

Question No: 25

Question: Yulara Sheratons

Date: 30/04/91

Member: Mr EDE

To: MINISTER for INDUSTRIES and DEVELOPMENT

With reference to the then Chief Minister's ministerial statement of 13 June 1984 -

1. What has been the Northern Territory government's actual financial contribution to the Alice Springs Sheraton since 1984, on an annual basis, relative to the projected liability as detailed in the ministerial statement.
2. What has been the Northern Territory government's actual financial contribution to the Darwin Sheraton since 1984, on an annual basis, relative to the projected liability as detailed in the ministerial statement.
3. What was the basis for the financial projections made in the ministerial statement on 13 June 1984.
4. What has been the Northern Territory government's actual financial contribution to the Yulara Resort on an annual basis, relative to the projected liability as detailed in the original consultant's feasibility study.
5. What occupancy rates, given current pricing arrangements, will be required in each of 1990-91 and 1991-92 to achieve break-even operating conditions at each of the Yulara Sheraton, Alice Springs Sheraton, and Darwin Sheraton.
6. What is the date of the most recent property valuation for each of the Yulara Sheraton, Alice Springs Sheraton and Darwin Sheraton.
7. What values were assigned to each of the above properties.

ANSWER

1. The Northern Territory government has made no financial contribution to the Sheraton organisation. The Territory has lent the amounts shown in the following table to Investnorth Limited in relation to the Alice Springs Sheraton. Investnorth Limited and its subsidiary, Investnorth Nominees Pty Ltd, have paid annual management fees to the Sheraton organisation.

Loan Advance Estimate tabled 13.6.84
\$m \$m

1985-86	5.2	4.8
1986-87	3.9	4.6
1987-88	3.4	4.4
1988-89	15.8	4.0
1989-90	6.0	3.4
1990-91	5.0	3.8

2. The Northern Territory government has made no financial contribution to the Sheraton organisation. The Territory Loans Management Corporation has lent the following amounts to Manolas Hotels (NT) Pty Ltd which has ownership rights to the Darwin Sheraton. Manolas Hotels (NT) Pty Ltd has paid annual management fees to the Sheraton organisation.

Loan Advance Estimate tabled 13.6.84

\$m \$m

1986-87	5.8	4.7
1987-88	6.7	4.7
1988-89	6.5	2.0
1989-90	9.0	1.6
1990-91	6.9	1.7

3. The projections made in the Ministerial Statement of 13 June 1984 were provided by officers of Treasury, using a model developed by consultants which took account of estimates of unfilled demand, trends in visitor numbers and room rates in comparable hotels/resorts, coupled with operating cost estimates for similar hotels/resorts. However, the precise figures cannot be reproduced from available records.

4. The Yulara Resort is mainly owned by the Yulara Group of companies. The following table shows government contributions since 1983-84 compared with the projections tabled in 1984.

Government Contribution Estimate tabled 13.6.84

(including lease elements)

\$m \$m

1983-84	Nil	4.8
1984-85	5.8	5.3
1985-86	8.7	5.8
1986-87	7.5	6.4
1987-88	8.7	7.1
1988-89	14.8	7.8
1989-90	10.9	8.7
1990-91	12.4	9.6

NOTE: The consultants original estimates are not directly relevant since they referred to a project of a scope some \$20m less than the resort as built. In particular, those estimates referred to a main hotel with only 200 rooms (not 230 as built). Generally, however, the difference can be pro rata-ed to derive similar figures as shown above.

5. This information is commercially confidential as per normal industry practice.

6. Ayers Rock Sheraton, December 1990

Alice Springs Sheraton, May 1988

Darwin Sheraton, no valuation.

7. Ayers Rock Sheraton, land and buildings but excluding furniture and fittings - \$53m

Alice Springs Sheraton - \$46m

Darwin Sheraton, not available (construction cost {1986}, \$36m).