

**WRITTEN QUESTION TO THE MINISTER FOR
EDUCATION, SPORT AND LEISURE BY
DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT**

ANSWER TO BE TABLED ON TUESDAY 3rd JULY 2007

Question

Would the Minister, in relation to the student loan scheme, advise members –

- (a) whether there will be an maximum loan amount for the overall period of study, including interest, given that there is a £1,500 maximum per annum?
- (b) whether the terms of the agreement reached with the Banks by the Minister includes reference to interest charged and, if so, whether that includes a fixed or variable rate? Furthermore will the Minister be underwriting loans above a set limit?
- (c) whether loans will be fixed term, or able to be paid back with corresponding reduction in interest?
- (d) how the scheme caters for students who may be declined a loan by banks for whatever reason?

Answer

With regard to the student loan scheme –

- (a) there is no maximum loan amount for the overall period of study;
- (b) the agreement reached with the banks provides for a loan with interest charged at 1% above base. The 1% is a fixed rate, base rate however can change. The Minister will not be underwriting loans above a set limit;
- (c) the repayment period is a fixed term of 5 years commencing one year after graduation. There are provisions however for early repayment which would have the effect of reducing accumulated interest;
- (d) the arrangements made with the banks provide for a loan supported by a States guarantee; the banks therefore will not refuse loans to eligible students;