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Jersey | JE2 3RR

Senator K Moore
Chair, Future Hospital Review Panel
States Greffe
Morier House
St Helier
JE1 1DD

06th May 2022

Dear Senator Moore,

Our Hospital Funding Proposal

Thank you for your letter of 3rd May 2022.

The Panel will be aware of the various borrowing approvals that have been provided by the States Assembly through both P.80/2021 and P.90/2021 (Government Plan 2022-2025). These approvals also referenced borrowing being undertaken in accordance with the Debt Framework, originally published as R.132/2021 and recently updated as R.68/2022.

Incorporated within the Debt Framework is the Minister for Treasury & Resources Debt Strategy (“the Strategy”) which sets out how the States of Jersey debt programme is to be managed. The Strategy reflects the long-term plans for managing the States’ debt programme and provides the flexibility to adapt plans in reaction to market conditions.

Noting the Panel’s reference to last week’s bond issue I would advise that this was achieved against a very difficult market backdrop. Investor appetite for new issues was less strong than envisaged and there were, and continue to be, significant dynamic macro and geo-political events outside of Jersey’s control.

I have previously advised that the recent issuance would be limited to primarily the funding required to refinance the past service pension liabilities and accordingly deliver huge savings over the coming decades and place the Island’s finances on a more sustainable footing.

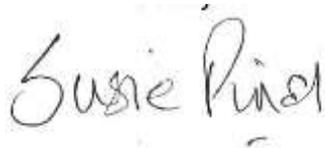
Cognisant of that direction from me and based on current advice, a total issue of £500million represented the maximum amount which it was believed could be achieved in the market in full and at a reasonable price, but again subject to the market conditions. The final pricing of this bond provides a good indication of current market pricing for above benchmark debt by a well-rated issuer.

The coupon (interest rate) achieved for the current issue, would enable the existing strategy for the financing of the approved long-term debt for Our Hospital to be afforded in the long run,

although the ultimate financing costs will be subject to market conditions at the time any debt is issued.

The current phase of the Our Hospital project requires a flexible funding solution which is best provided through the existing Revolving Credit Facility in the short term. Future market conditions will determine when we next approach the market for long-term debt issuance to fund Our Hospital. This will be a matter for my successor as Minister for Treasury and Resources and the next Council of Ministers.

Yours sincerely

A handwritten signature in black ink that reads "Susie Pinel". The signature is written in a cursive style with a large initial 'S'.

Deputy Susie Pinel
Minister for Treasury and Resources

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