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3.7 Deputy A.D. Lewis of St. Helier of the Minister for Education regarding the criteria upon which the default rate for a new student loan scheme had been based:

Can the Assistant Minister outline the criteria upon which the default rate of 30 per cent for a new student loan scheme creating a predicted liability of £700 million contained in the Minister's recent report into higher education - which was "Higher Education Funding" R.51/2016 - was based given that the current loan scheme has a default rate of less than 10 per cent and once reaching its full liability of £8.7 million it is predicted to have only a 3 per cent default rate?

The Connétable of St. Brelade (Assistant Minister for Education - rapporteur):

As with the previous question, I will do my best to answer this on behalf of the Minister. When considering the full student loan scheme the default rate was estimated with reference to current experience within the U.K. The latest report by the National Audit Office in 2013 stated that 35 per cent of the £65 billion student loan company debt will be irrecoverable. Other more recent reports have put the estimate at 25 per cent. There is no reason to expect a higher repayment rate if there were a full Jersey loan. In fact it could be higher because the debt could deter our graduates from returning to the Island. As it is, 25 to 30 per cent of graduates do not end up returning to the Island. It is too soon to know what the liability of the current Jersey loan scheme will be, which is only £1,500 a year because the first cohort of repayments is only just coming through. As it is only for £1,500 a year as opposed to the £9,000 per annum, default rates are likely to be significantly less. The original estimates for defaults were low because this is a much smaller loan.

3.7.1 Deputy A.D. Lewis:

Does the Assistant Minister not agree that suggesting that the default rate of 100 per cent is simply scaremongering when his own report suggests that the default rate is considerably lower for the current loan scheme? Also, why is the Minister continually comparing Jersey's position with the U.K. student loan model, as in a recent report, which he refers to, it clearly stated that the U.K. Student Loan Company was extremely badly run? Furthermore, the Minister's department, has it not considered insurance schemes to protect against default and also take into consideration the prospect that repayment could commence from the moment the student begins his or her course thus significantly reducing the liability at a much earlier stage?

The Connétable of St. Brelade:

Clearly, there needs to be some scheme to compare with. The report is right, it does compare it with the U.K. but I think the U.K. shows what such a large deficit has been brought up. It currently is £65 billion a year and it is going to rise to £330 billion by 2044. Clearly, this has now led to one situation in the U.K. where that debt is now being sold off for considerably less to a debt collection agency. I think the Deputy knows what that is likely to lead to. It will lead to people being pursued through court and being pursued through various other areas to repay the loan. That is not something I think either he or I want to see happening here. A Jersey loan scheme, we believe, is not a viable option here. We think there are other solutions. I think the other solutions are within the report themselves but I will just quickly go over them. That is redistributing current funding, looking at a parents' saving scheme, something I think that does hold a lot of potential options and be more flexible, more on-Island provision and provision across the U.K. and Europe. I think there are other options other than providing a full Jersey student loan scheme.

3.7.2 Connétable J. Gallichan of St. Mary:

I think like a lot of other Members I was disappointed in the report. I did not think it went far enough and I thought it was quite dismissive of some things but does the Minister not understand that a loan scheme may have a possibility of failing in some cases through default? A grant system puts the money out of the window immediately and does not have any requirement to repay. So has the Minister really understood the difference and the balance? He talks about reallocation. How far will we go with that concept?

The Connétable of St. Brelade:

I am pleased to say that with some details provided this morning that it is the intention of providing some more money to the scheme. The department has been working with Treasury to secure that extra funding. I cannot say what the detail is to that at present because that is something that the Minister has currently been working with. There have been ongoing discussions with Treasury about further funding. It is difficult. It is a very emotive issue and I understand that. I mean I read the report a couple of times again last night. It does not provide a solution and I think the department and Treasury and the Council of Ministers accept that, but we have to move forward. We have to find some way to ensure young people can get off-Island and take the courses that they want to take, not ones we are going to force them into taking, or in places where we are going to force them to take it. They have to have the flexibility of that. But clearly, a full Jersey loan scheme is not a viable option. It is not something that I think Treasury will accept at present but what we will do is try to find extra money and, like I say, I think from what I believe this morning, there will be more money available within that scheme.

3.7.3 Deputy M. Tadier:

Clearly, it is a difficult situation. We are facing the Americanisation of education in the U.K. where education is becoming only for the wealthy and crippling debt left for the rest. Does the Minister agree that one of the solutions must be for Jersey to establish a viable university in the Island so that not only could we educate some of our local youngsters who may want to stay on the Island but also to have new students, new disciplines and an income stream coming in for that? If that is the case, how long does he think it would take for a viable university to be established in the Island?

