



The State of New South Wales

("Principal")

and

Ernst & Young

("Consultant")

CONSULTANCY AGREEMENT

**for professional services as Tax & Accounting
Advisor in relation to *the NSW Electricity
Networks Project***

PART A – PARTIES, RECITALS AND EXECUTION CLAUSES

AGREEMENT BETWEEN

The State of New South Wales, c/- Level 36 Governor Macquarie Tower, 1 Farrer Place Sydney NSW 2000 (the “Principal”),

AND

The party specified as Consultant in Item 1 of Part B: Project Details (the “Consultant”).

RECITALS

- A. The Principal has issued the Request for Proposals for the engagement of a consultant to provide the Services for the Project.
- B. The Consultant submitted the Consultant’s Proposal that was selected by the Principal.
- C. The Consultant has agreed to provide the Services upon the terms and conditions set out in this Agreement.

THIS AGREEMENT IS MADE UP OF

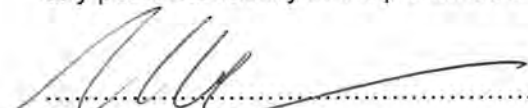
- PART A: Parties, Recitals and Execution Clauses
- Part B: Project Details
- Part C: Agreed Changes to the Operative Provisions
- Part D: Operative Provisions:
 - 1. Interpretative Provisions
 - 2. Term
 - 3. The Consultant's Obligations
 - 4. The Principal's Obligations
 - 5. Representatives
 - 6. Fee
 - 7. GST
 - 8. Extension of Time
 - 9. Variations
 - 10. Confidentiality
 - 11. Privacy and Disclosure of Personal Information
 - 12. Copyright and Intellectual Property
 - 13. Conflict of Interest
 - 14. Warranties, Indemnity and Release
 - 15. Minimum Insurance Requirements
 - 16. Keeping of Records and Audit
 - 17. Dispute Resolution
 - 18. Termination for Convenience
 - 19. Termination for Cause
 - 20. Consequence of termination
 - 21. General
 - 22. Notices
- ANNEXURES/SCHEDULES:
 - Schedule 1: Request for Proposals
 - Schedule 2: Consultant's Proposal
 - Schedule 3: Fee/Consultant Budget
 - Schedule 4: Statutory Declaration by Sub-Contractor
 - Schedule 5: Insurance Certificates of Currency
 - Schedule 6: Confidentiality and Privacy Deed
 - Schedule 7: Confidentiality and Privacy Deed Poll
 - Schedule 8: Cost Report/Breakdown
 - Schedule 9: Variation Statement of Works Form
 - Schedule 10: Reliance Letter template
 - Schedule 11: Non Reliance Letter template

In the event of any conflict or inconsistency between any parts of this Agreement such as the Schedules, the Request for Proposals, the Consultant's Proposal and any Annexures (or any parts thereof), such conflict or inconsistencies will be determined by the Principal in its absolute discretion or otherwise in the following descending order:

1. Part A: Parties, Recitals and Execution Clauses and Part D: Operative Provisions;
2. Part C: Agreed Changes to the Operative Provisions;
3. Part B: Agreement Details;
4. any Schedule and annexure to this Agreement.

EXECUTED AS AN AGREEMENT on the date as specified in Item 2 of Part B: Project Details.

SIGNED for and on behalf of the State of New South Wales but not so as to incur any personal liability in the presence of:


.....
Signature of Witness


.....
Print name of Witness

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.....
The Hon. Andrew Constance


SIGNED for and on behalf of the
Consultant in the presence of:

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.....
Signature of Witness

N. CARDNO
.....
Print name of Witness


.....
Consultant Signature

Item	PART B: PROJECT DETAILS	
1	Consultant	Name: Ernst & Young Address: 680 George Street, Sydney 2000 ACN: Not applicable ABN: 75 288 172 749 Tel: 61 2 9248 5555 Fax: 61 2 9248 5959 www: ey.com/au
2	Execution Date	6 August 2014
3	Commencement Date	6 August 2014
4	4. Term	For the length of the Scoping Study (Phase One) and pending a decision by the Government to proceed, till the end of the Transaction, unless earlier terminated.
5	Fee/Consultant Budget (Schedule 3)	
6	Project	NSW Electricity Networks Project
7	Request for Proposals	T14/01037-001 annexed as Schedule 1
8	Consultant's Proposal	Accounting & Tax Adviser – Electricity Networks Transaction annexed as Schedule 2
9	Project Objectives	The Government objectives for the Project are to: <ul style="list-style-type: none"> • maximise the financial return for the State; • minimise ongoing financial risks and liabilities for the State; • facilitate the continued efficient and reliable operation and development of the NSW

		<p>electricity transmission and distribution network</p> <ul style="list-style-type: none"> • treat public sector employees fairly and equitably; • ensure that any activities that remain with the public sector (commercial and non-commercial) are managed in an efficient manner; and • complete the Project efficiently and in accordance with appropriate probity and accountability standards.
10	Third Interested Party/ies	
11	Cap on reimbursable Unavoidable Expenses	\$ [REDACTED]
12	Public Liability Insurance	\$ [REDACTED] million
13	Professional Liability Insurance	\$ [REDACTED] million
14	Consultant's Representative	<p>Name: [REDACTED] Address: 680 George Street, Sydney 2000 Tel: [REDACTED] Fax: +61 2 9248 5212</p>
15	Principal's Representative	<p>Name: [REDACTED] Address: L 27 GMT, 1 Farrer Place, Sydney 2000 Tel: [REDACTED] Fax: 02 9221 7029</p>
16	<p>Notices:</p> <p>A notice under this Agreement must be in writing and forwarded to the address and Email of the intended recipient or the address last notified by the intended recipient to the sender</p>	<p>Consultant:</p> <p>Name: [REDACTED] Address: 680 George Street, Sydney 2000 Tel: [REDACTED] Fax: +61 2 9248 5212</p> <p>Principal's Representative:</p> <p>Name: [REDACTED] Address: L 27 GMT, 1 Farrer Place, Sydney 2000 Tel: [REDACTED]</p>

17	Invoices	<p>Attention: Martien Coucke Crown Finance Entity NSW Treasury Governor Macquarie Tower Level 27, 1 Farrer Place Sydney NSW 2000</p> <p>All invoices need to be accompanied by a detailed breakdown and/or time sheets and, where directed by the Principal, accompanied by a narrative explaining at what stage the project is at. For an example of a cost report – see Schedule 8: Costs Report/Breakdown</p>		
18	Specified Personnel			
19	Specified Timeframes	July 2014 – November 2014	Scoping Study (Phase One)	
		November 2014 – March 2015	Government consideration of scoping study	
		March 2015	NSW State election	
		April 2015 – onwards	Phase Two	

PART C: AGREED CHANGES TO THE OPERATIVE PROVISIONS (Terms and Conditions)





END OF THE AGREED CHANGES TO THE OPERATIVE PROVISIONS

PART D: OPERATIVE PROVISIONS (Terms and Conditions)
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1. INTERPRETATION PROVISIONS

1.1 In this Agreement including the Recitals, unless the context otherwise require:

“ACDC” means the Australian Commercial Disputes Centre;

“Agreement” means this Agreement including:

- (a) PART A: Parties, Recitals and Execution Clauses; PART B: Project Details; Part C: Agreed Changes to the Operative Provisions; and Part D: Operative Provisions;
- (b) the Schedules and Annexures;
- (c) the Request for Proposals; and
- (d) the Consultant’s Proposal;

“Annexure” means an annexure to this Agreement;

“Commencement Date” means the date specified in Item 3 of Part B: Project Details.

“Confidential Information” means any information and all other knowledge at any time disclosed (whether in writing or orally) to the Consultant by or on behalf of the Principal, or acquired by the Consultant in performing the Services which:

- (a) is by its nature confidential;
- (b) is designated, or marked, or stipulated as confidential;
- (c) the Consultant knows or ought to know is confidential;

and includes but is in no way limited to

- (d) the Contract Material;
- (e) the Principal’s Material;
- (f) any material which relates to the affairs of a third party;

but does not include information which:

- (g) is or becomes public knowledge other than by breach of this Agreement or by reason of a permitted recipient (within the meaning of Clause 10) breaching its obligations referred to in Clause 10.4;
- (h) is in the lawful possession of the Consultant without restriction in relation to disclosure before the date of receipt of the information from the Principal or a third party;
- (i) has been developed or acquired by the Consultant independently of the carrying out of the Services;
- (j) is ascertainable through independent enquiries;
- (k) maybe or is required to be disclosed pursuant to Memorandum No. 2000-11 Disclosure of Information on Government Contracts with the Private Sector dated 27 April 2000, as amended or updated from time to time; or
- (l) is required to be disclosed pursuant to law, regulation, legal process or a regulatory authority;

“Consultant” means the party as defined in Item 1 in Part B: Project Details and includes the officers, employees, agents and sub-contractors of the Consultant;

“Consultant’s Representative” means the person named in Item 14 of Part B: Project Details or such other person as the Consultant may, from time to time, nominate in writing;

“Contract Material” means:

- (a) any Material created, written or otherwise brought into existence by or on behalf of the Consultant in the course of performing this Agreement in which subsists newly created Intellectual Property rights (“New Contract Material”); and
- (b) any Material which exists at the date of this Agreement and which is incorporated with the New Contract Material (“Existing Contract Material”);

“Existing Contract Material” has the meaning given to this term in the definition of “Contract Material”;

“Fee” means the fee(s) as referred to in Clause 6.1 and Item 5 of Part B: Project Details;

“GST” has the meaning given to this term in the GST Law;

“GST Law” means *A New Tax System (Goods & Services Tax) Act 1999*, related legislation and any delegated legislation made pursuant to such legislation;

“Intellectual Property” includes patent, know-how, copyright, design, semi-conductor or circuit layout rights, trade mark, trade, business or company names or other proprietary rights and any rights to registration of such rights, whether created before or after the Commencement Date in Australia or elsewhere;

“Material” includes, but is not limited to, software, documentation, information or data, whether or not in material form;

“Moral Rights” means the right of integrity of authorship, the right of attribution of authorship and the right not to have authorship falsely attributed, more particularly as conferred by the *Copyright Act 1968* (Cth), and rights of a similar nature anywhere in the world whether existing at the Commencement Date or which may come into existence on or after the Commencement Date;

“New Contract Material” has the meaning given to that term in the definition of “Contract Material”;

“Party” means the Principal or the Consultant as the context dictates and “Parties” mean both of them;

“Payment Schedule” means the schedule for the payment of the Fee set out as summary in Item 5 of Part B: Project Details and in more detail in Schedule 3 (Fee/Consultant Budget) and subject to the Consultant's continued compliance with this Agreement. The Fee (including disbursements) is payable within 30 business days of receipt of an itemised tax invoice by the Consultant which complies with Clause 6 of this Agreement, to be issued on a monthly basis or as otherwise agreed by the parties;

“Personal Information” means information or an opinion (including information or an opinion forming part of a database) whether true or not and whether recorded in a material form or not, about an individual whose identity is apparent or can reasonably be ascertained from the information or opinion;

“Principal's Material” means any Material supplied by or on behalf of the Principal to the Consultant by whatever means in relation to this Agreement;

“Principal's Representative” means the person named in Item 15 of Part B: Project Details or such other person as the Principal may, from time to time, nominate in writing;

“Project” means the project defined in Item 6 of Part B: Project Details;

“Project Objectives” mean the objectives of the Project set out in Item 9 of Part B: Project Details;

“Consultant’s Proposal” means the proposal or tender as specified in Item 8 of Part B: Project Details submitted by the Consultant in answer to the Request for Proposals as specified in Item 7 of Part B: Project Details, a copy of which is annexed to this Agreement and marked Schedule 2;

“Relevant Party/ies” means those parties as defined in Item 10 of Part B: Project Details;

“Request for Proposals” means the Request for Proposals (RFP) as specified in Item 7 of Part B: Project Details and annexed to this Agreement and marked Schedule 1;

“Services” mean:

- (a) the services to be provided by the Consultant described in the Request for Proposals, the Consultant’s Proposal and in this Agreement;
- (b) all reports and other services to be provided by the Consultant to achieve the Project Objectives; and
- (c) any other service relating to the Project required by the Principal from time to time;

“Schedule” means a schedule to this Agreement;

“Specified Personnel” means the key personnel specified in Item 18 of Part B: Project Details required to undertake the Services or part of the work constituting the Services or such other personnel as the Principal agrees in writing, to perform the Services;

“Specified Timeframes” means the timeframe for the performance of the Services specified in Item 19 of Part B: Project Details;

“Supply” has the same meaning given to it in the GST Law; and

“Term” means the period referred to in Item 4 of Part B: Project Details unless this Agreement is earlier terminated;

“Third Interested Party/ies” means those parties as defined in Item 10 of Part B: Project Details.

- 1.2 Except where the context otherwise requires a reference in this Agreement to:
- (a) the singular number includes a reference to a plural number and vice versa;
 - (b) a gender includes a reference to the other genders and each of them;
 - (c) any person or company shall mean and include the legal personal representative, successor in title, and permitted assigns of such person or company as the circumstances may require;
 - (d) a company includes a corporation and person and vice versa;
 - (e) any organisations, associations, societies, groups or bodies shall, in the event of them ceasing to exist or being reconstituted, renamed or replaced or if the powers or functions of any of them are transferred to any other entity, body or group, refer respectively to any such entity, body or group, established or constituted in lieu thereof or succeeding to similar powers or functions;
 - (f) statutes, regulations, ordinances or by-laws shall be deemed for all purposes to be extended to include a reference to all statutes, regulations, ordinances or by-laws amending, consolidating or replacing same from time to time; and
 - (g) a month shall be construed as a reference to a calendar month.
- 1.3 Monetary references are references to Australian currency.
- 1.4 A business day means any day which is not a Saturday, Sunday or public holiday in the State of New South Wales.
- 1.5 Where any time limit pursuant to this Agreement falls on a Saturday, Sunday or public holiday in the State of New South Wales then that time limit shall be deemed to have expired on the next business day.
- 1.6 Where any covenant, condition, agreement, warranty or other provision of this Agreement expressly or impliedly binds more than one person then it shall bind each such person separately and all such persons jointly.
- 1.7 Where a word or phrase is given a defined meaning in this Agreement, any other part of speech or other grammatical form in respect of such word or

phrase shall unless the context otherwise requires have a corresponding meaning.

- 1.8 The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.
- 1.9 No rule of construction operates to the detriment of a Party only because that Party was responsible for the preparation of this Agreement or any part of it.
- 1.10 Where there occurs a reference to the doing of anything by the Principal including giving any notice, consent, direction or waiver, this may be done by any duly authorised officer of the Principal.
- 1.11 Where the Principal is required to act reasonably in the performance of this Agreement, that shall be read as a requirement to act as would a party in the position of the Principal which is acting reasonably in its own best interests.

2. TERM

- 2.1 This Agreement commences on the Commencement Date and will continue for the Term.
- 2.2 The Principal engages the Consultant during the Term to provide the Services, to achieve the Project Objectives and to carry out other tasks described in the Request for Proposals in accordance with this Agreement.
- 2.3 The Consultant acknowledges and agrees that the Principal may engage other persons to provide the same or similar services to the Services.

3. THE CONSULTANT'S OBLIGATIONS

Due Diligence

- 3.1 The Consultant shall perform the Services diligently, in accordance with the Specified Timeframes and with all necessary skill and care expected in the provision of such Services.

Methodology

- 3.2 In the performance of the Services, the Consultant shall adopt the approach and use the methodology, if any, described in the Request for Proposals and in the Proposal.

Knowledge of Principal's Requirements, Co-operation, and Provision of Information and Assistance

- 3.3 The Consultant must:

- (a) use all reasonable efforts to inform itself of the ongoing requirements of the Principal in performing the Services;
- (b) regularly liaise, consult and/or meet with the Principal or its representatives in order for the Principal to inspect, discuss or assess the provision of the Services;
- (c) consult, co-operate and confer with others as reasonably directed by the Principal; and
- (d) provide all relevant documentation, detailed briefings and other assistance to persons or bodies who may be appointed by the Principal to provide advice in relation to the Project, as directed by the Principal.

Specified Personnel

- 3.4
- (a) The Consultant shall engage the Specified Personnel to carry out the Services.
 - (b) The Consultant will ensure that the Specified Personnel (and any other personnel approved by the Principal and undertaking work in respect of the Services) will not be hindered or prevented in any way in the performance of their duties including but not limited to being removed from the performance of the Services or being requested to perform services which in any way interfere with their due performance of the Services.
 - (c) Where any Specified Personnel or other personnel is unable to undertake work due to illness or other incapacity or resignation from employment with the Consultant, the Consultant will notify the Principal immediately and the Consultant will (at its own cost) provide replacement personnel at the earliest opportunity. All temporary or substitute personnel must be approved in writing by the Principal, which approval may be given or withheld in the Principal's absolute discretion. In giving its approval, the Principal may impose such conditions as it sees fit.
 - (d) Notwithstanding any other provision contained in this Agreement, the Consultant acknowledges and agrees that subclause (a) is a fundamental term of this Agreement and in the event of termination or resignation of a member of the Specified Personnel, the Principal has the right to terminate this Agreement in accordance with Clause 19.1

Reports

- 3.5 The Consultant agrees to provide:

- (a) progress reports of the Project containing such information as may be agreed between the Consultant's Representative and the Principal to each Steering Committee meeting; and
- (b) such other reports, containing the information, in the format and on such dates as reasonably required by the Principal from time to time.

Principal's Material

- 3.6 The Consultant accepts all responsibility for the secure guardianship of the Principal's Material and agrees that it will not, except in the course of or as a necessary or desirable part of the Services, make any (or any substantial) alteration to the Principal's Material without the prior written consent of the Principal.

Assignment and Sub-contracting

- 3.7
- (a) Subject to Clause 3.4 the Consultant acknowledges and agrees that it may not assign and/or sub-contract the whole or any part of this Agreement without the prior written approval of the Principal, which approval may be given or withheld in the Principal's absolute discretion. Any approval given by the Principal to sub-contract any part of the Services does not relieve the Consultant from its liabilities or obligations under this Agreement and the Principal may, in giving its approval, impose such conditions as it sees fit.
 - (b) Without limiting the generality of subclause (a), notwithstanding any consent given by the Principal, the Consultant will be responsible for ensuring the suitability of any sub-contractor for the work proposed to be carried out and for ensuring that the work proposed to be carried out by the sub-contractor meets the requirements of this Agreement.
 - (c) The Consultant agrees and acknowledges that it will be liable to the Principal for any negligent, wilful or reckless acts, defaults or omissions of any sub-contractor or any employee or agent of the sub-contractor as fully as if they were the negligent, wilful or reckless acts, defaults or omissions of the Consultant or the employees or agents of the Consultant.
 - (d) Prior to any sub-contractor or any employee or agent of the sub-contractor commencing work in respect of the Services, the Consultant will obtain from that person, and provide to the Principal, a written assignment from the person to the Principal of the Intellectual Property created as a result of the person performing that work.

