

2019.12.10

12 Deputy K.G. Pamplin of the Chief Minister regarding the funding of the new Hospital: (OQ.303/2019)

Will the Chief Minister clarify how the new hospital will be funded and explain whether any assessment is to be undertaken of the likely effect on the cost of the hospital, if there are any delays in announcing the final site selection, or the timing of the planning application?

The Chief Minister:

Senator Farnham is taking this question, Sir.

Senator L.J. Farnham (Deputy Chief Minister - *rapporteur*):

We are at the early stages of this project and are not yet in a position to bring forward the expected funding envelope. This will be established in 2020, through a robust appraisal process, in line with H.M. (Her Majesty) Treasury Green Book best practice and covering the business case, of course, will cover strategic, economic, commercial, financial and management dimensions. The business case will, of course, be discussed with Scrutiny and with the Council of Ministers. The project has not slipped and is running to a tight and ambitious timeline, as set out in the Chief Minister's report, delivered in May of this year. In relation to the Deputy's question about the impacts of delay, well, of course, funding will always be subject to the impacts of global markets, for example, borrowing rates and credit ratings, *et cetera*, all of which, of course, will be taken into account at the time of the final decision, so that the best decision of value is delivered for taxpayers. I know the Treasury team and the Minister for Treasury and Resources will be very mindful of that when they bring the Proposition, in due course. I can remind Members of previous decisions, where the previous States Assembly took 2 steps in relation to the financing of the hospital project and they agreed a strategy designed around using a bond, plus funding from the Strategic Reserve. I have no reason to suspect that the new funding envelope will be vastly different from that approach.

3.12.1 Deputy K.G. Pamplin:

I thank the Senator for his answer and he stumbled into what my follow-up question was going to be, so that is always good, but can the Senator go a little bit further to say that we will not be borrowing, outside of what he just described of the previous setup? Are all avenues of how we will fund this hospital, will it include looking at borrowing to fund the Future Hospital, outside of what the original region was which was, as you described, a bond and dipping into the reserves? I hope that makes sense.

Senator L.J. Farnham:

I think that is unlikely, but, of course, it is going to be a decision for the States Assembly and I can assure Members and Scrutiny there will be ample communication with States Members throughout the building of that process.