

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY THE DEPUTY OF ST. JOHN
ANSWER TO BE TABLED ON TUESDAY 20th FEBRUARY 2018**

Question

Will the Minister advise what his Department's policy is on both borrowing and lending and will he explain why there was a difference in policy position on borrowing up to £400 million for a new hospital from that on supporting students via loans for higher education purposes?

Answer

The rules governing the Minister for Treasury and Resources' ability to borrow and lend money are clearly defined in the Public Finances (Jersey) Law 2005 and the Public Finances (Transitional Provisions) (No.2) (Jersey) Regulations 2005.

The States do not currently borrow for annual expenditure costs, but limits borrowing to that related to capital assets.

Lending to students, borrowing to fund such, and borrowing for significant assets clearly exceed the Minister's authorities and require decisions of the States Assembly.

Turning specifically to supporting students via loans for higher education purposes, the Council of Ministers position on this is clearly set out in P.33/2018. In summary, whilst acknowledging that a loan scheme is a feasible solution it also has a number of drawbacks. The Council ruled out a UK style and scale loan scheme because of the financial implications of the debt burden for students/parents and the States of Jersey. In addition the logistics of establishing a loan scheme meant that it was unlikely to be available until September 2019 at the earliest.

Similarly, P.107/2017 Future Hospital: Approval of Preferred Scheme and Funding included a reduction in the amount being proposed as borrowing (from £400million to 'up to £275million') to reduce the debt burden on the States of Jersey whilst still maintaining the greatest flexibility of reserves should they be required for alternative uses in the future.