

**4.2 Connétable C.H. Taylor of St. John of the Minister for Treasury and Resources regarding the timeline followed for introducing short-term borrowing as an option for funding the Future Hospital: [1(334)]**

Will the Minister explain what timeline was followed for introducing short-term borrowing into the equation as an option for funding the future hospital?

**Connétable J.M. Refault of St. Peter (Assistant Minister for Treasury and Resources - rapporteur):**

As a member of the Corporate Services Scrutiny Panel and having received copies of reports from our professional advisers EY (Ernst & Young), the Constable of St. John will be aware that many external debt options were considered and analysed in some detail in the report of our professional advisers, which was dated July 2016. The analysis included financing from banks as an option, which is usually available at a shorter term than we are seeking. While such borrowing has the advantage of more flexibility for drawdown banks may well require financial covenants and interest is often of a floating nature, hence not providing certainty of costs. Very recently it has been suggested that other options of short-term borrowing or similar could be an option to be used over the longer term by, for example, a programme of rolling such borrowing over. The Treasury Advisory Panel is currently examining such an option and will continue to consider credible options as and when they are brought forward.

**4.2.1 The Connétable of St. John:**

The Assistant Minister said “very recent”. Could he please give us a timeline because that is the question I asked and that is what I am particularly interested in? What does he call “very recent” and can I have more information on that?

**The Connétable of St. Peter:**

Certainly. I am aware of 2 approaches made during the month of May from 2 different financial experts that are well experienced in the debt markets who had offered their advice via some Members as well to the Minister for Treasury and Resources. I think the Constable of St. John is talking more focusedly about the meeting of 19th May which is, I think ... I would appreciate if he could confirm if that is what he wishes me to address? **[Aside]** Thank you. On the meeting of 19th May an individual of tremendous experience in the debt market offered some options for the Minister to consider. The Minister managed to invite him in on 19th May for a meeting to discuss the options, which is entirely appropriate that we, as a Treasury, should consider before making a final judgment. I think the next question will be about who was at the meeting, so I will give that answer to the Constable of St. John now.

**The Deputy Bailiff:**

You are running perilously up to the time limit for your answer.

**The Connétable of St. Peter:**

I will wait for his next question then.

**4.2.2 Deputy G.P. Southern:**

I will do the favour, I think. Was another Minister present at that meeting and if so, which ones?

**The Connétable of St. Peter:**

I can confirm that the Minister for Treasury and Resources was there - he called the meeting - the Treasurer of the States was also present, the Chief Minister, the Deputy Chief Minister and

Minister for Health and Social Services, a member of the Treasury Advisory Panel and the third party giving the breadth of their experience.

#### **4.2.3 Senator S.C. Ferguson:**

As Members know, I have got over 40 years working in the finance industry and I have taken soundings about short-term borrowing. The general feeling was no, no, no. So where and when and who did this particular piece of advice emanate from?

[10:00]

#### **The Connétable of St. Peter:**

It is the role of Treasury to listen to all advice, and that is merely what we are doing. If somebody with a great breadth of experience in the debt market, many years of very valuable experience, it would be wrong for us to ignore that experience.

#### **4.2.4 Senator S.C. Ferguson:**

Supplementary. But who gave the advice? I am sorry, the feeling in the industry is not short-term borrowing, so who said: "Why not?"

#### **The Connétable of St. Peter:**

I am afraid I cannot give the person's name. He was not engaged by the Government. He is not contracted at all to the Government. They came in out of the kindness of their heart to offer their breadth of experience to us.

#### **4.2.5 Deputy M.R Higgins:**

It gets worse and worse. In the written answer to my question, question 5, it mentions it was a private individual so the Assistant Minister is going on about professional firms and so on, it was a private individual who gave this information surely the States should know who has given it. What is the name of the individual?

#### **The Connétable of St. Peter:**

I believe Standing Orders would prevent me from identifying a private individual within the Chamber.

#### **The Deputy Bailiff:**

I think that is right.

#### **4.2.6 Deputy J.A. Martin:**

I would like to ask the Assistant Minister, I really must push him on this private individual. I do not need to know the name but the Minister just told us that this individual came in out of the goodness of their heart, not paid anything, and what retention, what reliability then, would you put on somebody who just wants to come in, have a nice discussion about the biggest debt that this Island is going to have, and we then, the next day, decided we are not going ... is the Minister telling us, on this one individual's advice, who is not retained by the Government, then we decided not to have the biggest debate on the biggest amount of money that this Island is ever going to have? Is that what the Minister is telling this Assembly?