- (e) The Consultant will ensure that a sub-contractor is aware of all the terms and conditions of the Agreement relevant to the sub-contractor's part in the performance of the Agreement. If so requested by the Principal, the Consultant will obtain from the sub-contractor a signed statutory declaration substantially in the form appearing at Schedule 4 (Statutory Declaration by Sub-contractor) prior to the commencement of any work under this Agreement by that sub-contractor and upon request by the Principal, will provide any statutory declaration so obtained to the Principal.

Compliance with Law

3.8 The Consultant must:

- (a) comply with all applicable standards, laws and regulations including but not limited to complying with its obligations (if any) under or arising pursuant to the *Privacy Act 1988* (Cth), *Privacy and Personal Information Protection Act 1998* (NSW) and other State legislation relating to privacy to the extent that such legislation is relevant to this Agreement and/or the performance of the Services;
- (b) comply with all relevant government policies and guidelines relevant to this Agreement and/or the performance of the Services;
- (c) not do anything that would cause the Principal to breach its obligations under any such legislation, government policies or guidelines.

3.9 The Consultant must hold all necessary approvals, licences and permits required to provide the Services and otherwise fulfil its obligations under this Agreement.

4. PRINCIPAL'S OBLIGATIONS

4.1 The Principal will as soon as practicable, or as required by this Agreement:

- (a) make or arrange to make available to the Consultant all relevant instructions, information, documentation or data or any other material as is necessary for the performance of the Services; and
- (b) provide assistance to the Consultant, as reasonably required, so that the Consultant may competently perform its duties under this Agreement.

4.2 The Consultant agrees and acknowledges that the Principal's provision of information and assistance in accordance with Clause 4.1 is by way of assistance only and cannot in any way be deemed to give rise to a duty of

care on the part of the Principal. The Consultant must rely on its own professional and personal expertise in providing the Services.

5. REPRESENTATIVES

- 5.1 The Consultant's Representative is the representative of the Consultant in respect of the provision of the Services and will, except to the extent otherwise provided for in this Agreement, liaise with the Principal in all matters relating to this Agreement. Any substituted representative must be agreed to in writing by the Principal.
- 5.2 The Principal's Representative will act as the Principal's representative in connection with this Agreement.

6. FEE

- 6.1 Subject to Clause 6.2, the Principal will, in consideration of the Consultant performing the Services, pay to the Consultant the Fee in accordance with the Payment Schedule.
- 6.2 Payment of the Fee or any instalment thereof by the Principal is subject to:
- (a) satisfactory progress in the performance of the Services (including, without limitation, the provision of any progress reports) in accordance with the Specified Timeframes or otherwise as agreed between the Consultant's Representative and the Principal's Representative; and
 - (b) the provision of an appropriate tax invoice before the due date for the payment of the Fee or the relevant instalment of the Fee.
- 6.3 The Principal will only reimburse the Consultant any reasonable costs, expenses, fees or charges incurred by the Consultant in connection with this Agreement and not already included in the Fee/Consultant's proposed budget set out in Schedule 3 where the Consultant has obtained the Principal's prior written approval to incur such costs, expenses, fees or charges. The Principal's approval may be given or withheld in the Principal's absolute discretion.
- 6.4 The Consultant agrees and acknowledges that the Principal may deduct from the amounts otherwise payable to the Consultant any amount due from the Consultant to the Principal in connection with the provision of the Services.
- 6.5 The parties agree that, in order to maximise value for money for the Principal, they will from time to time renegotiate the fee structure or any portion thereof. The parties agree to negotiate with each other in good faith. The parties may

agree, without limitation, to capped fees for specified project tasks, or discounted fees for resource intensive tasks.

7. GST

7.1 In the event that any of the prices for Supplies made under this Agreement are expressed as being inclusive of GST, Clause 7.2 will not apply in respect of those Supplies.

7.2 If any Party to this Agreement (the "GST Supplier") is or becomes liable to pay GST in connection with any Supplies made under this Agreement:

- (a) the GST Supplier may add to the price of all Supplies the amount of GST for which the GST Supplier is or becomes liable in respect of those Supplies, as calculated by the GST Supplier in accordance with the GST Law;
- (b) the Party providing consideration for the Supplies (the "Recipient") will pay the amounts or provide any other consideration required to be provided under other provisions of this Agreement for the Supplies ("agreement price") plus the calculated amount in respect of GST;
- (c) subject to subclause (d), the additional amounts shall be payable at the same time or times as the agreement price is required to be provided to the GST Supplier under the other provisions of this Agreement;
- (d) if the time required by subclause (c) for payment of the additional amounts is at a time prior to the commencement of the tax period in respect of which the GST Supplier will be required to include the GST on that supply in the GST Supplier's GST return, subclause (c) will not apply to that additional amount and instead the additional amount will be payable not less than ten (10) business days prior to the date upon which the GST Supplier is required to lodge its GST return for that tax period.

7.3 The GST Supplier will issue a tax invoice which enables the Recipient, if permitted by the GST Law, to claim a credit or refund of GST on or before the date that the Recipient is required to pay the additional amounts calculated pursuant to Clause 7.2 or the GST component of the price for the Supplies referred to in Clause 7.1.

7.4 If, for any reason, the GST Supplier's GST liability in respect of a particular Supply is varied from the additional amount paid by the Recipient under Clause 7.1 or Clause 7.2 the GST Supplier shall repay to the Recipient the amount of any excess paid by the Recipient above the GST Supplier's GST

liability or the Recipient shall pay the deficiency in the amount previously paid by the Recipient to the GST Supplier for that Supply as appropriate.

- 7.5 Each Party warrants that at the time any taxable Supplies are made under this Agreement, that Party is or will be registered under the GST Law.

8. EXTENSION OF TIME

- 8.1 Where in the Consultant's reasonable opinion there is likely to be a delay in the Consultant discharging an obligation under this Agreement because of a cause beyond the reasonable control of the Consultant (except a cause arising out of any act or omission on the part of the Consultant's employees, agents or sub-contractors or their employees or agents) which the Consultant considers justifies an extension of the time specified in this Agreement, the Consultant will:

- (a) as soon as possible and in any event within 7 days of becoming aware of the possibility of such a delay, notify the Principal, in writing, of the facts and circumstances which the Consultant considers will give rise to such a delay and the extent or likely extent of the delay and develop strategies to manage the consequences of the delay; and
- (b) immediately after the circumstances causing the delay have ceased, notify the Principal, in writing, of the period of delay so caused, give details of the likely effect on this Agreement and request an extension of time which the Consultant considers reasonable in all the circumstances.

- 8.2 Where the Principal:

- (a) agrees that the delay has reasonably arisen from a cause beyond the reasonable control of the Consultant, the Principal will not refuse a request for extension of time without reasonable grounds for doing so; or
- (b) considers that the delay has arisen from a cause within the reasonable control of the Consultant, the Principal may refuse the Consultant's request for extension of time and reserves its rights under Clause 19.1 without prejudice to any accrued rights or remedies of the Principal.

9. VARIATIONS

- 9.1 The Principal may, in writing in the form as outlined in Schedule 9 (Variation Statement of Works Form), request the Consultant to vary the Services. The

Consultant must respond within a reasonable time and subsequently provide a quotation in accordance with Clause 9.2

- 9.2 Before approving a variation requested under Clause 9.1 the Principal must have been provided by the Consultant with a written quotation of the time, cost and programming effects of the proposed variation. On receipt of a quotation, the Principal, if it wishes the variation to proceed, must approve the variation in writing to the Consultant.
- 9.3 Fees for varied Services will be in accordance with the quotation supplied by the Consultant under Clause 9.2 or as otherwise agreed in writing between the Parties.

10. CONFIDENTIALITY

- 10.1 The Consultant:
- (a) must not disclose any Confidential Information to any person without the prior written consent of the Principal; and
 - (b) must take reasonable steps to ensure that the Confidential Information in its possession is kept confidential and protected against unauthorised use and access.
- 10.2 The Consultant agrees to use the Confidential Information solely for the purposes of the Services and for no other purpose.
- 10.3 Notwithstanding Clause 10.1, the Consultant may disclose Confidential Information to its officers, employees and permitted sub-contractors ("permitted recipient") where such disclosure is essential to carrying out their duties or in accordance with this Agreement.
- 10.4 Before disclosing the Confidential Information to a permitted recipient, the Consultant will ensure that the permitted recipient is aware of the confidentiality requirements of this Agreement and is advised that he, she or it is strictly forbidden from disclosing the Confidential Information or from using the Confidential Information other than as permitted by this Agreement. The Principal may, at its sole discretion and at any time, require the Consultant to arrange for a permitted recipient to execute a deed (in the form set out in Schedule 6 (Confidentiality and Privacy Deed), Schedule 7 (Confidentiality and Privacy Deed Poll) or in such form as may be required by the Principal) relating to the non-disclosure and use of the Confidential Information and the Consultant will promptly arrange for such deed to be executed and provided to the Principal.

- 10.5 The Confidential Information must not be copied or reproduced by the Consultant and/or the permitted recipient without the express prior written permission of the Principal, except for such copies as may be reasonably required to accomplish the purpose for which the Confidential Information was provided pursuant to this Agreement.
- 10.6 If any person, being any partner, officer, agent, consultant, sub-contractor or employee of the Consultant, who has had access to the Confidential Information in accordance with this Agreement leaves the service or employ of the Consultant then the Consultant will procure that that person does not do or permit to be done anything which, if done or permitted to be done by the Consultant, would be a breach of the obligations of the Consultant under this Agreement.
- 10.7 Without limiting this Clause 10 or the definition of Confidential Information, all information at any time disclosed (whether in writing or orally) to the Consultant or acquired by the Consultant in performing the Services with respect to, or in connection with, the affairs of those Third Interested Party/ies, will be Confidential Information. If required by the Principal, the Consultant will execute a deed or deed poll, or arrange for any permitted recipient to execute a deed or deed poll, (in the form set out in Schedule 6 (Confidentiality and Privacy Deed), Schedule 7 (Confidentiality and Privacy Deed Poll) or in such form as may be reasonably required by the Principal) relating to the non-disclosure and use of such Confidential Information and the Consultant will promptly arrange for such deed or deed poll to be executed and provided to the Principal.

11. PRIVACY AND DISCLOSURE OF PERSONAL INFORMATION

- 11.1 Where the Consultant has access to Personal Information in order to fulfil its obligations under this Agreement, it must:
- (a) where the Consultant is responsible for holding the Personal Information, ensure that Personal Information is protected against loss and against unauthorised access, use, modification or disclosure and against other misuse;
 - (b) not use Personal Information other than for the purposes of the Agreement, unless
 - (i) required or authorised by law; or
 - (ii) authorised in writing by the individual to whom the Personal Information relates but only to the extent authorised;

- (c) not disclose Personal Information without the prior written agreement of the Principal or the prior written agreement of the individual to whom the Personal Information relates, unless required or authorised by law. The Principal may, at its sole discretion and at any time, require the Consultant to arrange for a permitted recipient to execute a deed (in the form set out in Schedule 6 (Confidentiality and Privacy Deed), Schedule 7 (Confidentiality and Privacy Deed Poll) or in such form as may be required by the Principal) relating to the non-disclosure and use of the Personal Information and the Consultant will promptly arrange for such deed to be executed and provided to the Principal;
- (d) ensure that only authorised personnel have access to Personal Information;
- (e) immediately notify the Principal if:
 - (i) the individual to whom the Personal Information relates authorises the Consultant to use his/her Personal Information for other purposes;
 - (ii) the individual to whom the Personal Information relates consents to the Consultant disclosing of his/her Personal Information; and/or
 - (iii) it becomes aware that a disclosure of Personal Information is, or may be required or authorised by law;
- (f) make its employees, agents and sub-contractors aware of the Consultant's obligations under this clause including, when requested by the Principal, requiring those employees, agents and sub-contractors to promptly sign a suitable privacy deed relating to Personal Information in the form of Schedule 6 (Confidentiality and Privacy Deed); and
- (g) comply with such other privacy and security measures as the Principal reasonably advises the Consultant in writing from time to time.

11.2 The Consultant must immediately notify the Principal upon becoming aware of any breach of Clause 11.1

12. COPYRIGHT AND INTELLECTUAL PROPERTY

12.1 The Consultant agrees and acknowledges that ownership of Intellectual Property rights in or in relation to New Contract Material vests upon its creation in the Principal. The Consultant, upon request by the Principal, undertakes and agrees, at its own cost, to do all things necessary and

execute all documents to permit the vesting of ownership and title of Intellectual Property in the Principal including, without limitation, obtaining from any sub-contractor, a written assignment to the Principal of the Intellectual Property rights created as a result of the person performing any part of the Services.

- 12.2 If ownership of or title in Intellectual Property in relation to New Contract Material is not capable of being vested in the Principal under Clause 12.1 because the Consultant itself does not own, and is unable at a reasonable cost to obtain ownership of, that Intellectual Property, the Consultant must at its own cost ensure that the Principal is suitably and irrevocably licensed to use and to sub-license the use of that New Contract Material or that Intellectual Property. In addition, the Consultant must at its own cost ensure that any other persons or bodies appointed by the Principal to provide advice in relation to the Project (defined as "Other Advisors" for the purposes of this Clause 12) are suitably and irrevocably licensed to use and to sub-license the use of that New Contract Material or that Intellectual Property at the direction of the Principal, but only for the purposes of the Project.
- 12.3 This Agreement does not affect the Intellectual Property rights of the Consultant and/or third parties in Existing Contract Material and the Consultant hereby grants, and ensures that relevant third parties grant to the Principal (and to Other Advisors, but only for the purposes of the Project), without additional cost, a non-exclusive, irrevocable, transferable licence to use, reproduce, communicate to the public and adapt for its own purposes (but in the case of Other Advisors, only for the purposes of the Project) all those Intellectual Property rights but only as part of the Contract Material and any development of that material.
- 12.4 The Consultant must ensure all licence fees and/or consents required under law are paid and/or obtained as a result of any reproduction, adaptation or use of any Intellectual Property or Contract Material necessary for the provision of the Services.
- 12.5 Unless it has obtained the prior written approval of the Principal to do otherwise, the Consultant must ensure that the Contract Material is used, copied, supplied or reproduced only for the purposes of this Agreement. The approval of the Principal may be given or withheld in its absolute discretion and may be subject to such terms and conditions as the Principal considers appropriate.
- 12.6 (a) The Consultant must hold or obtain consents from all authors of Existing Contract Material to its use and adaptation by the Consultant and the

Principal (and Other Advisors, at the direction of the Principal), without restriction and without any requirement to attribute the Existing Contract Material to its authors.

- (b) Where the Consultant is an individual, the Consultant consents to any acts or omissions of the Principal (and those of Other Advisors, at the direction of the Principal) in the exercise of the rights granted under Clauses 12.1 to 12.6 that might otherwise constitute an infringement of the Consultant's Moral Rights.
- (c) Without limiting subclause (b), the Consultant consents, in relation to the New Contract Material not to be named as the author or creator of the works comprised in the New Contract Material or, at the Principal's discretion, to being attributed as author of the works comprised in the New Contract Material in a form and manner acceptable to the Principal.
- (d) Prior to an individual commencing work in respect of the New Contract Material on behalf of the Consultant, the Consultant must obtain from that individual, in writing, and provide to the Principal, upon request all consents, permissions and assignments to enable the Principal (and Other Advisors, at the direction of the Principal) to exercise in full, without cost to the Principal (or other Advisors) and without impediment, the rights granted under this Clause 12.6.

13. CONFLICT OF INTEREST

- 13.1 The Consultant represents and warrants that at the date of this Agreement, no conflict of interest exists or is likely to arise in the performance of the Services. The Consultant must not, in the course of performing the Services, engage in any activity or obtain any interest likely to give rise to a conflict of interest. The Consultant must notify the Principal, in writing, immediately upon becoming aware of the existence, or possibility, of a conflict of interest.
- 13.2 On receipt of a notice under Clause 13.1 the Principal may:
 - (a) approve the Consultant continuing to perform the Services, which approval may be subject to reasonable conditions to ensure appropriate management of the conflict; or
 - (b) where in the Principal's reasonable view the conflict of interest cannot be appropriately managed, exercise its rights of termination under this Agreement.

- 13.3 For the avoidance of doubt and without limiting the types of situations that constitute a conflict of interest, this Clause prevents the Consultant from providing advice (either directly or indirectly) relating to the Project to any potential bidders, purchasers, lessees, financiers and other parties.

14. WARRANTIES, INDEMNITY AND RELEASE

- 14.1 (a) The Consultant warrants that all personnel engaged in the performance of the Services are appropriately qualified, competent and experienced.
- (b) The Consultant warrants that it will not, in carrying out the Services, infringe or breach or permit or suffer to be infringed or breached any Intellectual Property rights of any third party.
- (c) The Consultant warrants and undertakes that all work done in connection with the Services will comply and conform with all applicable legislation and any regulations, by laws, ordinances, or orders made under such legislation as well as any applicable codes of conduct, policies, guidelines, quality assurance standards and all relevant Australian standards applicable to the Services.
- 14.2 The Consultant must indemnify and keep indemnified the Principal and its officers, employees and agents ("those indemnified"), from and against all actions, proceedings, claims, demands, costs, losses, damages and expenses (including reasonable legal costs and expenses), which may be brought against, made upon, or suffered or incurred by any of those indemnified arising directly or indirectly as a result of or in connection with:
- (a) any infringement or alleged infringement of any Intellectual Property rights (including Moral Rights) by the Consultant or any of its officers, employees, agents and/or sub-contractors in connection with the provision, supply or use of the Services or any Contract Material provided under this Agreement;
- (b) the provision of the Services to the extent that the same is due to a negligent, wilful or reckless act, default or omission of the Consultant or any of its officers, employees, agents and/or sub-contractors; and/or
- (c) any act or omission of the Consultant or any of its officers, employees, agents and/or sub-contractors resulting in personal injury to or the death of any person, or the loss of or damage to property,

and the Consultant hereby agrees to release and discharge the Principal from any actions, proceedings, claims or demands which, but for this provision, might be brought or made against or upon the Principal.

- 14.3 The Consultant's liability to indemnify those indemnified under this Agreement shall be reduced proportionally to the extent that any unlawful, wrongful, wilful or negligent act or omission of those indemnified caused or contributed to the liability or loss.

15. MINIMUM INSURANCE REQUIREMENTS

- 15.1 Without limiting the Consultant's obligations under this Agreement, the Consultant will, during the continuance of this Agreement and for a period of 3 years after its expiration or termination, take out and maintain with a reputable insurance company the following insurance policies:

- (a) a broad form public liability policy of insurance in the amount of not less than the amount specified in Item 12 of Part B: Project Details in respect of each and every occurrence and unlimited in the aggregate for any one period of cover;
- (b) workers' compensation insurance in accordance with applicable legislation in respect of all employees of the Consultant; and
- (c) a professional liability policy of insurance in the amount of not less than the amount specified in Item 13 of Part B: Project Details in respect of each and every occurrence and unlimited in the aggregate for any one period of cover.

- 15.2 The Consultant will produce to the Principal satisfactory evidence that the Consultant has effected and renewed the insurance policies required under Clause 15.1 of this Agreement. The initial Certificates of Currency are attached in Schedule 5 (Insurance Certificates of Currency) and Certificates of Currency for renewed insurance policies are to be attached to that Schedule as soon as practical after they have been renewed.

