

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY P.V.F. LE CLAIRE OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 4th JULY 2006

Question

On 3rd February 2004, I put, in part, the following question to the then President of the Policy and Resources Committee –

- (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?*

In order for members to understand the contribution and the amounts paid to date, would the Chief Minister supply members with updated information, including payments?

Answer

Yes, I am happy to supply members with updated information, including payments, and this is set out below –

- (a) As noted in my response on 3rd February 2004, the sum of £620,000 was received from CTP (Jersey) Limited in September 2001, as a cash sum, in accordance with the terms of the proposition ‘St. Helier Waterfront Leisure Complex: Terms of Lease’ (P.92/1999), adopted by the States in 1999.

In addition, the States received an overage payment of £450,000 in October 2004. Overage is the residual balance from sale proceeds after deducting the cost of development and the developer’s profit, and it represents the value of the land in addition to the payment of £620,000 already received.

As well as these two payments, CTP Limited has been making monthly payments to the States since 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 (£93,000 per annum in 2004). 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.

The initial monthly payments were calculated at £7,750 per month, plus £3,000 for the part month of July 2003. This monthly figure has been increased annually by reference to the increase in the Jersey Retail Price Index, and it will continue for a period of 20 years from the commencement date of July 2003.

The amounts received to date from these monthly payments are as follows: -

July 2003: £3,000 (initial payment for part of the month)

August 2003–June 2004: £85,250 (11 monthly payments of £7,750)

July 2004–June 2005: £95,796 (12 monthly payments of £7,983)

July 2005–June 2006: £98,664 (12 monthly payments of £8,222)

Total monthly payments July 2003–June 2006: £282,710

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- The total sum therefore received from CTP Limited since July 2003, including monthly payments, is £1,352,710.
- (b) The actual revenue from the public in 2005 was £1,050,000 and this figure is projected to be maintained or increased in future years. The financial projections for the operation of the leisure pool, in terms of how losses or surpluses would be dealt with, were spelt out very clearly in P.92/1999. At the end of each year the amount to be paid or received by the States is determined according to an agreed formula. On current projections, it is envisaged that a subsidy will be paid to SERCO Limited that will be in the region of £190,000 for 2006, and for the foreseeable future it is likely that a subsidy will continue to be paid. The subsidy reflects the fact that the leisure pool is a public facility, and it is considered important to keep entrance charges at an affordable rate. Education, Sport and Culture are working with SERCO to allow for further reductions in future years.