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**From:** Andie Harper  
**Sent:** 09 November 2006 08:10  
**To:** Geoff Gilbert  
**Subject:** FW: Tram - disclosure of capex costs

FYI and consideration.  
Andie

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**From:** Graeme Bissett [mailto:graeme.bissett@██████████]  
**Sent:** 09 November 2006 07:55  
**To:** david\_mackay@██████████; Willie Gallagher; 'Renilson, Neil'; Andie Harper; Stewart McGarrity; John Boyle  
**Subject:** Tram - disclosure of capex costs

Colleagues, I'd like views on the position we take on disclosure of the capital cost estimates. Having harped on about the need for secrecy for long enough, when I see drafts of the formal documents emerging, I'm getting concerned that the desire for commercial confidentiality may be outweighed by the negative press and public reaction non-disclosure may generate.

So far as the business case documents are concerned, I think we should draft the full detailed capital cost and affordability section, but structured such that it can be excised neatly. This will give the officials at CEC and TS the drafting they need to assess conclusions and leaves an explained excision in the published form.

The Infraco / Tramco costs in aggregate are 50% and 70% of 1a and 1b total costs, other numbers such as land and utilities are in the public domain and there is a comparable analysis of total capex in last year's OBC. Bidders could therefore get a reasonable view of the numbers we are using for Tramco / Infraco and Tramco is relatively easy for them to benchmark. We also cannot rely on competition to provide the balance. So if our current totals are known the Infraco number could be deduced quite accurately.

On the other hand, I sense it will be very difficult to defend no disclosure of the totals. We are addressing this with the best intentions, but the press and opponents would construe this as a cover up and the image of the project could be damaged. We may end up disclosing the numbers under pressure, rather than proactively managing their release.

Rather than offer no capital cost information, I wonder whether disclosing the only the totals for Phase 1, 1a and 1b would seriously weaken our position relative to developers and bidders. We would retain the pressure on costs and developer contributions for the full Phase 1 project since it would be clear that there was an affordability gap. This could work in our favour. The main risk is that the bidders stuff their 1a bids and leave a tantalising lowish bid for 1b on the table if completed simultaneously. However, if the contract leaves the flexibility for go or no-go on 1b, this would mean that 1a became relatively more expensive than it might otherwise be (though still affordable), but Phase 1 is largely unaffected. There is also a risk that Forth Ports would feel that the pressure on their contributions has been lifted ; I think this is manageable because they have a full planning process to go through with a number of S75 calls on their development and they need Council support to make the development happen. FP are also quite tuned in to the project costs - I suspect they are getting independent advice of their own - so the aggregate disclosure may not tell them much that is new.

So the real risk is to Phase 1a cost if 1b does not proceed. Against this is the difficulty flowing from non-disclosure.

We should try to agree our position on this quite soon before too many draft documents are in circulation.

Regards

Graeme

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Graeme Bissett

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