

2020.06.02

5 Deputy S.M. Ahier of St. Helier of the Minister for Treasury and Resources regarding funding the “Our Hospital” project (OQ.139/2020):

Following the Deputy Chief Minister’s statement on 12th May 2020 that a financing Proposition for the “Our Hospital” project will be brought to the Assembly for debate in May 2021, will the Minister update the Assembly on any plans for funding the project, and indicate the anticipated level of borrowing required, if any, to fund the project?

Deputy S.J. Pinel of St. Clement (The Minister for Treasury and Resources):

As highlighted in the question, the Deputy Chief Minister stated that a financing Proposition for the “Our Hospital” project will be brought to the Assembly for debate in May 2021. A full assessment of financing can only be completed once a site for the hospital has been determined and a detailed appraisal of the total cost of construction has been undertaken. This is why the Deputy Chief Minister alluded to the date which is some 12 months in the future. In the event that borrowing is required to fund the project then I am cognisant of many of the solutions available to me, having just assessed a number of options as part of the process for putting in place a £500 million revolving credit facility which will be used to support individuals and the economy through the COVID-19 pandemic. Over the coming months, as details of the “Our Hospital” project become clearer, work will commence on the assessment of all potential options for financing, which I would expect the range from the utilisation of reserves through the long-term debt funding.

3.5.1 Deputy S.M. Ahier:

Will the short-term funding solution that the Minister mentioned for the revolving credit facility impact our ability to borrow money for the “Our Hospital” project?

Deputy S.J. Pinel:

No. Although I appreciate the volatility of the markets at the moment the recent experience of, as the Deputy mentioned, the revolving credit facility demonstrated there is significant appetite for many wanting higher quality sovereign entities such as the States of Jersey, the terms under which the facility was made available were very favourable.

3.5.2 Connétable A.S. Crowcroft of St. Helier:

Is the Minister able to enlighten us on the proposed location of the new hospital because this is something that is obviously worrying a lot of people who want to know where it is going to go?

Deputy S.J. Pinel:

Yes, I am one of those people who would also like to know where it is going to go but I am not part of the “Our Hospital” group, I am afraid, so I cannot enlighten you.

3.5.3 The Connétable of St. Helier:

Is the Minister able to say when the location will be announced?

Deputy S.J. Pinel:

I think, from what I recall of the Deputy Chief Minister is saying, in July. It was supposed to be, as we all know, at the end of April but the COVID situation has held up that announcement.

3.5.4 Deputy R.E. Huelin of St. Peter:

Given the interest rates are at an all-time low and long-term bonds, coupon rates could be secured I am assured at rates as low as maybe 1 per cent, can the Minister update us on the work she is doing to keep an eye on these markets to ensure us that we will be able to strike when the time is right and not miss out on this phenomenal low interest rate opportunity?

Deputy S.J. Pinel:

Absolutely, Deputy. Of course we are always monitoring it and we did a huge amount of work before taking out the up to £500 million revolving credit facility. So that has helped inform us very clearly of the market recently and also a huge amount of work was done beforehand with the Future Hospital project where a bond was established at very low interest rates. It was never actually signed off because the, as you will know, Gloucester Street was not approved by Planning.

3.5.5 Deputy K.G. Pamplin:

Following the previous Assembly's situation with the finance and the trickiness that played out in the public, what is the Minister for Treasury and Resources' message to those all involved in the project when she gets the proposition? What would she like to see that is not repeated with this situation?

Deputy S.J. Pinel:

I think the Deputy might be referring to the assessment of site availability? Could you clarify that please?

Deputy K.G. Pamplin:

Yes, which led to the funding situation for the previous project, which had to be changed. So it is just more about what is the message you ... so basically not repeating the mistakes of the past but what is your message to those involved when you eventually see the plans that you would like to then work on.

Deputy S.J. Pinel:

Thank you very much, Deputy. That is very clear. I think 3 sites are going to be presented, if I am correct - open to correction if that is not the case - but I think 3 options with all the viability or not of each option. Once the States Assembly have agreed on a site then of course there will be the decision as to what it constitutes, how big it is going to be and ultimately what it is going to cost.

3.5.6 Deputy K.G. Pamplin:

Also her personal message, as being the Minister for Treasury and Resources on the biggest issue of this Island bar other things going on presently, to her colleagues when she finally gets the plan; what would she like to be her message as Minister for Treasury and Resources with this most contentious project coming up.

Deputy S.J. Pinel:

My message would be ... I cannot say it because it is not a politically acceptable phrase, but I have thought it a lot that one was just to get on and do it because we have wasted so much time over this project. I understand the enormous potential cost of it and also the fact that it has to accommodate all various sorts of the Island's patients' needs, including cancer requirements, mental health requirements, so it has got to be an all-encompassing general hospital, which of course you do not have to have in the U.K. but we do here. But I would like the message to be to the Deputy that we need to get on with it and make a move. It has been too long, it has been a battle ever since I have been in politics.

3.5.7 Deputy S.M. Ahier:

In Future Hospital: approval of funding P.107/2017, the intention was to borrow up to £275 million over a 30 to 40-year period. Will the Minister take the same approach concerning the repayment period?

Deputy S.J. Pinel:

Yes, the Deputy is quite right, it was a long-term borrowing facility which at the time was the best way forward. It did not happen, as I mentioned earlier, but at the time that was the best way forward. I think there was quite a lot of criticism at the time as well that we were leaving our grandchildren with a huge debt but we do not know the amount yet. We do have reserves so it is not necessarily going to be the borrowing. We have just got to ascertain, when we know the required amount, how we go about it. Not necessarily borrowing at all but that was what was decided to be the best option for the last project.