

STATEMENT BY THE GSLP/LIBERAL OPPOSITION 134/2006
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The Gibraltar Health Authority Accounts for the year ending March 2004 have now been published.

They provide some details of the transactions with the Royal Bank of Scotland for the Europort Building and for its conversion to adapt it for use as a hospital.

The accounts show that the Government sold Europort blocks 1 to 4 to the Royal Bank of Scotland on 14 February 2003 for £8.5 million. The bank then leased the building back to the Government for 30 years who in turn sub-let it to the Health Authority. The bank then entered into a works agreement with the Health Authority to provide £30.5 million to convert the building and this was covered by the rent and buy back option.

On 30 March 2004, an additional £15 million was required and obtained from the Royal Bank of Scotland. This additional £15 million was also covered by an agreed rent and buy back option. As well as these sums of money provided by the Royal Bank of Scotland, the Government from its own resources paid £1.25 million towards the costs of the building works and was committed to meet any expense in the conversion costs which were in excess of the total £54 million that the bank put up.

The annual rent in the accounts for that year, just published 2003-2004 was just over £3 million. In the

current financial year, the rent budgeted for in the health authority estimates is £ 4.35 million and it has been confirmed in answer to questions that this rent is scheduled to go up every year by 1% of the level of rent in the preceding year. That is currently an increase of the order of £43,000 every year.

The above explanations contained in the audited accounts for the year ending 2004 shows that the conversion of the Europort building has been extremely costly as compared to the cost of the original structure which was in the order of £8 million. One would have expected in a new building that the bulk of the cost would be the actual construction on a virgin site from the foundations up, and not as has happened to be the case the internal reconfiguration of the building because of the change of use.

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