

Year	Investment	Net Receipts	Change in Value	Value	Income	Cash Flow	Tax Value	Tax Deprecn	Tot income 1233
0	1139	Construction expenditure		1139		-1139	1139		
1	0	0	102	1241	102	0	1139	0	
2	0	0	112	1353	112	0	1139	0	
3	0	0	122	1474	122	0	1139	0	
4	0	0	132	1607	132	0	1139	0	
5	0	225	-80	1526	144	225	1082	-57	
6	0	213	-76	1450	137	213	1028	-54	
7	0	203	-73	1378	130	203	977	-51	
8	0	193	-69	1309	124	193	928	-49	
9	0	183	-65	1243	118	183	881	-46	
10	-1181	174	-62	1181	112	1355	837	-44	

Tax value declining at 5% (reducing balance depreciation) from year of first net receipts

Value increases as the delay before accessing first net receipts in Year 5 decreases

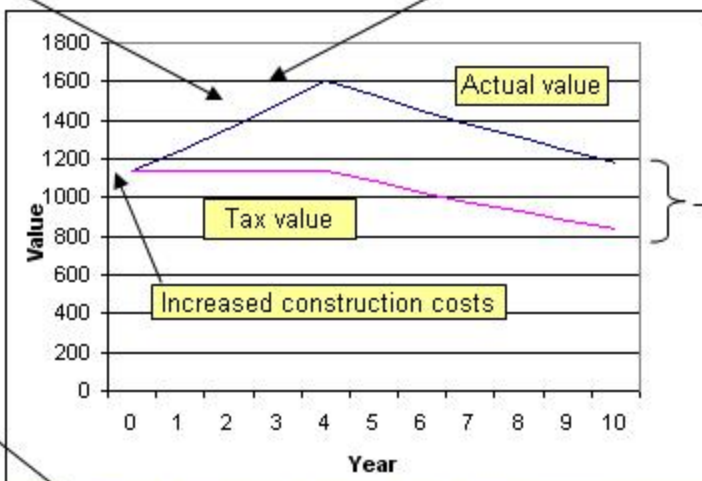
Pre-tax Actual value declining from Year 4 at 5% pa

8.98%

Pre-tax return

Early increase in value not taxed

Year	Benchmark		Tax Treatment	
	Tax	Cash Flow	Tax	Cash Flow
0	0	-1139		-1139
1	48	-48	0	0
2	52	-52	0	0
3	57	-57	0	0
4	62	-62	0	0
5	68	157	79	146
6	64	149	75	139
7	61	142	71	132
8	58	134	68	125
9	55	128	64	119
10	52	1302	223	1132



Depreciation balancing adjustment on sale

Post-tax 579 4.76%

579 5.30%

Benchmark: Tax at 47% on net receipts plus annual change in value reduces 8.9% pre-tax return by 47% to 4.8%

typical tax treatment: Tax at 47% on net receipts plus 5% depreciation (plus balancing adjustment on sale) produces after-tax return of 5.3% (equalising post-tax returns from 10% pre-tax return assets in the financial market).

STYLISED INFRASTRUCTURE PROJECT WITH PRICE EFFECTS