

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY M.B. ANDREWS OF ST. HELIER NORTH
QUESTION SUBMITTED ON MONDAY 24th OCTOBER 2022
ANSWER TO BE TABLED ON MONDAY 31st OCTOBER 2022**

Question

Would the Minister indicate, at this present time, the potential coupon payment rate of the previously proposed Our Hospital Public Rated Sterling Bonds, as outlined in the Debt Framework (R.68/2022)?

Answer

The coupon on public rated sterling bonds is determined by two main factors: the underlying UK Gilt rate to which a credit spread, reflecting the risk profile of the issuer, is added. The value of both components not only change daily but are subject to intra-day movements reflecting underlying market conditions and risk sentiment.

However, purely for comparative purposes and using the Gilt rate at market close (5pm UK) on Monday 24th October, the Minister would indicate bond coupon rates of 5.00% (20 years) and 4.625% (40 years). Actual pricing would be subject to market appetite on the day of issue.

The recent volatility experienced in financial markets and the subsequent impacts on long-term interest rates mean that the funding strategy for Our Hospital as set out in the Debt Framework (R.68/2022), or P.80/2021: Our Hospital – Budget, Financing and Land Assembly would need careful review before committing to any borrowing.