16. KEEPING OF RECORDS AND AUDIT

- 16.1 The Consultant must:

- (a) keep proper accounts, records (including information stored by computer and other devices) and time sheets in accordance with the accounting principles generally applied in commercial practice in respect of its time charge billing, its expenditure and fees and amounts payable to others properly engaged pursuant to this Agreement and retain the same for a period of 7 years; and
- (b) keep the operational records and project data relating to the provision of the Services securely and in a form and manner as to facilitate access

and inspection under Clause 16.2 and retain the same for a period of 5 years.

16.2 The Consultant must during the Term and for the periods specified in Clause 16.1(a) or 16.1(b) following the expiration or termination of this Agreement in relation to the materials specified in the relevant Clauses:

- (a) make available to or provide the Principal (or its nominee) with access to or copies of any Contract Material, records or other information relating to the Project which may be required by the Principal within a reasonable time of any request; and
- (b) participate promptly and cooperatively in any external review or audits conducted or instigated by the Principal, a NSW Government department or agency, the NSW Parliament or any other review or audits conducted or instigated by any other government.

17. DISPUTE RESOLUTION

17.1 The Parties shall attempt to settle a dispute in relation to this Agreement using the dispute resolution process provided for in this Agreement before resorting to court proceedings, provided however, nothing in this Clause will preclude either Party from seeking urgent interlocutory relief.

17.2 If the Principal requests it, the Consultant must continue performing this Agreement while a dispute is being dealt with in accordance with this Clause 17, other than the Services (or part thereof) the subject of the dispute, to the extent practicable to do so.

17.3 A Party claiming that a dispute has arisen must give written notice of the dispute to the other Party. The Parties must endeavour in good faith to resolve the dispute within 14 days of receipt of a notice of dispute.

17.4 If a dispute is not resolved within the 14 day period or such further period as the Parties agree in writing, the dispute shall be referred to the ACDC for mediation in accordance with the ACDC's 'Mediation Guidelines for Commercial Mediation' which are operating at the time the matter is referred to the ACDC. The ACDC's mediation guidelines set out the procedures to be adopted, the process of selection of the mediator and the costs involved. The terms of the ACDC's mediation guidelines are hereby deemed incorporated into this Agreement.

17.5 The Parties shall do all things reasonably required to refer the dispute to mediation by ACDC.

- 17.6 In the event that the dispute has not been settled within 28 days (or such other period as agreed to in writing between the Parties) after the appointment of a mediator, or if no mediator is appointed within 28 days of the referral of the dispute to mediation, the Parties are free to pursue any other procedures available at law for the resolution of the dispute.

18. TERMINATION FOR CONVENIENCE

- 18.1 The Principal may, at any time terminate this Agreement for convenience, by giving 7 days' notice in writing to the Consultant, such termination being effective upon expiry of this 7 day period.

- 18.2 If the Principal terminates this Agreement for convenience:

- (a) the Principal will pay the Consultant any unpaid Fees which relate to Services properly performed up to the date of termination, less any amounts payable by the Consultant to the Principal under Clause 20.1 in relation to pre-paid amounts.
- (b) the Principal will reimburse the Consultant its unavoidable costs and expenses directly incurred as a result of termination provided that any claim by the Consultant:
 - (i) does not exceed an amount of the cap on reimbursable unavoidable costs in the event of termination for convenience, as specified in Item 11 of Part B: Project Details;
 - (ii) is supported by satisfactory written evidence of the costs claimed; and
 - (iii) will be in total satisfaction of the liability of the Principal to the Consultant in respect of this Agreement and its termination.
- (c) the Consultant must do everything reasonably possible to prevent or otherwise mitigate any losses resulting to the Consultant from the termination.

19. TERMINATION FOR CAUSE

- 19.1 The Principal may, by notice in writing to the Consultant, immediately terminate this Agreement if the Consultant:

- (a) commits a material breach of this Agreement which, in the Principal's opinion, is not capable of being remedied;

- (b) fails to remedy a material breach which, in the Principal's opinion is capable of being remedied, within 7 days of receiving notice from the Principal requiring it to remedy that breach, or such longer period as the Principal may reasonably allow having regard to the nature of the breach and a reasonable time to remedy it;
- (c) is declared bankrupt or bankruptcy proceedings have commenced against the Consultant or it becomes subject to any form of insolvency administration; or
- (d) is the subject of proceedings or investigations commenced or threatened by the Independent Commission Against Corruption, the police service or similar public body; or
- (e) if clause 13.2(b) (Conflict of Interest) applies.

19.2 If the Principal terminates this Agreement for cause the Principal may:

- (a) contract with any other person to complete the provision of Services;
- (b) deduct any loss or damages arising from or in connection with the termination (which may be as ascertained and certified by the Principal) from any money due, or which may become due, to the Consultant (whether under this Agreement or otherwise); and/or
- (c) recover in an appropriate court the balance of any outstanding loss or damage remaining unpaid as a debt due and payable by the Consultant to the Principal.

19.3 For the purposes of the termination provisions in the Agreement, the Consultant acknowledges that a series of minor breaches may constitute a "material breach".

20. CONSEQUENCE OF TERMINATION

20.1 Without limiting the Principal's rights in relation to this Agreement, if the Principal pre-paid any amounts to the Consultant for Services to be performed which at the date of termination have not been performed and this Agreement is terminated for any reason:

- (a) the Consultant must refund to the Principal such prepaid amounts, within 7 days of termination of this Agreement; and

- (b) the Principal may recover in an appropriate court the balance of any prepaid amount not refunded as a debt due and payable by the Consultant to the Principal.
- 20.2 The Consultant must, except to the extent approved by the Principal in writing, deliver to the Principal, within 7 days of termination or expiry of this Agreement all Confidential Information of the Principal, all Personal Information, all the Principal's Material and Contract Material including copies of the same.
- 20.3 The provision dealing with the return of Materials upon termination or expiry of this Agreement does not prevent the Consultant from keeping a bona fide copy of the Contract Material for its records, subject to the confidentiality and privacy requirements contained in this Agreement.
- 20.4 Any termination of this Agreement is without prejudice to any accrued rights or remedies of either Party.
- 20.5 The covenants, conditions and provisions of this Agreement which are capable of having effect after the expiration of this Agreement shall remain in full force and effect following the expiration or termination of this Agreement.

21. GENERAL

- 21.1 The Consultant agrees to provide such assistance as may be reasonably requested by the Principal to publicise and promote the Project.
- 21.2 No failure or delay by the Principal in exercising any right, power or remedy under this Agreement and no course of dealing or grant by the Principal to the Consultant of any time or consideration or other indulgence, will operate as a waiver of the breach or a default by the Consultant. Any waiver by the Principal of a breach of this Agreement must be in writing and will not be construed as a waiver of any further breach of the same or any other provision.
- 21.3 If any part of this Agreement is prohibited, void, voidable, illegal or unenforceable, then that part is severed from this Agreement but without affecting the continued operation of the remainder of the Agreement.
- 21.4 Unless otherwise specifically provided for under this Agreement, any variation to the Agreement, including any variation to the Schedules, must be in writing and signed by both Parties.
- 21.5 The Consultant acknowledges and agrees that neither the Consultant nor any of the Consultant's officers, employees, and/or sub-contractors:

- (a) are or will be officers, employees, and/or partners of the Principal; and
 - (b) will represent that they are officers, employees, and/or partners of the Principal.
- 21.6 The Consultant acknowledges and agrees that neither the Consultant nor any of its officers, employees, or agents are or will be, or will represent that they are, agents of the Principal except as expressly authorised by the Principal.
- 21.7 Any communication to a Party to this Agreement:
 - (a) must be in writing addressed to the intended recipient at the address shown in Item 16 of Part B: Project Details or the address last notified by the intended recipient to the sender; and
 - (b) will be deemed to be served:
 - (i) in the case of delivery in person - when delivered to the recipient's address for service and a signature received as evidence of delivery;
 - (ii) in the case of delivery by post, it will be deemed received within 3 business days of posting; or
 - (iii) if a communication is sent by facsimile and the sender's facsimile machine produces a transmission confirmation report indicating that the facsimile was sent to the addressee's facsimile machine, the report will be prima facie evidence that the facsimile was received by the addressee at the time indicated on that report;

provided however, if delivery or receipt of a communication is on a day which is a Saturday, Sunday, bank holiday or public holiday in the place to which the communication is sent or is later than 5 pm (local time in that place) it will be deemed to have been duly given or made at 9 am (local time at that place) on the next day which is not a Saturday, Sunday, bank holiday or public holiday in that place.
- 21.8 The Agreement constitutes the entire agreement between the Parties. Any prior arrangements, agreements, representations or undertakings are superseded.
- 21.9 This Agreement will be governed and construed in all respects in accordance with the laws of the State of New South Wales and the Parties hereby submit

to the non-exclusive jurisdiction of the Courts of the State of New South Wales.

END OF THE OPERATIVE PROVISIONS

SCHEDULE 1:
Request for Proposals



Request for Proposals for:

Accounting / Tax Adviser – Electricity Networks Transaction

RFT ID: T14/01037-001

Proposals must be received by 11am Wednesday 2 July 2014

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Annexure A – Draft Consultancy Agreement

1. INTRODUCTION

On 10 June 2014, the State Government announced that it would seek to unlock \$20 billion in infrastructure funding by undertaking a long-term lease of 49% of the State's electricity network businesses. This policy will be taken to the State Election in March 2015. No transaction will proceed until the Government receives an electoral mandate for the reform.

New South Wales Treasury (*'Treasury'*) is to procure, on behalf of the State of New South Wales, an Accounting / Tax Adviser to assist with the detailed scoping and, subject to further decisions of Government, potential subsequent long-term lease of 49% of the NSW electricity networks businesses (*'the Project'*).

This Request for Proposals (*'RFP'*) includes background information, a description of the role and scope of services to be provided by the Accounting / Tax Adviser and the requirements and criteria for parties wishing to submit Proposals for the role (*'Respondents'*).

1.1. The Project

The Project is anticipated to be conducted in two phases:

1. Strategy phase: Scoping study, initial vendor due diligence and investigations of areas for business improvement (*'Phase One'*)
2. Transaction preparation and execution phase: Structuring for lease, final due diligence and executing the transaction (*'Phase Two'*).

At the conclusion of the strategy phase, the Government will consider the proposed next steps. Any decision to proceed with Phase Two is at the discretion of Government post the NSW State election in March 2015.

Treasury is seeking to appoint an Accounting / Tax Adviser that can provide quality financial, accounting and tax advisory services for the duration of the Project.

Respondents are invited to submit a proposal that covers both Phase One and Phase Two. The Accounting/Tax Advisers will be appointed for Phase One, with the State to retain the right extend the appointment to Phase Two or to retender following the NSW State election in March 2015.

1.2. Project Objectives

The project objectives are to:

- maximise the financial return for the State;
- minimise ongoing financial risks and liabilities for the State;
- facilitate the continued efficient and reliable operation and development of the NSW electricity transmission and distribution network
- treat public sector employees fairly and equitably;
- ensure that any activities that remain with the public sector (commercial and non-commercial) are managed in an efficient manner; and
- complete the Project efficiently and in accordance with appropriate probity and accountability standards.

The Government has committed to a number of conditions on the lease including:

- electricity network prices will be discounted by 1% off the forecasted regulated prices until 2019
- the jobs of permanent award employees will be protected and treated consistently with previous transactions
- the transaction will have no adverse impact on electricity reliability
- the regional presence of the network businesses will be maintained.

1.3. Project Governance

Treasury is the agency responsible for the delivery of the Project on behalf of the State, with input from advisers, the networks businesses and other public sector agencies.

A Steering Committee will be established to oversee the Project and Chaired by Treasury. Treasury will report to the Treasurer as Minister responsible for the Project, who in turn will take issues to Cabinet as required.

The Project will be supported by a dedicated transactions unit located within Treasury, which will work closely with the Financial Advisers and other advisers on a day-to-day basis.

A probity adviser will be appointed for the Project.

2. ROLE OF THE ACCOUNTING / TAX ADVISER

The Accounting / Tax Adviser will be required to provide specialist and general advice within its areas of expertise. The lead role in project co-ordination and management will be the responsibility of the appointed Financial Adviser.

The State reserves the right to seek accounting and/or tax advice from other sources, such as in-house accountants or other accounting/tax firms and/or consultants, if it regards this as necessary or desirable, or for any other reason at its absolute discretion, at any time during the course of the Project. The Accounting/Tax Adviser will be required to work co-operatively with any other accounting and/or tax advisor retained by the State, and may be required to co-ordinate their work.

The Accounting/Tax Adviser will also be required to work in a collaborative team environment with the transactions unit, other public sector agencies, working groups, and other external advisers as required.

2.1. Phase 1 – Scoping Study

The first phase of the engagement is the development of the scoping study. This will include co-ordinating input from other parties and stakeholders as required. The Accounting / Tax Adviser will assist in the preparation of the scoping study report for submission to the Government. It is expected that the scoping study will cover:

- analysis of the industry and regulatory framework in which the businesses operate and the identification of policy issues requiring resolution to facilitate a transaction

- financial analysis of the businesses including, historical financial performance, benchmarking, review of forecast costs and revenues, corporate structure, staffing and industrial relations and areas for business improvement
- business structure/restructuring issues, including identification and analysis of:
 - regulatory and/or non-commercial functions (if any) that should be separated from the commercial operations of the electricity networks businesses
 - assets, rights and liabilities suitable for inclusion in the transaction
 - employee impacts and prospective industrial issues
 - post-transaction arrangements for managing residual business components not included in the transaction (if any)
- business preparation issues, including any restructuring, Board and management alterations and any matters for early attention consistent with improving commercial performance and business readiness
- analysis of alternative transaction strategies and structures, including analysis and recommendations on:
 - the proportion of Ausgrid, Endeavour Energy and TransGrid to be divested noting the Government's position of the State retaining an overall 51% ownership position of the electricity network businesses (together with the 100% owned Essential Energy)
 - long term lease structures and key terms and conditions (including lease period, obligations of the lessee and ownership restrictions) and comparison with alternative approaches
 - sale methods (role of trade sales, IPOs and alternatives)
 - options to maximise value of a partial divestment
 - options for sequencing of the transaction
- recommended transaction program – structure, strategy, process marketing approach and timetable to meet the Government's objectives along with an outline of execution risks
- corporate finance issues including capital structure, cost of capital, valuation methodologies, indicative valuation of and the potential net proceeds to Government
- potential bidders, including the results of market soundings as appropriate
- financial market conditions, including assessment of the capacity of equity and debt markets to absorb the transaction and strategies to address constraints
- employee and industrial relations issues and strategies (including industrial instruments, other service arrangements, insurance and workers issues, superannuation and related schemes such as Defined Benefits Scheme)
- a stakeholder strategy and communications process, including employee related issues
- customer issues, including the potential for consumer benefits through the capping of network tariffs for a limited period
- issues that are best addressed through the enabling legislation
- potential competition issues, which may require liaising with the ACCC
- recommended structure for an entity established to hold the retained interest in the businesses (including the residual obligations on Government as the lessor) which

maximises performance and ongoing returns to the State (including returns on the 100% of Essential Energy that will be retained by the State)

- contents of a shareholder agreement which appropriately balances Government and co-investor interests and maximises the value of the transaction for the State
- the results of the first stage due diligence reports

The first stage accounting / tax due diligence report and input into the scoping study should include (but not be limited to):

- preparing an initial high level accounting/tax report, suitable for incorporation in the Financial Adviser's scoping study report
- a review of historical financial information provided by TransGrid and Networks NSW, and identification of any adjustments or normalisations
- identification of trends and issues
- review of the potential financial performance and growth prospects and any consequential impact on the business value and transaction timing, including the impact of regulatory incentives on value
- review of regulatory accounts
- review of historical balance sheets, with respect to the need for proforma adjustments, separation issues (in relation to Networks NSW) and accuracy
- review of historical working capital requirements
- review of total expenditure commitments (both capex and opex)
 - diagnostic analysis (desktop analysis and peer group benchmarking) as an interim report with the option for Treasury to request a detailed field based study as part of the final report (the Proposal should include separate pricing for the detailed study should it be required)
- transaction and tax structuring options analysis, including advice on accounting and tax issues affecting, or potentially affecting, the development of the sale strategy and transaction
- assessment of current tax position and issues arising on transfer/lease of assets to the private sector, including any stamp duty consequences and implications for capital allowances and/or other income tax deductions
- identification of tax due diligence issues and risks
- review of business structuring issues, including:
 - discussion of accounting and taxation issues arising from the inclusion in the Project of the assets, rights and liabilities suitable to be leased and the separation of those not to be included in the transaction, including for example non-commercial assets/liabilities, debt held through NSW Treasury Corporation and/or any key contracts that are not suitable for transfer to the private sector
- in conjunction with the Financial Adviser, review of the value implications of alternative transaction strategies and structures, including the potential IPO of the business
- accounting issues associated with the retained holding (particularly in relation to the issue of control), the nature of the entity to hold the interest, accounting for the holding (including whether the interest is consolidated by the State and credit rating implications)

- advice on other accounting and tax issues affecting or that could potentially affect the State (with an initial report to the State on financial reporting and accounting issues), including consideration of GFS aspects of the proposals

2.2. Phase 2 – Preparation and Execution

The second phase is to assist in the transaction preparation and execution tasks. Respondents should be cognisant that Government transactions by necessity have significant process and procedural requirements, for example, the Accounting / Tax Adviser may be required to participate in the preparation of comprehensive evaluation reports at key points in the transaction process for submission to the Treasurer.

The following are indicative tasks and will depend on the nature of the transaction strategy endorsed including whether through trade sales or IPOs.

2.2.1. Phase 2a – Preparation

Preparation tasks would be undertaken with the assistance of other advisers, primarily Financial and Legal. These Phase 2 tasks will be confirmed during the Phase 1 Scoping Study, but are likely to include but not be limited to:

- preparing an accounting due diligence report to an agreed materiality level and covering the historical financial analysis but also potentially including distinct components including:
 - cost structure and savings potential including comparative benchmarking
 - review of forecasts for reasonableness, and incorporating elements of other vendor due diligence reports where these are commissioned
- providing financial model audit services, potentially covering:
 - the financial model developed by the Financial Adviser for the purpose of the estimation of retention value
 - any vendor financial models to be provided to bidders during the transaction
- the preparation, and potentially the assurance, of historical financial accounts reflecting the separation of the assets the subject of the Project
- providing input and assistance on an actuarial report on pension liabilities on those assets subject to separation
- advising on transitional arrangements for the transfer of business operations to a new operator
- advising on the tax implications of the proposed transaction structure in conjunction with legal advisers, and assistance with implementation
- preparing a tax due diligence report
- participating in the due diligence process including:
 - assisting with data-room preparations
 - assisting in preparing management presentations
 - participating on the Due Diligence Committee and conducting accounting and taxation due diligence enquiries in relation to the transaction as required
- developing the financial arrangements for the transaction and assisting the legal adviser to develop the legal structures for the transactions
- Depending on the transaction structure adopted this could include:

- participating in potential IPO processes, including but not limited to the preparation of an Investigating Accountants' Report and report on Directors' Forecasts
- providing input to the a final retention valuation under a trade sale / corporate finance and valuation processes under an IPO
- At the completion of the Project the Accounting / Tax Adviser will be required to provide a final report to the State detailing relevant financial reporting and accounting issues and advice

2.2.2. Phase 2b – Execution

The specific execution tasks are dependent on the method of sale chosen for the Project. The Accounting / Tax Adviser will be responsible for assisting all relevant work streams as required.

