

**QUESTION TO BE ASKED OF THE PRESIDENT OF THE POLICY AND RESOURCES
COMMITTEE ON TUESDAY, 3rd FEBRUARY 2004 BY SENATOR P.V.F. LE CLAIRE**

Question

- (a) In agreeing the lease to CTP (Jersey) Ltd for the land on which the Waterfront Leisure Complex has been constructed the States agreed a formula for financial returns. Would the President inform members of the sums of money per annum received to date, and give a breakdown of this sum, to indicate how the Waterfront development has delivered financially to the States of Jersey?
- (b) Would the President advise members –
- (i) of the projections for income, if any, for the future and would he indicate how these will be delivered?
 - (ii) of the total States' contribution to the cost of the leisure complex, including the grant up to a maximum of £10.9m from the Tourism Investment Fund agreed by the States on 4th July 2000, and would he indicate whether the States will have any future financial involvement with the project?

Answer

- (a) A sum of £620,000 has been received to date, being exactly as defined in the proposition 'St. Helier Waterfront Leisure Complex: Terms of Lease' (P.92/1999) that was adopted by the States in 1999. There is no breakdown of this sum as it was received in one payment at the commencement of the contract.

In addition, a total of £57,250 has been received from the developer, CTP Limited, in the seven months since July 2003, i.e. seven monthly payments of £7,750 plus £3,000 for the part month of July 2003. This payment is being made in accordance with the terms set out in the report accompanying P.92/1999, and is intended to cover the estimated trading deficit for the complex of £93,000 per annum. These funds have been forwarded on to the company responsible for the management of the complex, namely SERCO Leisure, in accordance with the terms of the management agreement.

- (b) (i) The financial projections for the operation of the leisure pool in how losses or surpluses were to be dealt with were very clearly spelt out in P.92/1999. No assessment on the first full year of trading of the leisure pool can be carried out until August this year when the pool will by then have been operational for one year.

There is likely to be a substantial 'overage' payment due to the States on either the sale of the Leisure Complex by the developer, or an agreed valuation after a period of twelve months from commencement of the operation of the leisure pool. Overage is the residual balance from sale proceeds after deducting the cost of the development and the developer's profit and represents the value of the land in addition to the payment of £620,000 already received.

- (ii) A grant of £10.9 million was made by the Tourism Investment Fund to the Waterfront Enterprise Board Limited to enable the leisure pool to be constructed. Any further financial involvement by the States will be conditional on the annual operation of the leisure pool as detailed by the formula contained within Projet P.92/1999 for dealing with any surplus or losses which may arise.