The Connétable of St. Brelade:

In terms of having a full university in the Island, again I think that is something that needs to be addressed with the Minister. I cannot answer that. If the department is pursuing that then clearly I will get back to the Deputy on that. But in terms of on-Island provision I think we do already put on a number of university-type courses in the Island which I think is a very positive step.

[10:30]

There have been recent talks between Guernsey and the Island of Man about the degree courses that, for example, they do in the Isle of Man, some of the engineering courses, and being able to offer that to Jersey students and then Isle of Man students being offered some of the nursing opportunities, for example, that we have here. So there are still discussions going forward in regard to that, so I think we do need to provide more provision on the Island. We currently provide some good provision but that can be increased I believe, but in terms of a full university I think that is really a question for the Minister.

3.7.4 Deputy M. Tadier:

Would the Minister consider, now, looking at possible sites for a possible university and a Latin Quarter, a cultural quarter, in the Island, perhaps Warwick Farm or elsewhere, which might be appropriate, and take that to the Minister so that we can really start moving this concept forward?

The Connétable of St. Brelade:

I would be more than pleased to take those thoughts back to the Minister. Trying to find a site for a university would be, I think, challenging within the Island. I think there are one or 2 sites that might spring to mind, one just above us, for example, but that is something that needs to be discussed at length within the department and discussed more widely within the Island and within this Chamber as to what the future of higher education is within the Island. Clearly, we know some of the challenges of providing higher education off-Island. I think we do need to maybe look a little bit further about what we can offer within the Island and whether we can expand some of the current offerings that we currently have.

The Deputy Bailiff:

I think I was a little too permissive in permitting a question relating to the possibility of a future university when the question is dealing with the percentage calculation for student loans so I will not allow any other questions relating to a university in Jersey under this question.

3.7.5 Deputy L.M.C. Doublet:

I am not sure if this will be allowed then. Would the Minister agree that a more affordable option would be to push forward with maybe partnering with something like the Open University and providing a wider range of courses where students ...

The Deputy Bailiff:

No. I am sorry, Deputy. You were quite right to anticipate. I should perhaps have picked up Deputy Tadier sooner, I did not, but that is no reason to let this one go.

Deputy M. Tadier:

May I just explain? It is one of the options put forward in the paper as an alternative to loans and to grants; that is why I raised it.

The Deputy Bailiff:

Yes, but the question relates, Deputy, to the calculation of the loan so I think you have scored at this point but I will not allow it to continue.

3.7.6 Deputy G.P. Southern:

I hope. Can the Assistant Minister offer a categorical assurance that his department will maintain the level of support for study on-Island for higher education degree courses?

The Connétable of St. Brelade:

I believe that to be the case. I do not have that information with me but I will get back to the Deputy later today in regard to that. I think it is clear that we do want to ensure that we can support those that want to learn on-Island. It clearly is a cheaper option although cost is not the be all and everything of what we do in regards to education but clearly if we can keep students on-Island at Highlands, taking local courses, clearly there is a benefit to that and it is something I think we should be looking to achieve.

3.7.7 Deputy A.D. Lewis:

I thank the Assistant Minister for his responses in the absence of the Minister. However, there is still no immediate response for parents to find a solution to the current financial pressures and that was clear in the report which the Assistant Minister referred to. So I would like to know whether the department is going to explore further ideas because just how much longer will people have to wait

for those ideas. This has been going on for over a decade now. If it is ideas he wants, I have got plenty, supplied to me by concerned parents, many of whom have already forwarded them to the Minister but they have either been ignored or dismissed out of hand. Can the Minister assure this Assembly that more outside-the-box thinking will prevail from his department and also to have a proper informed debate which will be started today on this subject? Would the Assistant Minister consider bringing a proposition to the Assembly to have an in-committee debate on this vitally important matter before we lose a whole generation of prospective graduates from our Island economy?

The Connétable of St. Brelade:

In regards to the in-committee debate, that is something that I will take back to the ministerial team to discuss. It may be an option, but I think it is something that we need to discuss. In regards to solutions or ideas, it must be very frustrating to those that are either in higher education or about to go into higher education that there does not seem to be a solution to some of the issues that they have got. I do not think any ideas that the department have received are ignored or dismissed. I only spoke yesterday to the Director around about ... if there are solutions out there, and the Deputy has got them, then it would be absolutely ridiculous for us not to consider them but it is a very difficult issue to resolve. It is something that we are going to carry on working on. It is something that I know that the Chief Minister is very passionate about, trying to ensure that we can find a solution for moving forward but it is not going to be easy in the current financial climate to provide extra money although, as I say, we will have, I believe, some extra money committed to it to support students in the foreseeable future.

The Deputy Bailiff:

We now come to question 8 that ...

Deputy A.D. Lewis:

If I just may, can I just correct something?

The Deputy Bailiff:

I am sorry, you cannot have a supplementary on your final supplementary. The trick is in the word "final supplementary", Deputy.