3. INDICATIVE TIMETABLE AND RESOURCING REQUIREMENTS

Treasury envisages that it would take about 16-20 weeks to complete the scoping study. An indicative timetable showing key milestones for the Project is shown below.

Indicative Time	Task
July 2014	Accounting / Tax Adviser appointed
July 2014 – November 2014	Scoping Study (Phase One)
November 2014 – March 2015	Government consideration of scoping study
March 2015	NSW State election
April 2015 – onwards	Phase Two

Significant Accounting / Tax Adviser resources may be required to achieve the above milestones. Proponents should consider the achievability of this indicative timetable and can propose modifications to it in their proposals.

4. EVALUATION

4.1. Evaluation Process

Treasury will convene an Evaluation Committee to assess all proposals received. The Evaluation Committee will assess all proposals according to the evaluation criteria set out in Section 4.2 of this RFP, and then assess the Respondents in terms of overall value for money.

In the course of the evaluation process, the Committee may request clarification of any aspects of a proposal or the provision of additional information. The Committee reserves to itself the right to make its own inquiries about Respondents in order to inform its assessment.

Based on its assessment, the Committee may also require Respondents to present on aspects of their proposal, prior to a decision being made. If required, interviews will be held in July 2014, or as otherwise advised by the Committee, and will be taken into consideration in the evaluation of the proposals. Respondents should therefore ensure that key nominated personnel are present at interviews.

Following the evaluation process, recommendation(s) will be made to the Treasurer to appoint the preferred Proponent. Treasury anticipates that Respondents will be notified in writing of the outcome of their proposal in July 2014.

Treasury reserves the right to recommend the appointment of more than one Accounting / Tax Adviser if this is considered to be the best approach.

4.2. Evaluation Criteria

Each proposal will be assessed against the following evaluation criteria:

1. Capability, capacity and previous experience of the firm and nominated personnel with relevant trade sale, lease and/or IPO transactions including Government sell-side engagements and/or private to private transactions in regulated energy and/or other major infrastructure and utilities
2. Depth, breadth and quality of the pool of people dedicated full time to the project
3. Depth, breadth, quality and level of commitment of people supporting the project
4. Demonstrated knowledge and understanding of the financial, accounting and tax issues in a government sell-side context relevant to the Project, and the regulated energy/utilities industry in general. Respondents are encouraged to disclose work that they have done in the NSW regulated utilities sector and in the regulated networks component of the National Electricity Market over the last 5 years
5. The proposed approach to key aspects such as identifying key accounting / tax issues for the scoping study, review of historical accounts, financial performance and growth prospects, model audit, undertaking vendor due diligence, and executing the transaction
6. Demonstrated ability to work with government and a number of other Advisers as part of a multi-disciplinary team on large, complex transactions to provide deliverables within tight timetable requirements, to respond quickly to dynamic project requirements (including changing resourcing levels), and to commit key personnel for the entire duration of the Project
7. Absence of any existing or potential conflicts of interests, and the approach to identifying, reporting and managing any potential conflicts of interest during the course of the Project
8. Proposed rates and fee structure, including the firm's approach to ensuring that value for money is obtained by the State throughout the Project, and the cost to Government of managing and administering the engagement is minimised
9. Compliance with the other requirements set out in section 5 of this RFP

4.3. Questions and Clarifications

All questions or clarifications regarding this RFP should be submitted in writing by e-mail to ent@treasury.nsw.gov.au no later than 5pm (Australian Eastern Daylight Time) on Tuesday 24 June 2014.

At the discretion of Treasury, any requests for clarification and responses provided by Treasury may be provided by email to all recipients that have received this RFP. Where possible, questions should be open and describe the situation for which information is sought.

If a question is not of a general nature, but relates to proprietary aspects of a proposal, the Respondent must identify the question(s) as such. If, in the opinion of Treasury, the question is not proprietary in nature, the relevant Respondent will be advised and will have the option to withdraw the question(s). If the Respondent continues to request a response, the question(s) and the response may be circulated to all recipients of this RFP.

Recipients of this RFP are encouraged to monitor their email and the e-tendering website (see Section 8 of this RFP) for such communication. The State is under no obligation to inform recipients that information has been made available on the website.

Respondents may be required to agree to a deed of confidentiality, without material amendment, prior to receiving any information that is not publicly available.

5. PROPOSAL REQUIREMENTS

RFPs should include the information specified below and must be submitted physically as outlined in Section 8 of this RFP.

The Proposal should be A4 in size with a minimum font size of 11 point.

Respondents are strongly encouraged to restrict Proposals to 25 pages in total, excluding any appendices, annexures, attachments, more detailed resumes and other additional documentation, and should provide:

1. The name, address and legal status of the firm.
2. Details of any other commercial asset sale panels (Commonwealth or other State governments) of which the Respondent is a member.
3. Details of how the respondent meets the Evaluation Criteria, in the same order and numbered as set out in section 4.2
 - The responses to the evaluation criteria on the depth, breadth and quality of people should include details of key specified personnel (including summary curriculum vitae) and a statement in regard to their availability and time commitment for the duration of the Project. Other nominated persons should also be identified and information provided about how their time will be dedicated to the Project.
 - The response to the evaluation criteria on providing value for money should include
 - i. A minimum of two fee proposals – one that assumes Phase Two will proceed and one that assumes Phase Two does not proceed.
 - The pricing model used to determine fees for each phase, including:
 - Hourly, daily, weekly and four weekly rates for each nominated team member
 - Approach and commitment to providing capped fees for completing specific elements of the Project, and an overall cap, to ensure that value for money is obtained by the State
 - ii. Discounts and synergies that may be available

- iii. Any other initiatives proposed to ensure that value for money is obtained by the State throughout the Project
 - iv. Approach to charging for expenses.
4. Agreement to sign the attached Consultancy Agreement, without material amendment. Any requested amendments to the Consultancy Agreement must be provided as a separate annexure in table form.
 5. Agreement that a Confidentiality and Privacy Deed (in the form set out in Schedules 6 and 7 of the Consultancy Agreement or in such form as may be required by the Principal) will be executed by the Respondent if requested by the Principal.
 6. Willingness to provide reliance on final due diligence reports. The form of any reliance letters proposed for successful and prospective bidders should be provided as attachments.

Respondents should note that, except where explicitly stated otherwise, the above Proposal Requirements should all be addressed within the 25 page proposal. The Evaluation Committee may choose not to consider, or to consider less rigorously, appendices, attachments, resumes and other additional documentation outside of the 25 page limit when evaluating proposals.

6. CONTRACTUAL ISSUES

The successful Proponent will be required to enter into a Consultancy Agreement in the form of Annexure A.

Any requested amendments to the Consultancy Agreement must be provided as an attachment to the proposal in table form. Requested amendments must not be made within the Consultancy Agreement itself.

The engagement will commence as soon as approval in writing is provided to the successful Proponent, and the Consultancy Agreement is substantively agreed.

The State reserves the right to cancel the consultancy at any time. Payment in the event of termination by Treasury will be subject to the terms of the Consultancy Agreement.

The State intends to review the consultancy to ensure that it receives value for money throughout the Project. The State may, at its absolute discretion, re-tender for all or part of the work during the Project or appoint other organisations to perform elements of the work.

7. EXCLUSIVE ADVISORY ROLE

The appointed Accounting / Tax Adviser will be precluded from providing advice relating to the Project, either directly or indirectly, to any potential bidder, purchaser, lessee, financier and other parties in relation to the Project.

8. LODGEMENT INSTRUCTIONS AND OTHER GENERAL MATTERS

8.1. Lodgement of proposals in hard copy format

Proposals must be received by no later than 11am (Australian Eastern Daylight Savings

Time) on Wednesday 2 July 2014 (**'Closing Date'**).

Proposals must be hand delivered and must comply with the lodgement requirements as set out below. Proposals may not be sent by mail, courier or emailed.

Proposals received after the deadline will be rejected.

Proposals should be clearly marked:

"NSW Treasury, Accounting / Tax Adviser – Electricity Networks Transaction, Response to Request for Proposal"

and taken to the following address:

NSW Treasury
Reception Level 7
17 Castlereagh Street
Sydney, NSW 2000
Australia

Instructions regarding lodgement displayed at reception should be followed. The outside of the envelope containing the Proposal should identify the name of the Respondent and the name and contact details of the person Treasury should contact in relation to the Proposal if necessary.

Respondents should submit **1 unbound hard copy of the Proposal marked "Original" and 5 bound hard copies**. In addition to the submission of hard copies, Respondents should also submit an electronic copy of their RFP in Adobe PDF format on CD ROM or flash drive.

The version marked "Original" will take precedence over all other versions (whether in hard copy or electronic soft copy) to the extent of any inconsistency between them.

8.2. Probity Adviser

Treasury has engaged a Probity Adviser to advise Treasury on the procurement processes.

The Probity Adviser is not part of the Evaluation Committee, but is an independent observer of the evaluation process.

Any probity concerns interested parties have about this RFP or any other aspect of the procurement process must be submitted (in appropriate detail) to the Probity Adviser in writing. Details of the probity adviser will be provided upon request to the ent@treasury.nsw.gov.au email address.

8.3. Confidentiality

Respondents must keep confidential any information which is received as a result of, or in connection with, the RFP and which is not in the public domain. Such confidentiality must be maintained even if the Respondent is unsuccessful in being selected for either role.

All documents provided by the Respondent will be stored securely at Treasury and held in confidence, except where disclosure (at any time) is required for the purpose of compliance with Government reporting or audit requirements or law.

8.4. Intellectual Property

All documents submitted to Treasury as part of a Respondent's Proposals remain the property of the Treasury.

Despite any intellectual property or ownership rights which may apply, it is a condition of participation in the procurement process that the State will be entitled to retain all Proposals and all correspondence and other materials received from Respondents. In addition, the whole or any portions of the Proposal may be used or reproduced in connection with the relevant procurement process. Proposals retained will be subject to the confidentiality provisions as set out in Section 8.3 above.

8.5. Costs Borne By Firms

All costs and expenses incurred by Respondents in any way associated with the development, preparation and submission of a Proposal, including but not limited to attendance at meetings, discussions, etc. as well as providing any information required by Treasury will be borne entirely and exclusively by the Respondents.

8.6. Other Conditions Applying to the Procurement Process

The State reserves the right, in its absolute discretion and at any time, to cancel, add to or amend the information, terms, procedures and protocols set out in this RFP. No party will have any claim against the State with respect to the exercise, or failure to exercise, such right.

Treasury makes no undertaking that any Respondent will be appointed from this RFP.

Treasury reserves the right to call for fresh tenders for Accounting / Tax Advisers during the term of the Project and to use other organisations for any reason at the absolute discretion of Treasury.

8.7. Communications

On no account should recipients of the RFP document directly or indirectly be in contact with the NSW electricity network State Owned Corporations (TransGrid, Ausgrid, Endeavour Energy and Essential Energy) or the Government, the Financial Adviser, their officers, officials, employees, customers or suppliers in relation to any matter relating to the RFP during the procurement process.

Respondents are required to use the ent@treasury.nsw.gov.au email address for all queries in connection with information associated with this document. Respondents are otherwise prohibited from contacting any officer of the State (including State Government Ministers, Members of Parliament or their officers) or the State Owned Corporations to discuss any aspect of the project or the procurement process.

8.8. Code of Practice for Procurement

In submitting its proposal, the Respondent signifies agreement to comply with the NSW Government Code of Practice for Procurement as amended from time to time, together with any other codes of practice relating to procurement, including any amendments to such codes that may be applicable to this particular RFP. The Code can be viewed and downloaded from <http://www.nswprocurement.com.au/>.

SCHEDULE 2:
Consultant's Proposal

Rebuilding NSW

NSW Treasury

RFT ID: T14/01037-001

2 July 2014



Building a better
working world



Building a better
working world

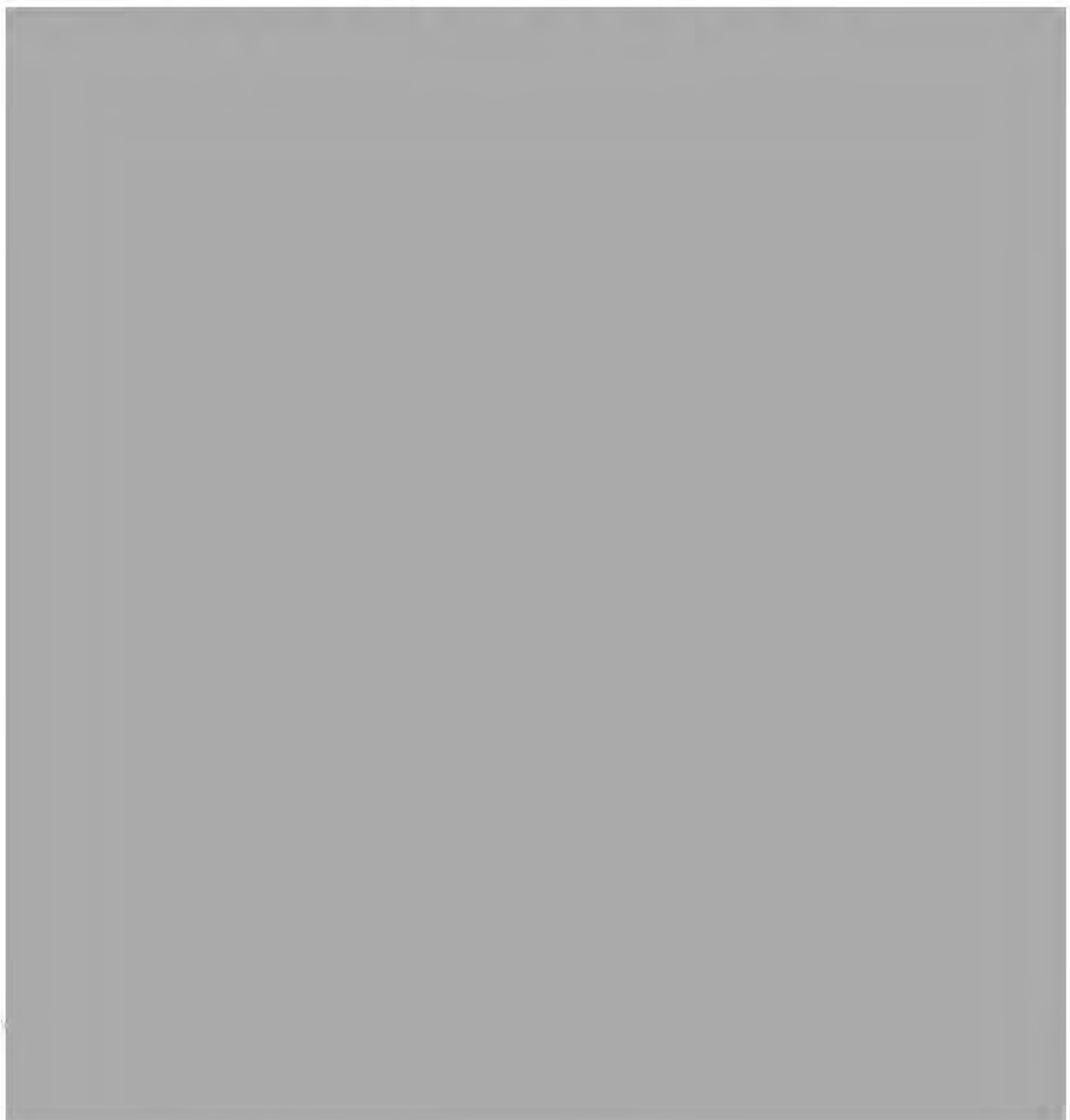
Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

