



Crown Infrastructure Partners Ltd
L10 PwC Tower 188 Quay Street
Auckland Central
PO Box 105 321, Auckland 1143
Telephone: +64 9 912 1970
info@crowinfrasturcture.govt.nz
www.crowninfrastructure.govt.nz

6 June 2018

Felix Lee

By email: fyi-request-7782-452cbaa4@requests.fyi.org.nz

Dear Felix,

Official Information Act Request re: the true cost of the UFB network

Crown Infrastructure Partners' (CIP) response to your request under the Official Information Act 1982 (OIA), dated 8 May 2018 is set out below. You requested:

- It was reported in 2011, that the "true cost" of the UFB network will be \$600m, being the difference between what the government will pay and what it will get back.
- Can you let us know what the current estimate for the "true cost" is? Can you please breakdown the amounts for the four partners (Chorus/Enable/Northpower/UFB) and the three stages (UFB1/UFB2/UFB2+) separately.

The "true cost" is defined as the risk adjusted cost of capital for each investment and is how the investment losses and gains per annum are reflected in CIP's financial statements. The "true cost" shown is the present value over the duration of the financial investments CIP has made with UFB partners.

The UFB investments made are either debt or equity instruments which have set repayments or liquidity/redemption dates.

CIP can confirm that the current estimate for the present value "true cost" of UFB remained as was reported in 2011 - \$600m. This is in relation to the first UFB initiative as reported on in 2011 (i.e.: UFB1).

CIP is unable to report on the breakdown for the four partners (Chorus/Enable/Northpower/UFB) as requested, as this information is commercially confidential.

However, we can report the following: the subsequent UFB expansions, being UFB2 and UFB2+ are now recognised as one project (known as UFB expansion) and are reported on together.

The present value "true cost" of the UFB expansion programme is \$~260m.

For further clarity, the estimated interest cost incurred by the Crown in financing the UFB investments is considerably less than the "true cost" as the Government borrowing cost is less than the risk adjusted cost of capital.

CIP notes that you are entitled to make a complaint to the Office of the Ombudsmen under section 28(3) of the OIA to seek a review of CIP's decision to withhold information relating to your request.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Tanya Hansen', with a small vertical mark to the left of the first letter.

Tanya Hansen

Stakeholder Relations Manager