

The cost of the scheme is far too high, in the Jersey context, and the excessive borrowing is proposed to mask unjustified extravagance.

The Strategic Reserve Fund should not be used in the way proposed. This is a Smart Alec trick to make the real cost of the new hospital disappear and remove all impact on the present generation. It will prevent the Fund being used in the future, if there is an emergency, as the borrowing can only be repaid if the Fund is intact and growing.

It is not simply lip service to say the past is not a guide to the future. To rely on projected future gains is reckless. It is similar to interest-only loans with repayment by endowment policies. These did well for many years then the conditions changed and thousands of borrowers were left with a loan they could not repay.

A bond, or series of bonds, would be a good way to fund the hospital but at a much lower level and with a conventional sinking fund to secure repayment. This would place a significant cost on the Island's budget. It will be necessary to take a realistic look at all expenditure as we are clearly living beyond our means.

If excessive borrowing continues Jersey will lose its favourable credit rating.

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