NSW Treasury
Reception Level 7
17 Castlereagh Street
Sydney, NSW 2000

2 July 2014

Accounting / Tax Adviser – Electricity Networks Transaction

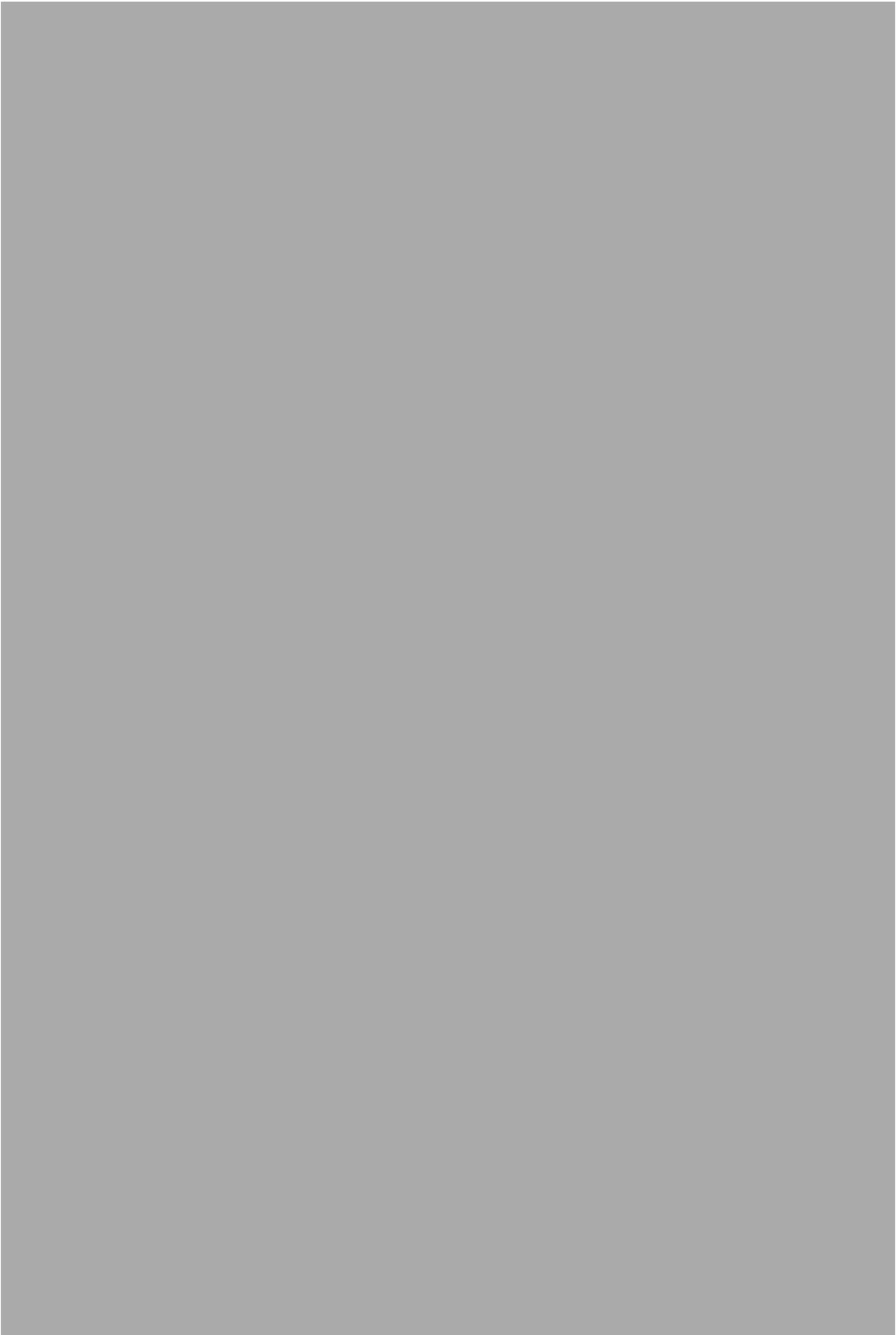


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Appendices

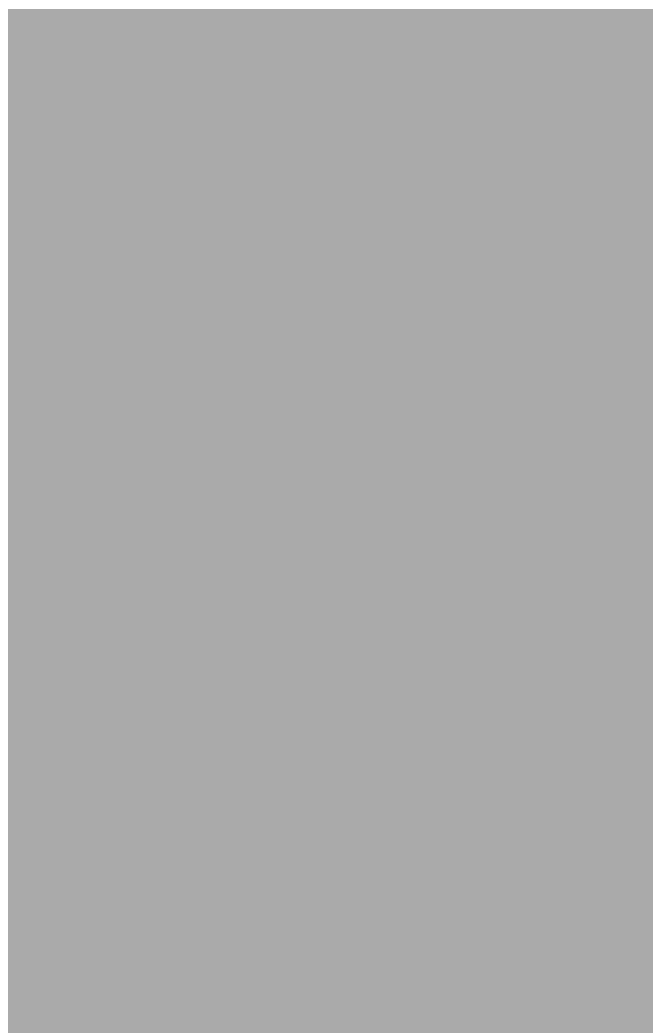
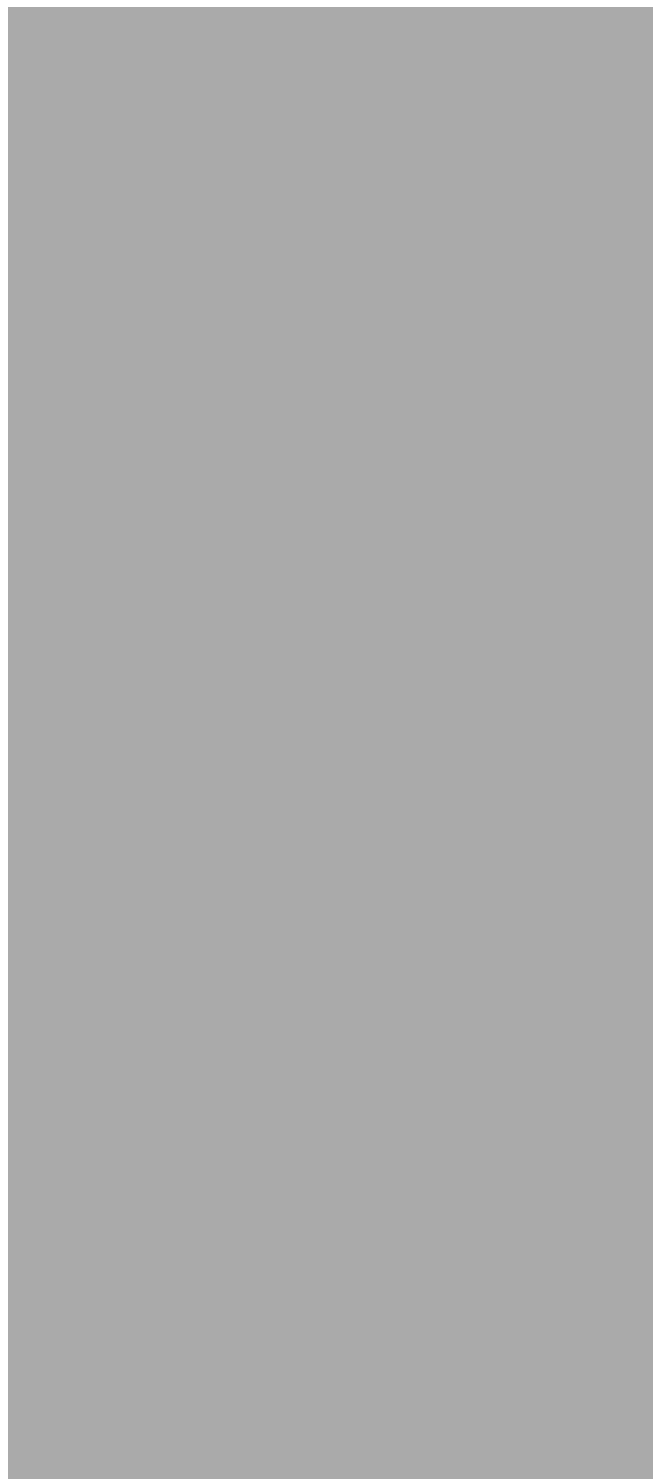
Appendix A – Curriculum vitae	i
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Executive Summary

The NSW Government's *Rebuilding NSW* plan will be funded by the Electricity Networks Transaction as outlined in your RFP, referred to as "the Project".



Electricity transaction leadership



Starting quickly, executing efficiently

NSW Treasury has many workstreams to manage to deliver its part of *Rebuilding NSW* of which the Project is one. Having the scoping study available for Government consideration by November is critical. Time is precious.

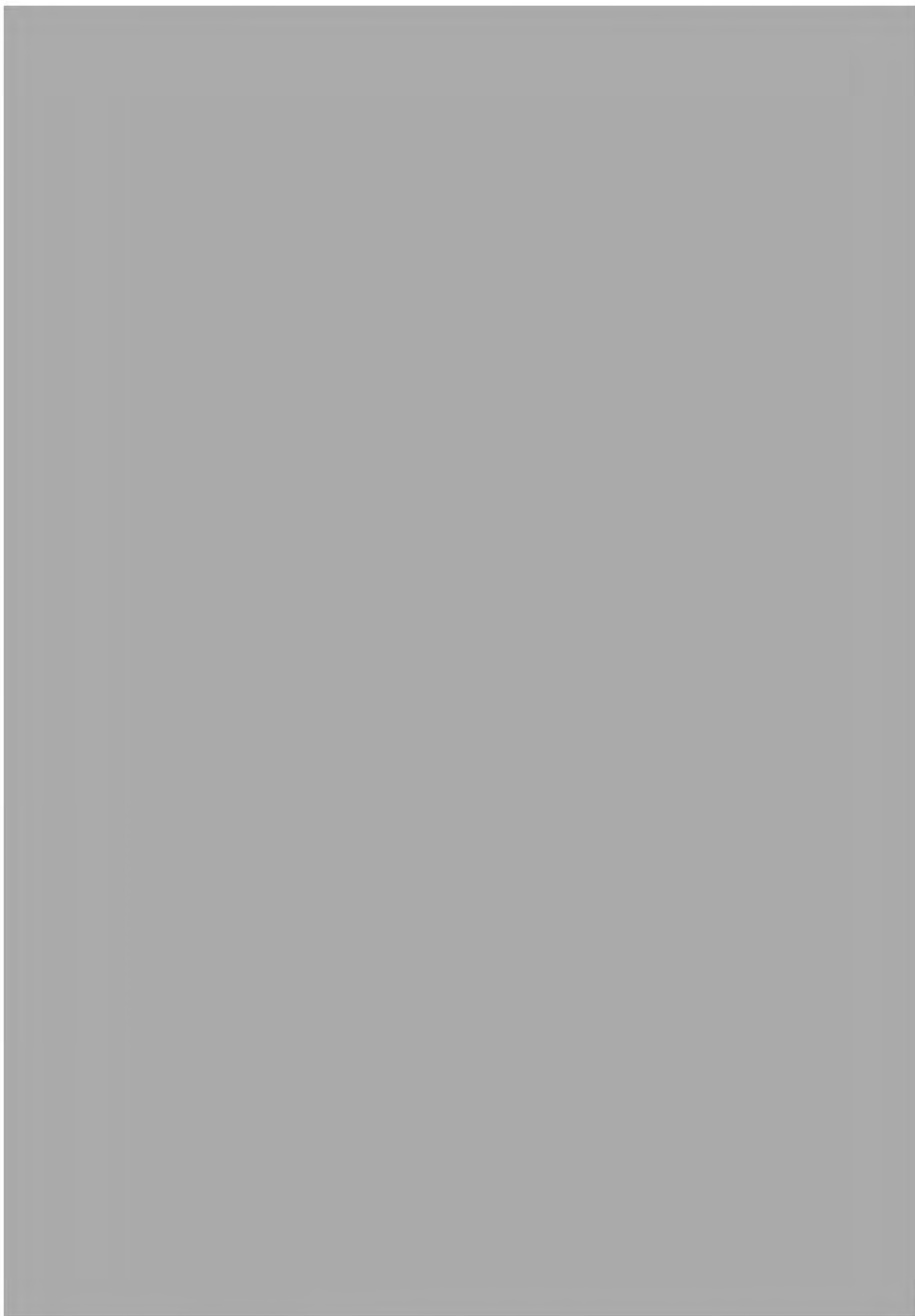
Government sale processes

Our Project Delivery Team members all have significant experience with government asset sales so the process involved is not new to us. We are the only accounting and tax advisor that has taken Ausgrid and Endeavour through the separation process previously.

It is also critical that all your advisers work collaboratively, including with the network businesses and other government stakeholders. We emphasise this in our approach as it is an essential ingredient to success in any large or complex transaction.

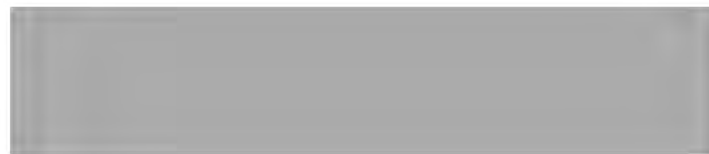






1. ■ Capability, Capacity, Experience

Maximising value to the State includes meeting your timetable. EY has a highly capable team with the right experience to run a fast scoping study, and we are ready to start now.



Our team was also engaged on the NSW generator transactions, including as sell side adviser to the Government and more recently providing buy side services as part of the Macquarie Generation and Delta Coastal transactions.



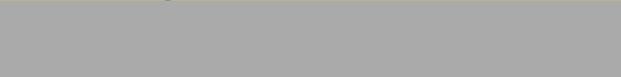
Working with the network businesses

To hit the ground running and give you confidence in our ability to achieve your timeline we will apply our detailed understanding of these businesses, their processes and systems.

We are currently providing operational (including supporting delivery of procurement initiatives pursued by Networks NSW), accounting, regulatory and tax services to Networks NSW.



Electricity network transactions



Our team acted on the successful sale of the NSW Retail Electricity businesses, which included the separation of those businesses from the current distribution businesses.



Client	Project
Scoping studies	
Network and transmission transaction credentials	



Client	Project
Broader electricity sector transactions credentials	
Network business experience	
Regulated asset (non-electricity) transactions	

Phase 2

Building on Phase 1, the next phase of work requires effective execution of a large scale government transaction, which is likely to attract interest from a broad range of domestic and foreign investors.

NSW Government transaction experience

Team members have been engaged as either sell-side advisors or worked with the private sector on all of the recent NSW Government transactions: WSN, NSW Lotteries, Sydney Desalination Plant, Macquarie Generation, Port of Botany and Port of Newcastle.

Having acted for a range of local and foreign investors, we understand what investors are seeking from a transaction process.

Globally, EY has advised on all of the recent global regulated transmission and distribution transactions.

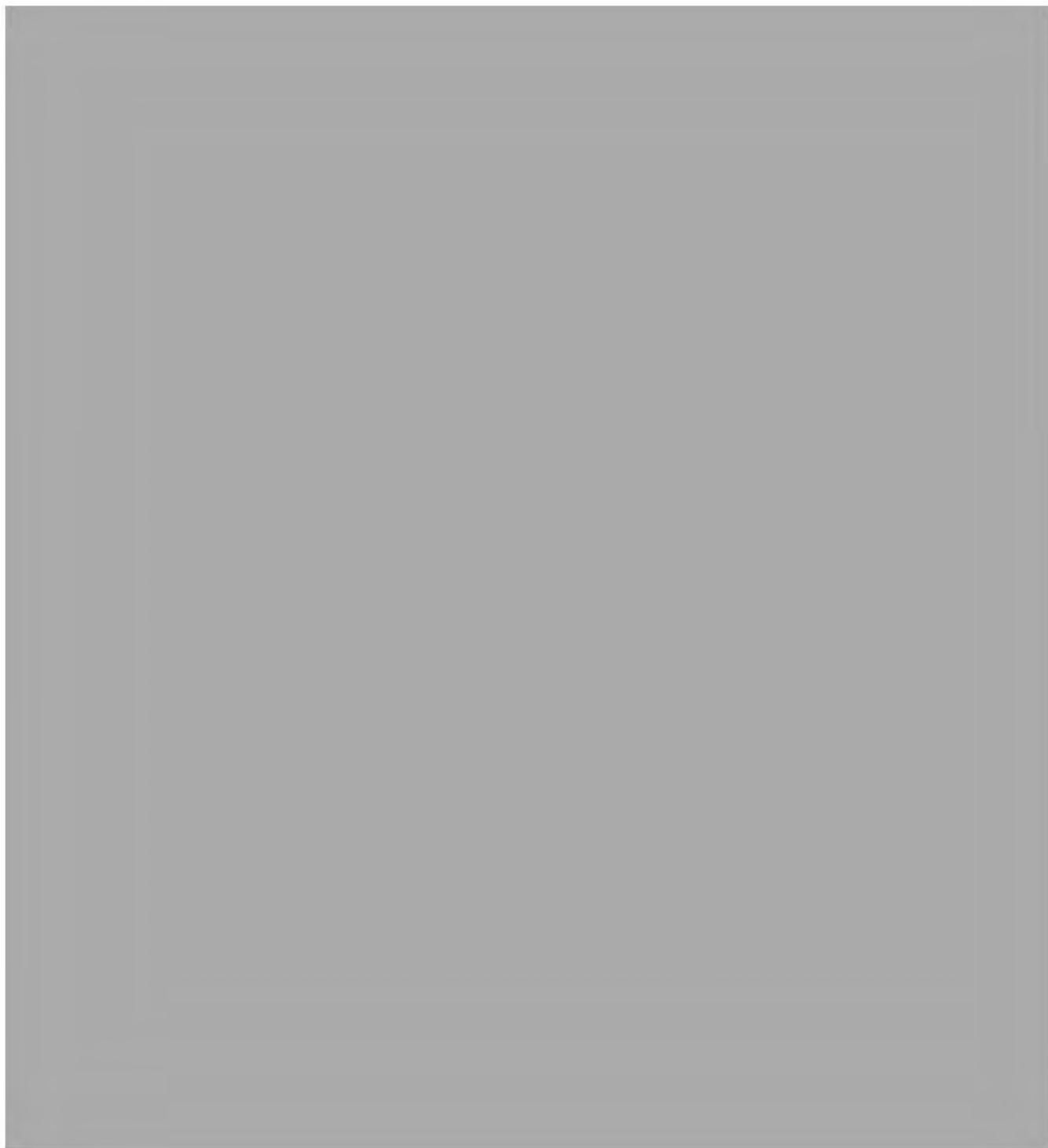
As a firm EY has demonstrated significant capability in delivering large scale government transactions.

Government IPO experience

Our government IPO experience includes both the 49% sell downs of Mighty River Power and Genesis in New Zealand and the current work on the Medibank IPO. We regularly work on private sector IPOs and equity capital market transactions.

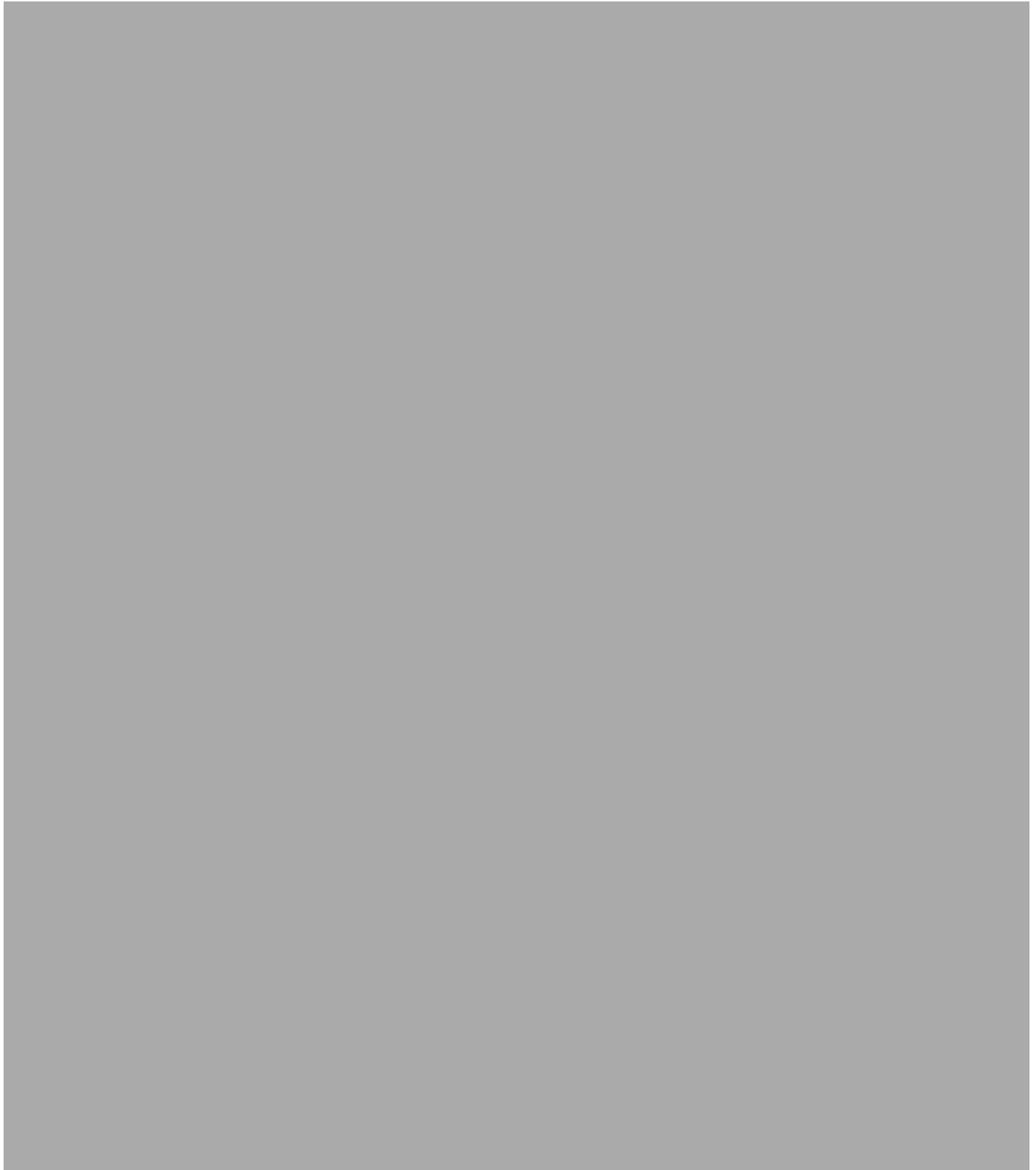


Client	Project
NSW Government (non-energy) transactions	
Global distribution and transmission credentials	
Government IPO credentials	



2. Project Delivery Team

To achieve the outcomes in the desired timeframe, we have carefully selected a team that combines deep electricity knowledge, technical excellence and experience in government transactions. The full EY team is outlined below, the Project Delivery Team (highlighted in grey) is 100% available for this Project.




