

**QUEEN'S VALLEY RESERVOIR: JERSEY NEW  
WATERWORKS COMPANY LIMITED LOANS.**

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**Lodged au Greffe on 11th April, 1989  
by the Finance and Economics Committee.**

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**STATES OF JERSEY**

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## PROPOSITION

**THE STATES are asked to decide whether they are of opinion -**

- (a) to agree that unconditional guarantees should be given by the States for the repayment of loans up to a maximum of £13m, and the payment of interest on those loans, to be negotiated by the Jersey New Waterworks Company Limited in relation to the construction of a reservoir in Queen's Valley;
- (b) to authorise the Finance and Economics Committee to make the necessary arrangements in respect of such guarantees;
- (c) to authorise the Greffier of the States to sign such guarantees on behalf of the States.

**FINANCE AND ECONOMICS COMMITTEE**

**Report.**

The Jersey New Waterworks Company Limited estimates that the financing requirement for the Queen's Valley reservoir project will be £13 million and has been negotiating with several finance institutions to raise the necessary loans.

In the course of the negotiations it has become clear to the company that they could borrow at more favourable interest rates if the States were to guarantee payment of the principal and interest on the loans required. The financial benefit to the company of this reduced interest rate would be a saving of approximately £260,000 over the period of the loan and other conditions would also be more favourable.

The company has therefore requested the Finance and Economics Committee to consider guaranteeing the loans which they require to raise.

The Finance and Economics Committee has considered the request from the company and believes that it is in the public interest to guarantee the loans. In the past, the Jersey Electricity Company Limited has been assisted by the States in guaranteeing two stock issues.

The States are asked to agree that the Finance and Economics Committee be authorised to approve the terms of the guarantees.