



## Simon Corbell MLA

DEPUTY CHIEF MINISTER

ATTORNEY-GENERAL

MINISTER FOR HEALTH

MINISTER FOR THE ENVIRONMENT

MINISTER FOR CAPITAL METRO

MEMBER FOR MOLONGLO

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Dear [REDACTED]

Thank you for your letters of 25 and 27 November 2014 concerning the business case for Stage 1 of the Capital Metro light rail project. I appreciate your ongoing interest in the project.

My responses to the questions raised in your correspondence are set out below.

### **Capital investment cost.**

The capital investment cost estimate for the project is very clearly set out in the business case to be \$610 million plus and \$173 million contingency for a total of \$783 million. If your question relates to costs associated with financing arrangements, these are embodied within the PPP Proxy figure, as noted on pages 124, 125 and 132 of the business case.

### **Annual repayments**

The business case contains a PPP proxy. I would point out that it is highly unusual for any ACT Government to release this level of information. As noted on page 134 of the business case, it represents the net present cost of availability payments over time.

Annual repayments are a matter to be determined through the procurement process.

### **Costs in nominal, real and present value form**

Cost figures have been presented in a nominal, real and present value form throughout the document. A substantial volume of figures and analysis have been presented. Figures have been presented in an ordinary, industry accepted form.

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The BCR has been calculated in accordance with industry accepted guidelines. Please note that the BCR does not include “interest” on the benefits received, which would boost the BCR, but would not be consistent with industry accepted guidelines.

**Works within or outside the scope of the PPP contract**

The business case is clear as to what works fall within the scope of the project and those outside the project scope.

**General comments**

The Capital Metro project’s business case was prepared by the Capital Metro Agency (CMA) with professional assistance and input from its commercial, cost and other advisors and followed the preparation of design and other technical reports, extensive consultation activities with the community and across ACT Government.

In the context of the whole ACT Budget, light rail is affordable. The ACT Government has spent \$1.2 billion on transport infrastructure in the last 10 years and \$955 million on health, education and community infrastructure in the last four years. The Capital Metro estimated cost of \$610 million plus \$173 million of contingency represents an affordable long term investment in our future.

We know that the Territory’s population is increasing and is projected to be over 600,000 by 2050. There is a limited supply of land and we need to ensure that our approach to using available land is as smart as it can be.

We are all aware that Canberra is facing significant long term challenges. Congestion is already costing Canberra over \$100 million a year and is increasingly affecting the liveability of our city. By 2020 congestion will cost Canberra around \$200 million every year.

Canberra has one of the highest car dependency rates in the country, and this has contributed to unsustainable urban sprawl. We also know that over 20% of our carbon emissions come from private vehicles – well above the national average of 14%. We can ignore these issues and pass them to future generations to deal with, or we can take responsibility and start transforming Canberra into a more sustainable city right now.

As you are aware, the ACT Government has committed to light rail in Canberra and is confident in how the business case was developed and is satisfied with the outcomes presented.

The project is on track and has now progresses into the procurement phase, and the ACT Government has announced interested consortiums.

Thank you again for taking the time to write to me about the Capital Metro project.

Yours sincerely

Simon Corbell MLA  
Minister for Capital Metro