A Sydney based team exclusively available to NSW Treasury

The Project Delivery Team are all Sydney based and will be immediately available when you need them.

To support this we confirm they will not work on any other State network sale.

They will also be happy to co-locate to NSW Treasury offices should you require.

Section 5 of the RFP "Proposal Requirements" asks for details of key specified personnel and a statement in regard to their availability and time commitment for the duration of the Project, also that other nominated persons should also be identified and information provided about how their time will be dedicated to the Project. For clarity, we respond to this request as follows:



3.

Support to Project Delivery Team



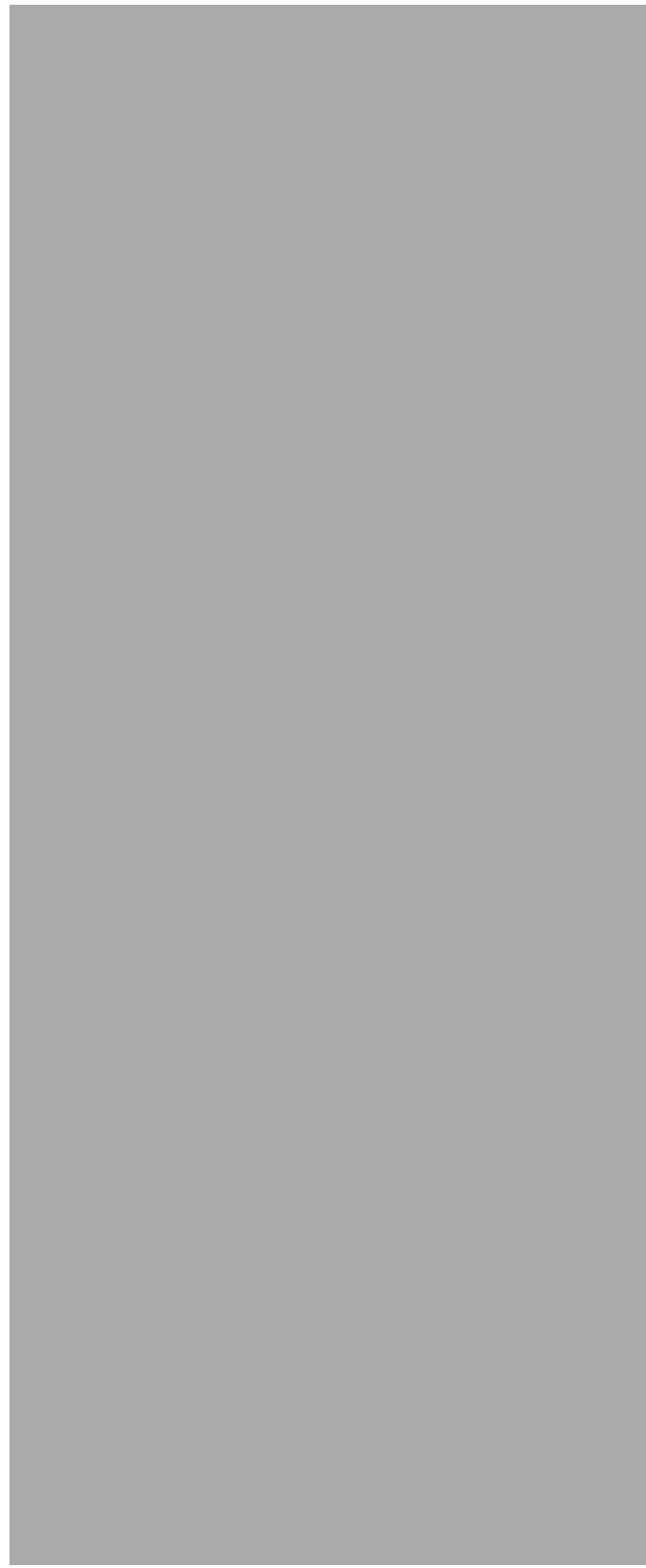
4. Tax, Accounting, Financial, Regulatory & Separation Issues



The State has announced its intention to retain an interest of 51% in aggregate in the network assets



- Favourably impact the State's rating agency assessment

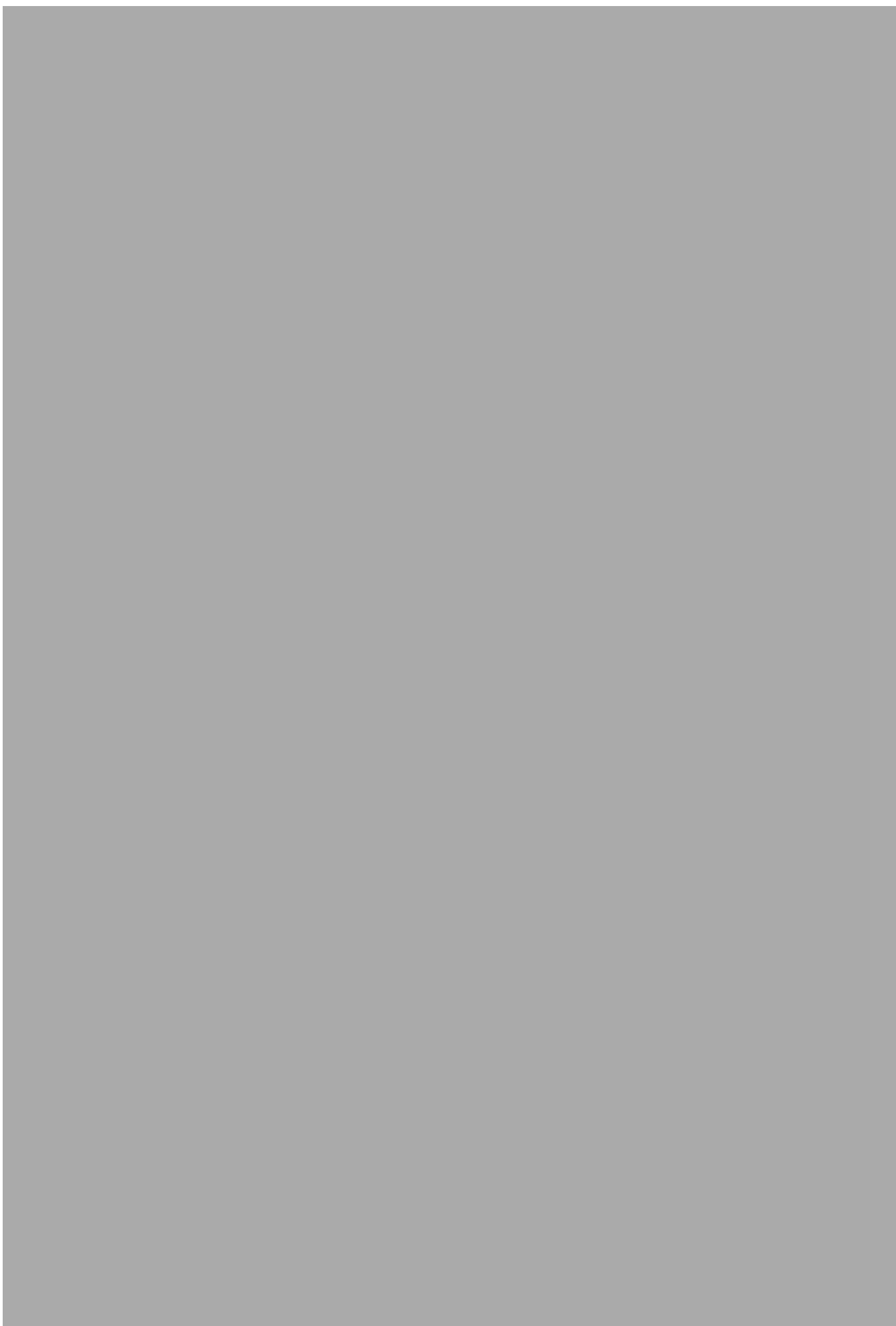


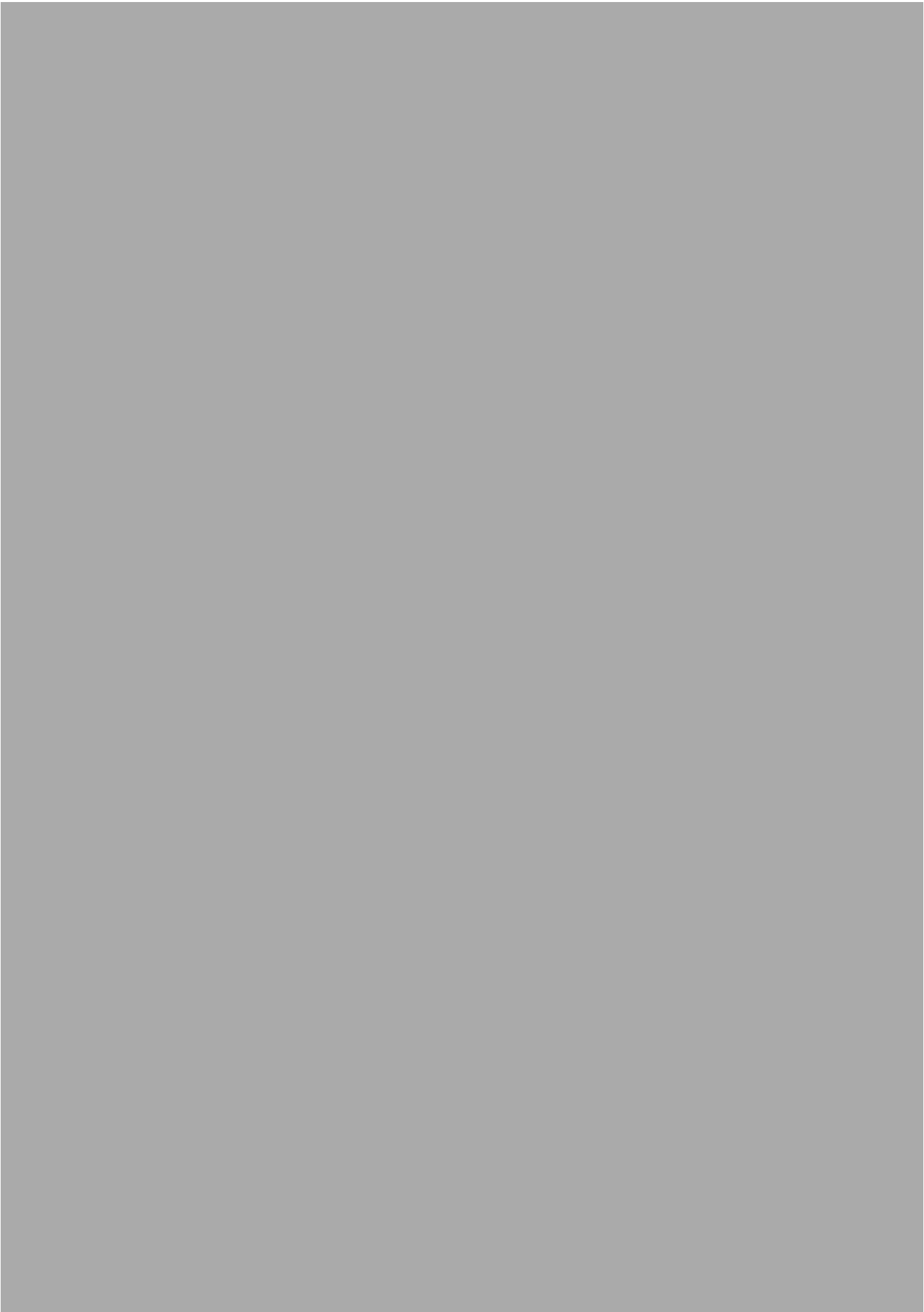


The control principles within AASB 10 are broadly consistent with the Government Finance Statistics (GFS) reporting framework.









