

JSC CROSS CITY TUNNEL



RailCorp

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3 May 2006

RECEIVED

Mr Simon Johnston
Principal Council Officer
Joint Select Committee on the Cross City Tunnel
Parliament of New South Wales
Parliament House
Macquarie Street, Sydney

FAXED
4/5/06

By Facsimile : 9230 2981

Dear Mr Johnston

Joint Select Committee on the Cross City Tunnel

I refer to my attendance before the above inquiry on 12 April 2006.

Two questions were taken on notice in relation to the costs of the tunnel and the \$80 million that has been negotiated as a payment to the consortium.

RailCorp agreed to pay the Airport Link Company a capped amount with a present value of \$80 million in settlement of the disputes arising from the original Stations Agreement and in return for the agreement of the Airport Link Company to a new train running performance regime and other matters under the Restated Station's Agreement.

The capped amount is not a lump sum payment and is to be paid over time by RailCorp remitting to the Airport Link Company 85% of the train fare revenue it earns from the sale of train tickets for travel to or from an airport line station and a RailCorp station or between Airport Line stations until the \$80 million has been extinguished. RailCorp is under no obligation to pay any shortfall if the capped amount has not been fully paid by the end of the operations term under the Agreement.

The cash payment of 85% of the relevant train fare sold each day is to be discounted by 7.75% per annum in accordance with an agreed formula to convert it to a present value as at 30 September 2001. Since the Restated Stations Agreement was signed on 13 October 2005, RailCorp has paid approximately \$36.25 million as at 1 April 2006 in lump sum back payments and daily payments since then. This represents \$26.7 million in September 2001 present value dollars reducing the outstanding balance to \$53.3 million.

I trust this clarifies the position. Please do not hesitate to contact me if you do require any further information

Yours sincerely

Vince Graham
Chief Executive Officer



CCT Hearing

12 April 2006

Mr Paul McLeay MP to Mr Graham

- What will be the final cost to the taxpayers of the agreement signed by the Fahey Government?

The Hon Greg Pearce MLC to Mr Graham

- The \$80 million you mentioned – over what period is that effective for subsidy? ... [It] is not part of the \$1¹/₂ billion a year that the State is presently subsidising rail? ... So it might be \$3 million or \$4 million a year against \$1¹/₂ billion that is the present operating subsidy?