to be based on Net Public Debt rather than on Aggregate Public Debt and
- (2) to provide the Government with powers to enter into interest rate swap agreements for the purpose of managing debt interest payments.

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**Printed by the Gibraltar Chronicle Limited  
Printing Office, 2, Library Gardens,  
Government Printers for Gibraltar,  
Copies may be purchased at 6, Convent Place, Price £0.40p**