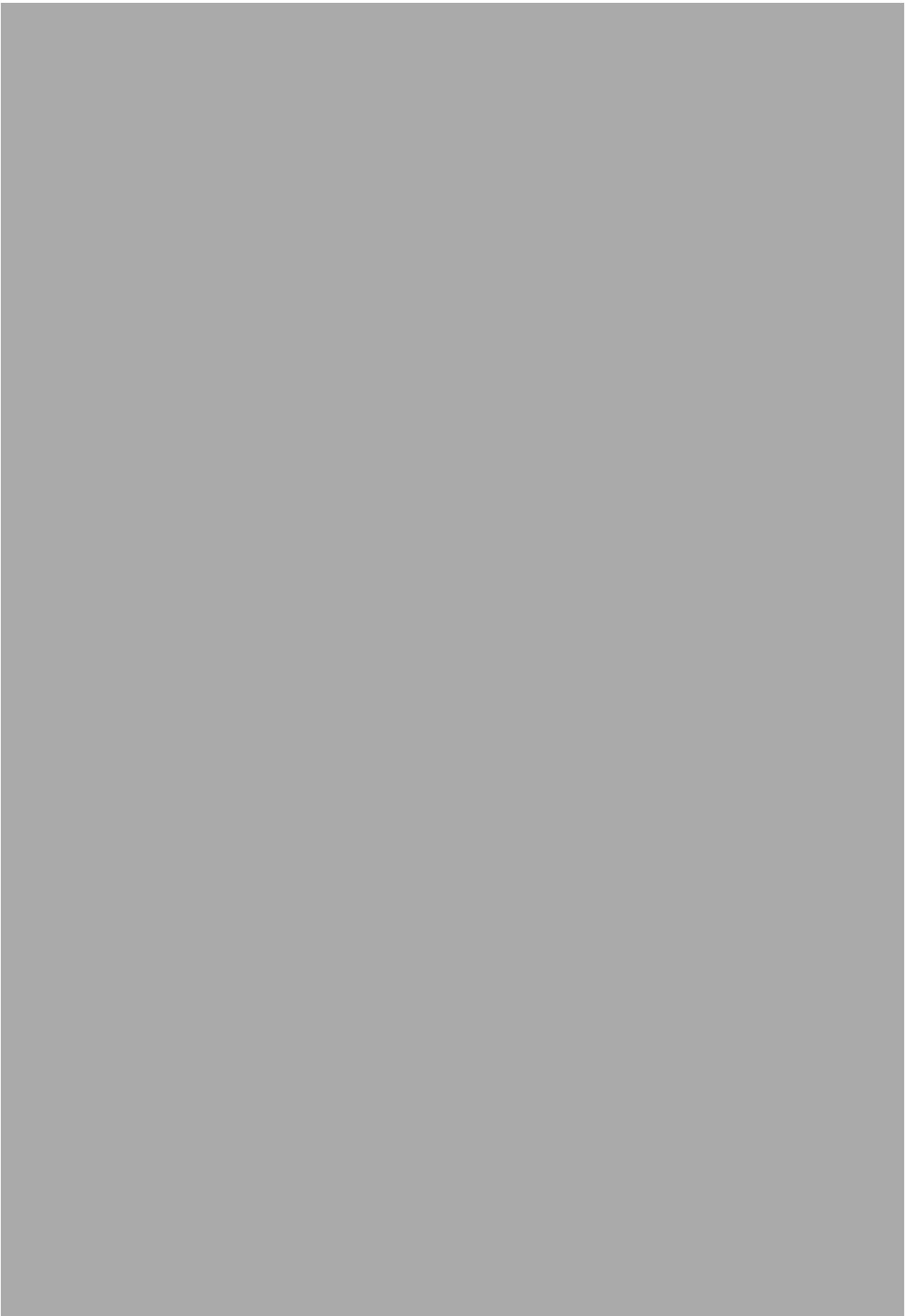


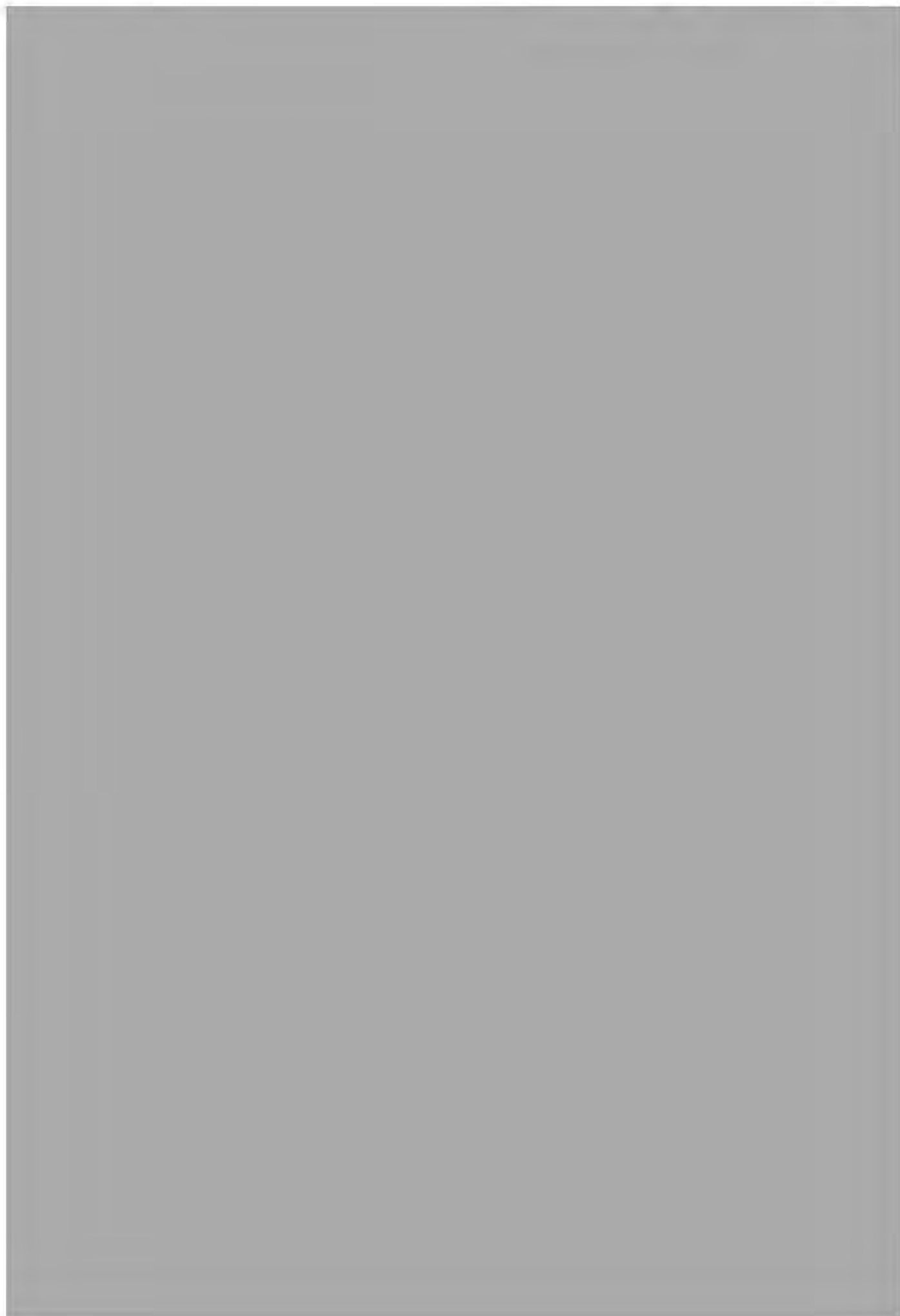
Accounting



Financial and regulatory



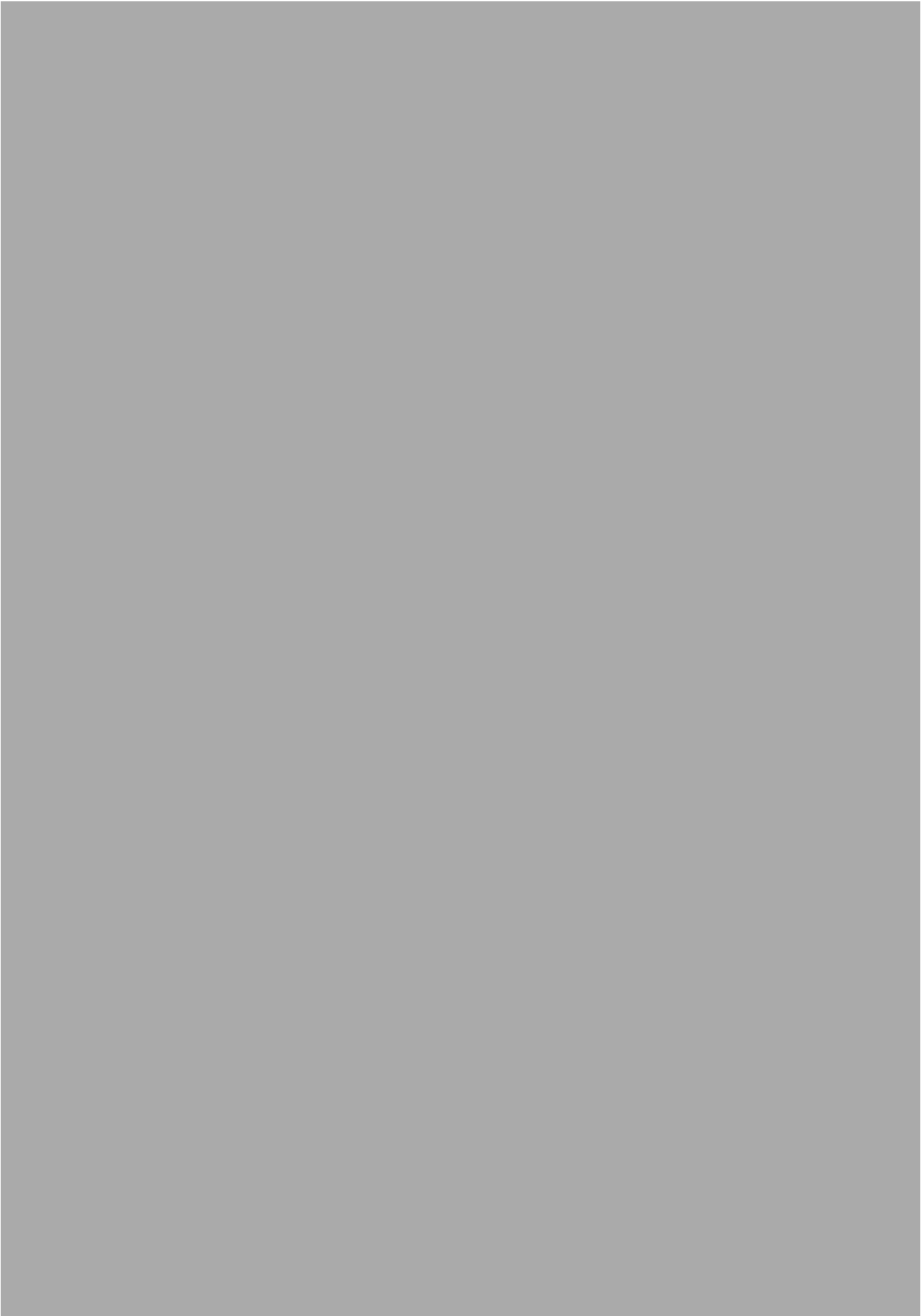






5. Proposed Approach







6

■ Ability to work with Government and Advisors on Complex Transactions



Evidencing our ability to work with government and others on large complex transactions

	Multi-disciplinary team on large complex transactions	Respond quickly to changing project requirements	Adapt to flexible resourcing levels	Commit key personnel for the entire duration of the project
Medibank scoping study	✓	✓	✓	✓
WA scoping study	✓	✓	✓	✓
North West Rail Link	✓	✓	✓	✓
WestConnex	✓	✓	✓	✓
PowerLink Qld	✓	✓	✓	✓
Electricity Reform Project	✓	✓	✓	✓

7. Absence of Conflicts

Conflicts of interest

EY has robust client acceptance and conflict of interest procedures. We confirm that we have completed our conflict check process and have not identified any conflicts of interest that would prevent us from undertaking the Accounting/Tax Adviser role for you.

As necessary we will set up strict confidentiality protocols to ensure that the interests of all parties are protected. This may include (but are not limited to) team segregation, confidentiality protocols and heightened IT security.

Dealing with real or apparent conflicts of interest is a critical element before accepting any new client or engagement. A key part of maintaining independence is having a sound process to identify, monitor and manage potential conflicts of interest. Our Conflicts of Interest policy is embedded in our global culture and

systems, providing our staff with rigorous principles and processes to deliver integrity and comfort in all we do.

We will comply with the Probity Protocols adopted for this Project.

Exclusivity

We are pleased to offer you global exclusivity as set out in your RFP. This means we will not provide advice relating to the Project, either directly or indirectly, to any potential bidder, purchaser, lessee, financier or other parties in relation to the Project.

Each practice area in EY is required to identify potential engagement opportunities and report these centrally and confidentially before an engagement can be accepted. Once a project is marked as “Exclusive” in our system, no conflicting assignment is able to be accepted anywhere else globally. This ensures exclusivity is maintained for the duration of the Project.

8. Value for Money





9. Compliance with your requests

In responding we have complied with all your requirements and include a reference table of where you can find our response for your convenience.

