

Stage 2 Unsolicited Proposal

The Government has agreed that the proposal described below, in concept form, is of sufficient interest to warrant further development and progression to a more defined project. The Government has not agreed to the proposal.

Proponent: Universities Superannuation Scheme Limited (USS).

Proposal Title: Train Service Fee Monetisation Proposal.

Proposal Description:

USS is the 100% shareholder of Airport Link Group (ALC), which holds the concession from RailCorp to operate and maintain four stations on the T8 Airport Line until 2030. These stations are Green Square, Mascot, Domestic Airport and International Airport.

USS has proposed a financial transaction involving an upfront payment to RailCorp in exchange for the assignment to USS of a percentage of the revenue share payments that RailCorp currently receives from ALC (the Train Service Fee).

For more information regarding the Airport Link arrangements see the summary of New Southern Railway (Airport Line) project provided by NSW Treasury - <https://www.treasury.nsw.gov.au/projects-initiatives/public-private-partnerships/awarded-projects>

Potential Public Benefits:

The Proposal has the following potential public benefits:

- Potential to deliver better value for money and transport infrastructure outcomes.
- An opportunity to provide upfront funding to the State to support additional infrastructure development or services.

The Proposal is consistent with the:

- Government's asset recycling objectives as it facilitates use of existing infrastructure assets to fund future infrastructure.
- State priority to deliver strong budgets.

The actual benefits of the proposal will need to be fully quantified as part of a financial analysis which will be completed as part of the Stage 2 assessment.

Justification for Progress to Stage 2:

USS is the 100% shareholder of ALC, which controls the revenue source that supports the Train Service Fee cash flow, putting it in a unique position to potentially provide upfront funding to support additional infrastructure development or services.

Stage 2 Governance:

A Proposal Specific Steering Committee has been established as follows:

- Department of Premier and Cabinet (DPC - chair)
- NSW Treasury
- Transport for NSW.

At the end of Stage 2, the Steering Committee will make a recommendation to Government on whether or not to proceed to Stage 3.

An Assessment Panel has been established and will report to the Steering Committee:

- Transport for NSW (chair)
- DPC
- NSW Treasury.

The Assessment Panel will be supported by a range of commercial, technical and legal advisors.

Probity Advisor:

Mr Ron Schaffer, Procure Group.

NSW Department of Premier and Cabinet

19 June 2018

(updated 9 July 2018 to include details of probity advisor)