#### **The Connétable of St. Peter:**

Certainly, the person coming into Treasury did do so out of the kindness of his heart. He has a breadth of experience, as would anyone else at the top of their career in the debt markets would do. He is not representing his company. He has significant experience in the debt market and he has offered an alternative that it is right for us to consider. Because we need to

consider that, the decision was led that the debate should not have gone forward at the last sitting and therefore to give time for the Treasury Advisory Panel to fully analyse the advice that they are being given.

#### **4.2.7 Deputy J.A. Martin:**

Does the Minister say ... then why are Treasury still retaining Ernst & Young and not employing this absolute expert at the top of their game given their absolute free advice to the Minister? What is going on?

#### **The Connétable of St. Peter:**

I can confirm that Ernst & Young are reviewing that person's comments.

#### **The Deputy Bailiff:**

As again we have spent quite a long time on this question I therefore have the Deputy of St. John, Deputy Tadier and then a final supplementary from the Connétable of St. John.

#### **4.2.8 Deputy T.A. Vallois of St. John:**

I am really concerned over what I am hearing from the Assistant Minister for Treasury and Resources because this calls into question the integrity of the decision making within the system. Considering the proposition was lodged in November and we were almost forced to make a decision in January and are now told that somebody who clearly has experience, but why the Assistant Minister or the Minister has not contracted that person to give proper open transparent advice to the Government because eventually the decision will have to come to the States. Why this person was not spoken to earlier because the EY report has been in the domain for a while now?

#### **The Connétable of St. Peter:**

I fully understand the Deputy of St. John's comments there. It is a difficult one. This person came forward rather late in the piece. They work most of their time off-Island albeit they are resident in Jersey. That is solely the reason why it has come to the party rather late. But as I have said several times already this morning, it would not be wise of us not to take the advice of somebody widely experienced in the international debt market.

#### **4.2.9 The Deputy of St. John:**

Supplementary. Can I just ask the Assistant Minister to clarify then for me? It was raised as a concern with regards to the bond market in terms of the rates back in January, can I ask: if the advice that comes out is that we are just going to stick with the bond, what is the potential risk or the potential cost then to the States?

#### **The Connétable of St. Peter:**

I am afraid I cannot give a direct answer to the final part of the question, but certainly there will be a risk there. The market is constantly moving. Fortunately at the moment it is relatively static and I believe is slightly better in our favour but that could change in a moment.

#### **4.2.10 Deputy M. Tadier:**

I am wondering why if this information was known at the last sitting, when we were given less than 24 hours' notice, much less than 24 hours' notice, about possibly the biggest spending plan that this Assembly will ever be asked to approve, and the Assistant Minister and the Minister's knew it was because, as the members of the public see it, somebody in the Assembly says: "I have got a mate who knows a mate, he reckons he has got a better idea than all of you Ministers and Ernst & Young and Scrutiny, is it possible we can have a 10-minute chat to see

if his idea is better than the rest?" Why is it that we were not told about this, if this Government espouses the principles of honesty, openness and accountability? Was it not germane to the Assembly's decision at the time?

**The Connétable of St. Peter:**

I can understand Deputy Tadier's rather colourful comments and I think most people would probably think with him. But the fact remains it was appropriate for the Treasury Advisory Panel to explore, along with Ernst & Young, the information they were being given first. I cannot speak for the Minister on why he did not give that to the Chamber when he made his statement on 24th May.

**4.2.11 Deputy M. Tadier:**

What is so special, and I do not know the individual so it is not a question of denigrating him or putting him under question, but what is so special about one individual for him to be able to come forward, or her, and to get the ear of the Minister for Treasury and Resources to grind everything to a halt, when we have got our mechanisms in terms of Scrutiny, they were being resisted time and time again by the Council of Ministers? Will he not simply tell us who this individual is, what his expertise are and who it was that suggested we grind everything to a halt for this person's benefit?

**The Connétable of St. Peter:**

Can I repeat what I said earlier on for the final part of Deputy Tadier's supplementary question? Standing Orders prevent me from naming who this person is other than to say a person of international acknowledged breadth of experience.

**4.2.12 The Connétable of St. John:**

When the decision was made on Monday, 22nd May, can the Assistant Minister tell me who was present in the room? As it was a collective responsibility and a Council of Ministers' decision to bring P.130 in the first place, how many Council of Ministers' members were present and how many agreed to the withdrawal of that proposition?

**The Connétable of St. Peter:**

I apologise to the Constable of St. John, I do not have that information. All I can say, I was not present and I have been given an idea of who was there but I cannot confirm or deny that because the Minister has not been here to be able to verify who was at that meeting.

**4.2.13 The Connétable of St. John:**

Could the Minister for Treasury and Resources when he returns give that in writing to the Assembly?

**The Connétable of St. Peter:**

I will undertake on behalf of the Minister for Treasury and Resources to do so.