

CABINET WRITTEN STATEMENT

**TITLE: STATEMENT PURSUANT TO STANDING ORDER 21.20 –WALES
MILLENNIUM CENTRE**

DATE: 30 NOVEMBER 2006

**BY: ALUN PUGH, MINISTER FOR CULTURE, WELSH LANGUAGE
AND SPORT**

Statement pursuant to Standing Order 21.20 - Wales Millennium Centre

In May 2003 I authorised a Notifiable Transaction under what was then Standing Order 19.13, but is now Standing Order 21.20. The Notifiable Transaction involved a transaction falling within Standing Order 19.16, now Standing Order 21.23, namely the guarantee of a loan to the Wales Millennium Centre Ltd.

The estimated amount of the liability was £10 million. The estimated duration of the liability was from November 2003 till November 2004. The reason for incurring the liability and the bodies involved were set out in my statement in May 2003.

On 22 July 2004 I laid a supplementary statement before the Assembly to announce my intention to authorise an increase in the amount of the liability to £14 million and on 9 November 2004 I made an oral statement to the Assembly to announce my intention to authorise an increase in the duration of the guarantee to May 2005.

In June 2005 I authorised an extension of the guarantee to June 2006. I proposed at the same time to reduce the size of the guarantee to £11 million. In May 2006 I authorised an extension of the guarantee to May 2007 at the same level, namely £11 million.

Since opening the WMC has grown its audiences and its other commercial activity and is exceeding its business plan targets for income from ticket sales and other sources. Over 1 million people, from Wales and far beyond, have crossed the threshold of this landmark centre.

During 2007/2008 the WMC anticipates additional capital expenditure and adjustments to the timing of certain receipts and payments. WMC proposes to increase its loan from HSBC to £13.5 m to provide the cash headroom to enable it to undertake its full range of planned activities. I therefore propose to increase the loan guarantee to £13.5 million to match the Centre's increased loan facility until 31 December 2007. It is proposed that the £13.5 million bank loan would be repaid in years 2008 to 2017, as originally

planned, by accelerating capital amounts to reflect the anticipated steadily improving financial conditions for the business over this period. WMC are developing dedicated fundraising strategies to support the loan repayment requirements.

As the Centre is now moving out of its start up phase I am planning for independent consultants to review WMC's progress since opening and their plans going forward. Such a review will provide an independent assessment of the opportunities and challenges facing the WMC and is in line with good practice in monitoring the performance of large scale capital projects. I intend that the review would start in December 2006.

I will continue to make regular progress reports to the Culture Committee.