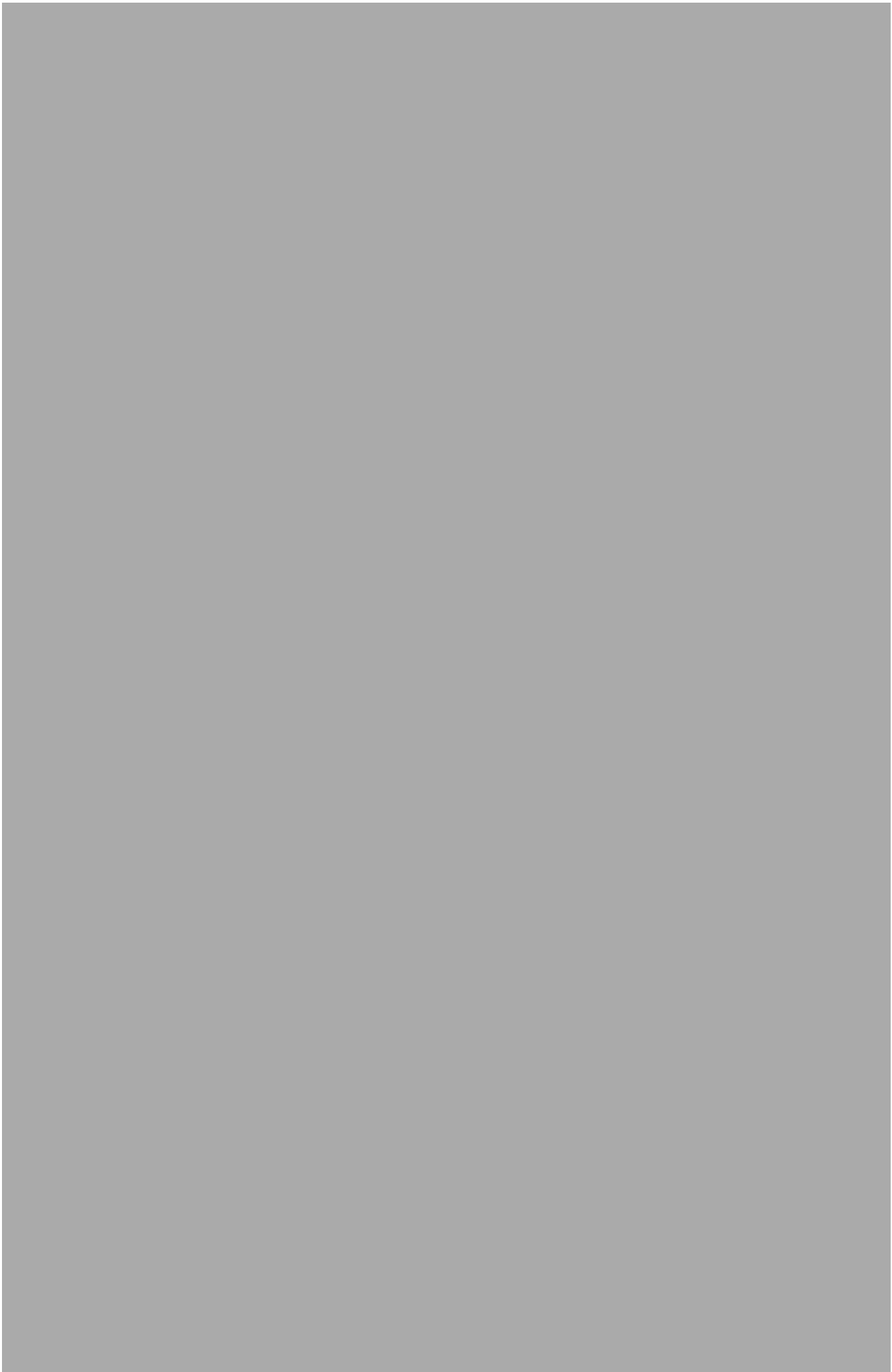


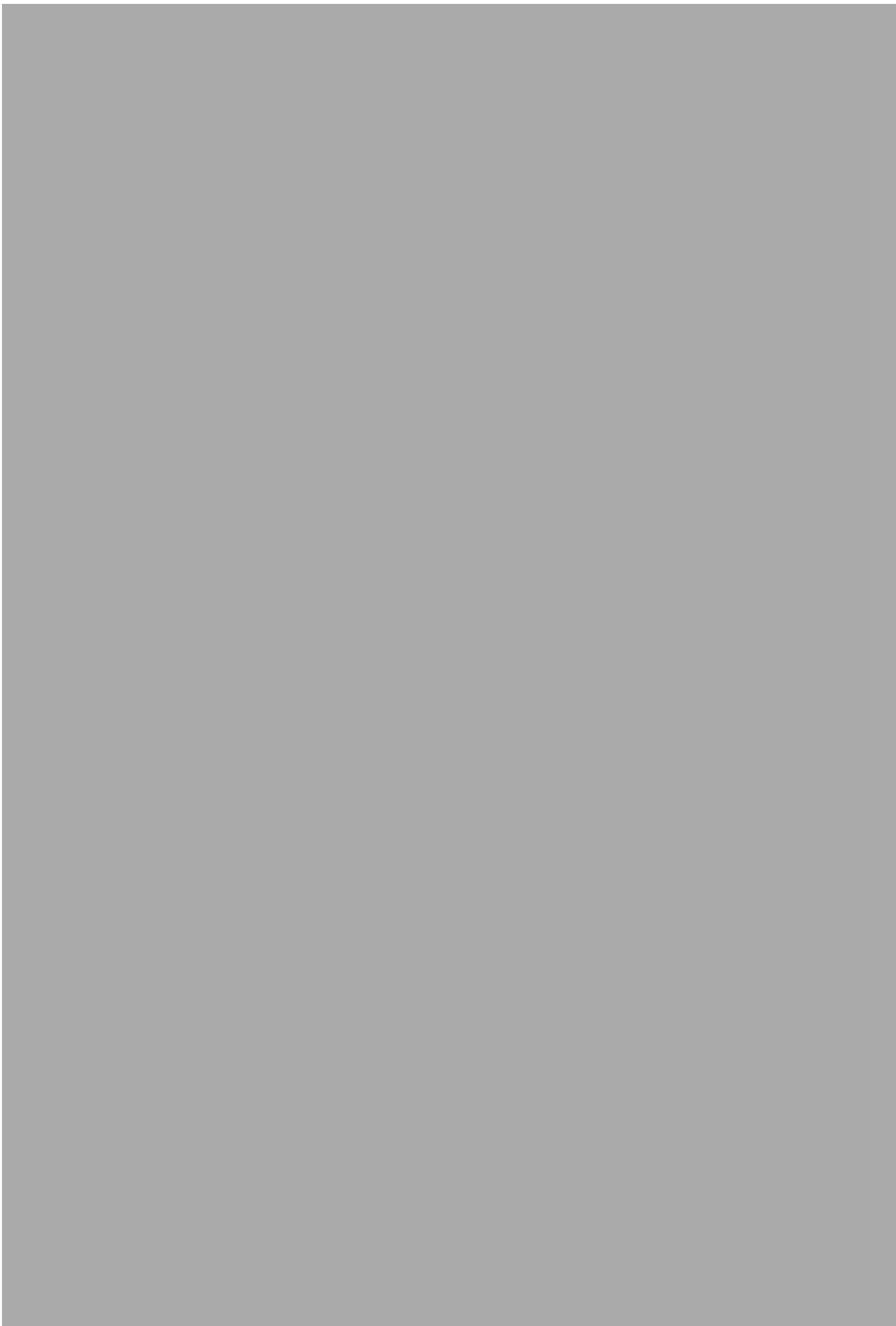
Appendix A

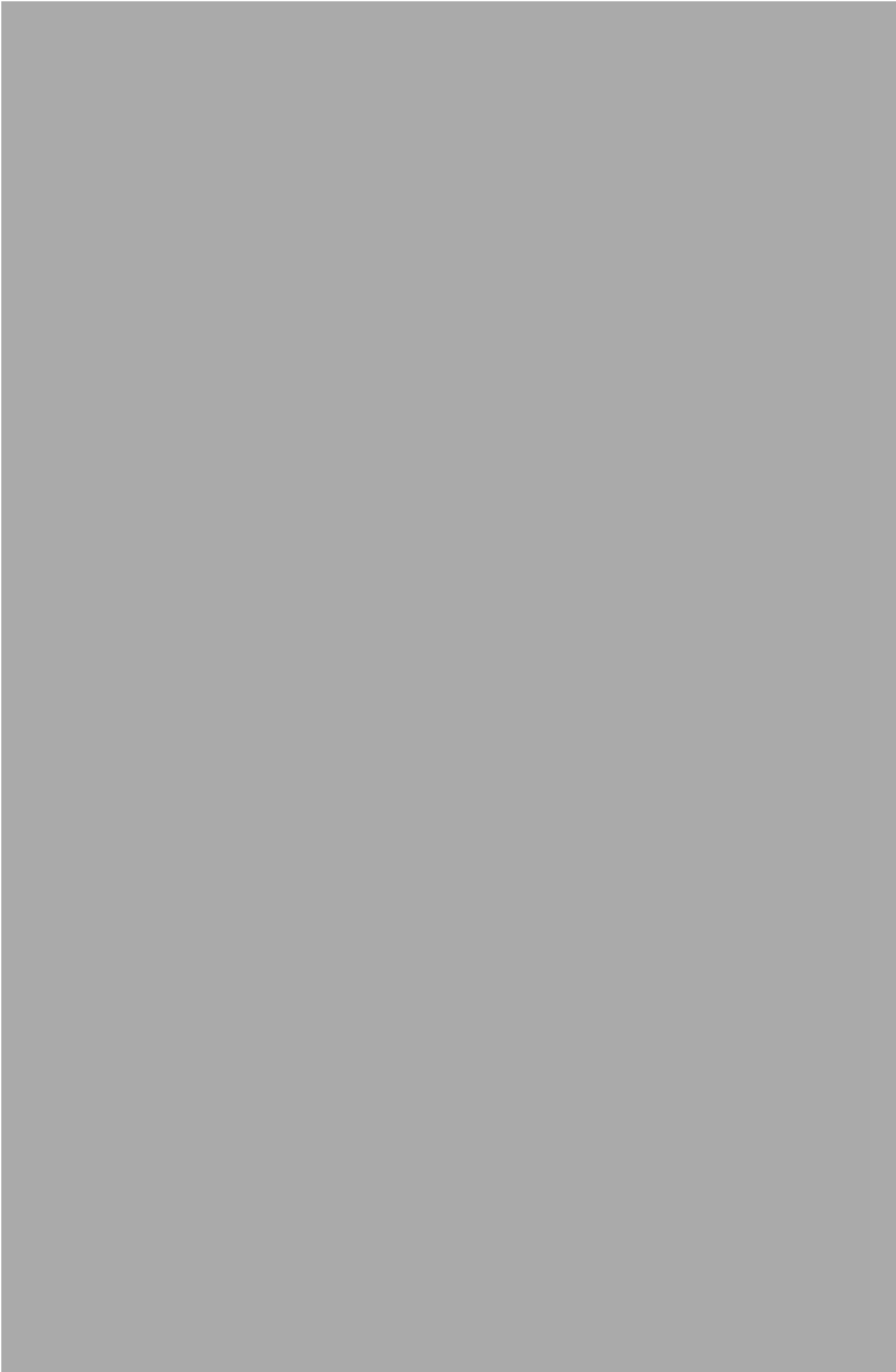
Curriculum vitae

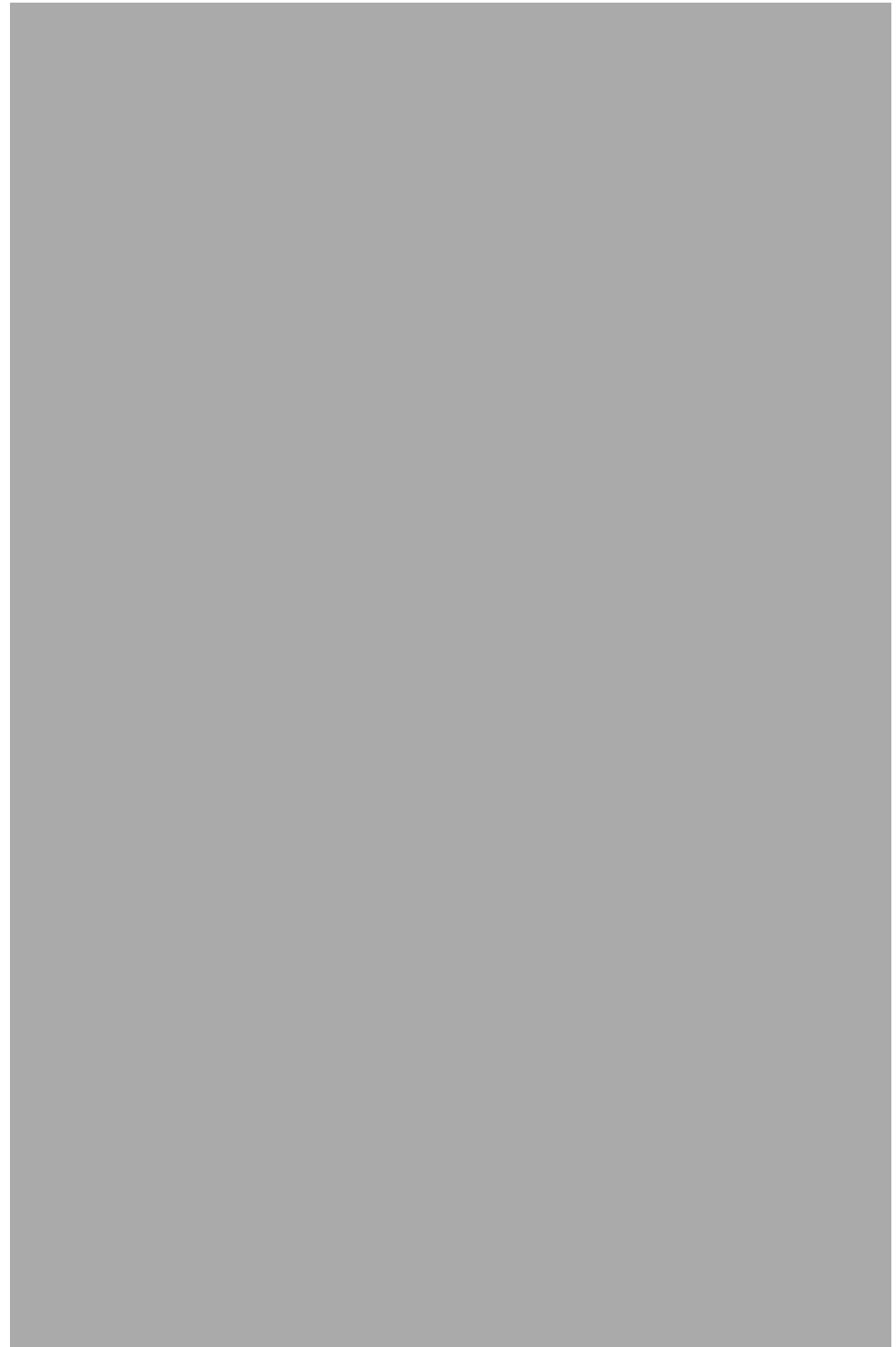


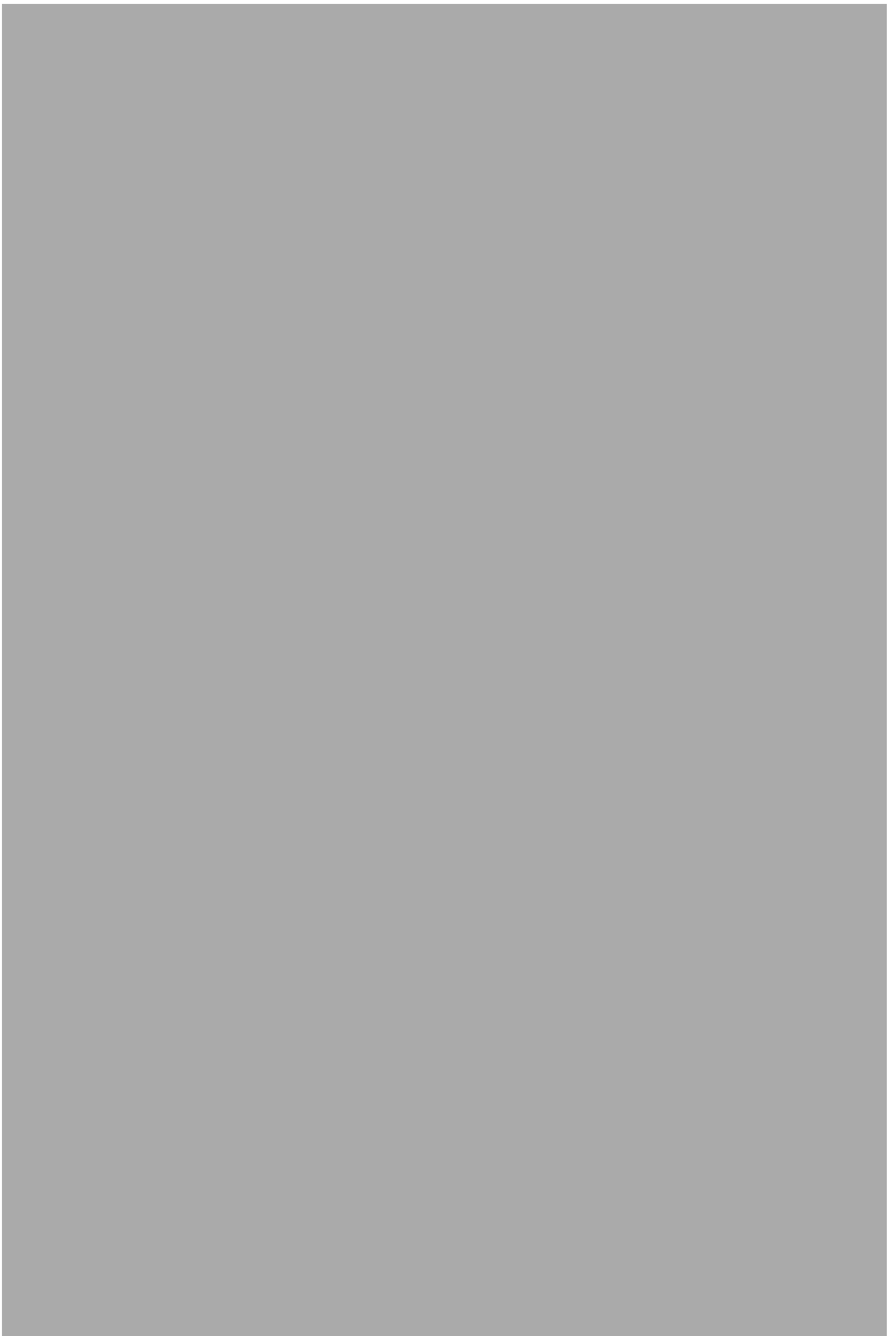


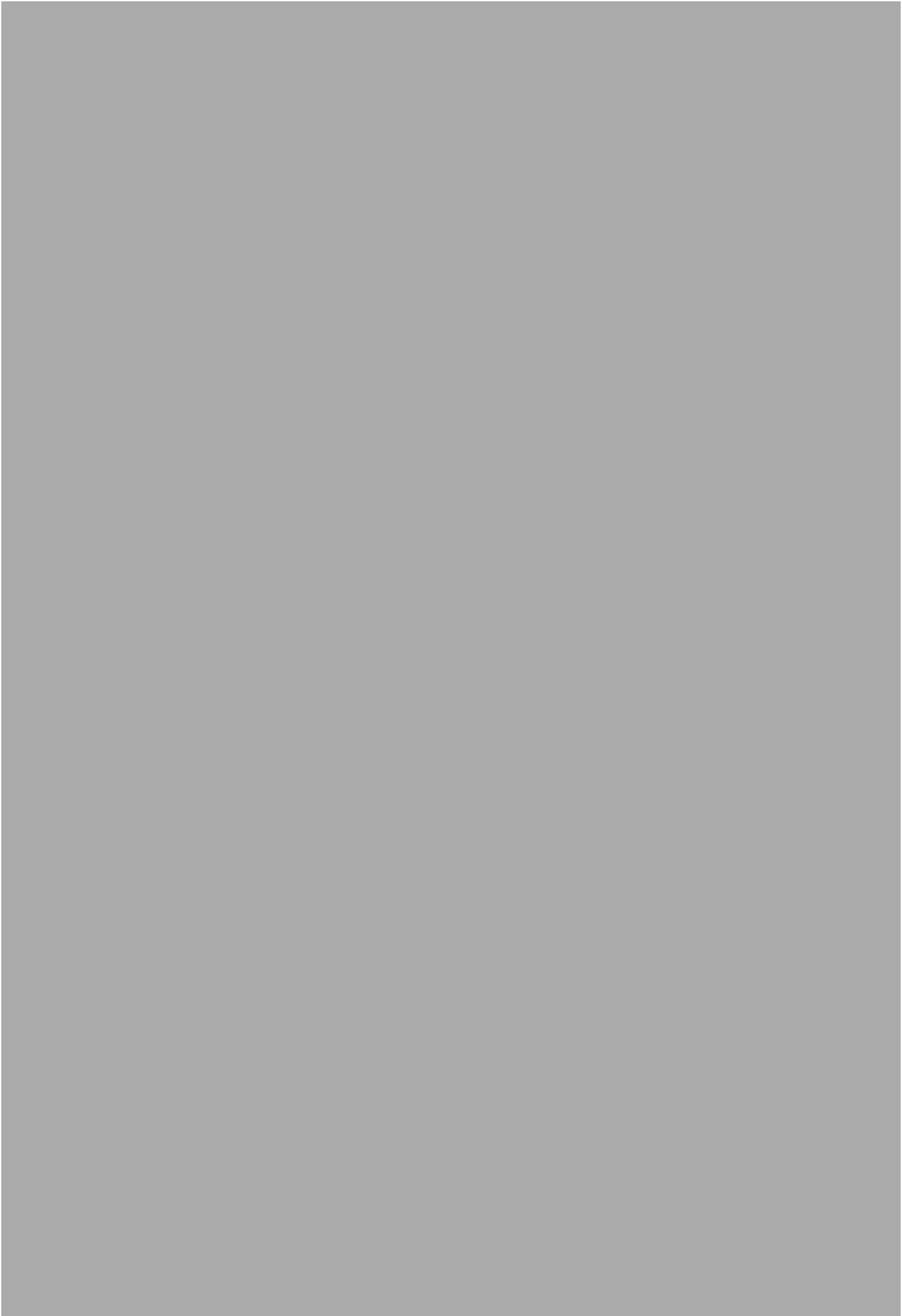




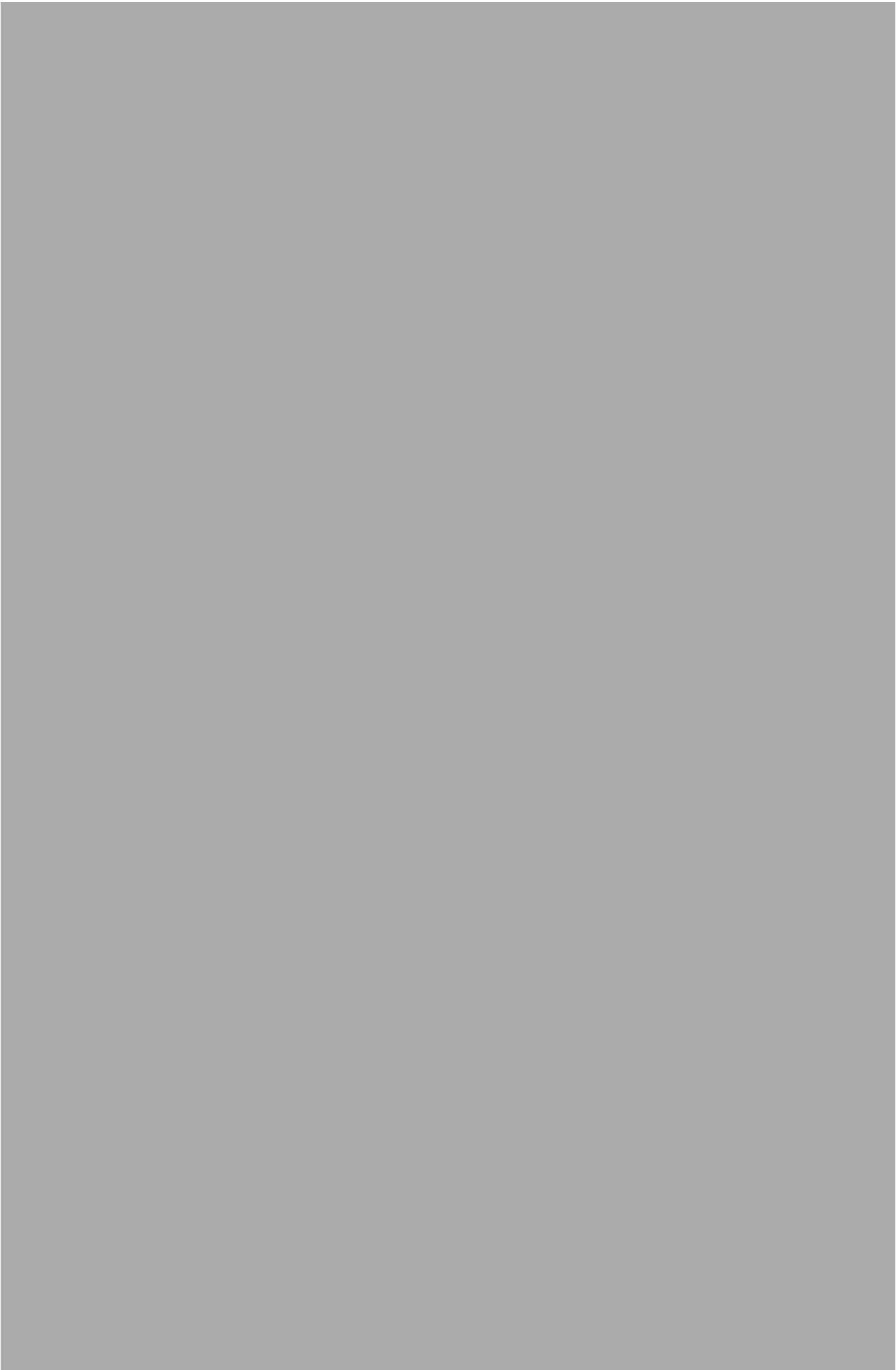


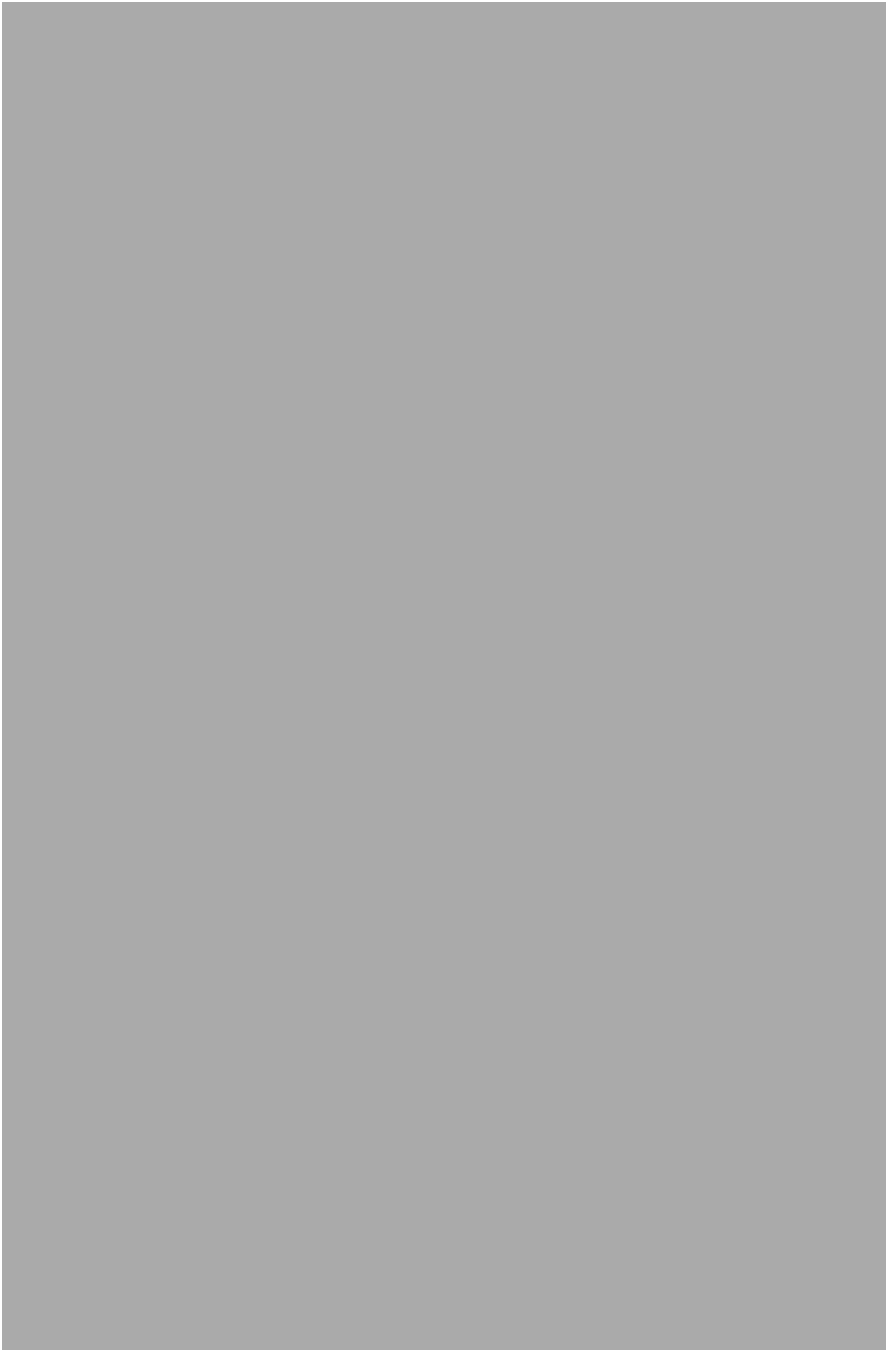


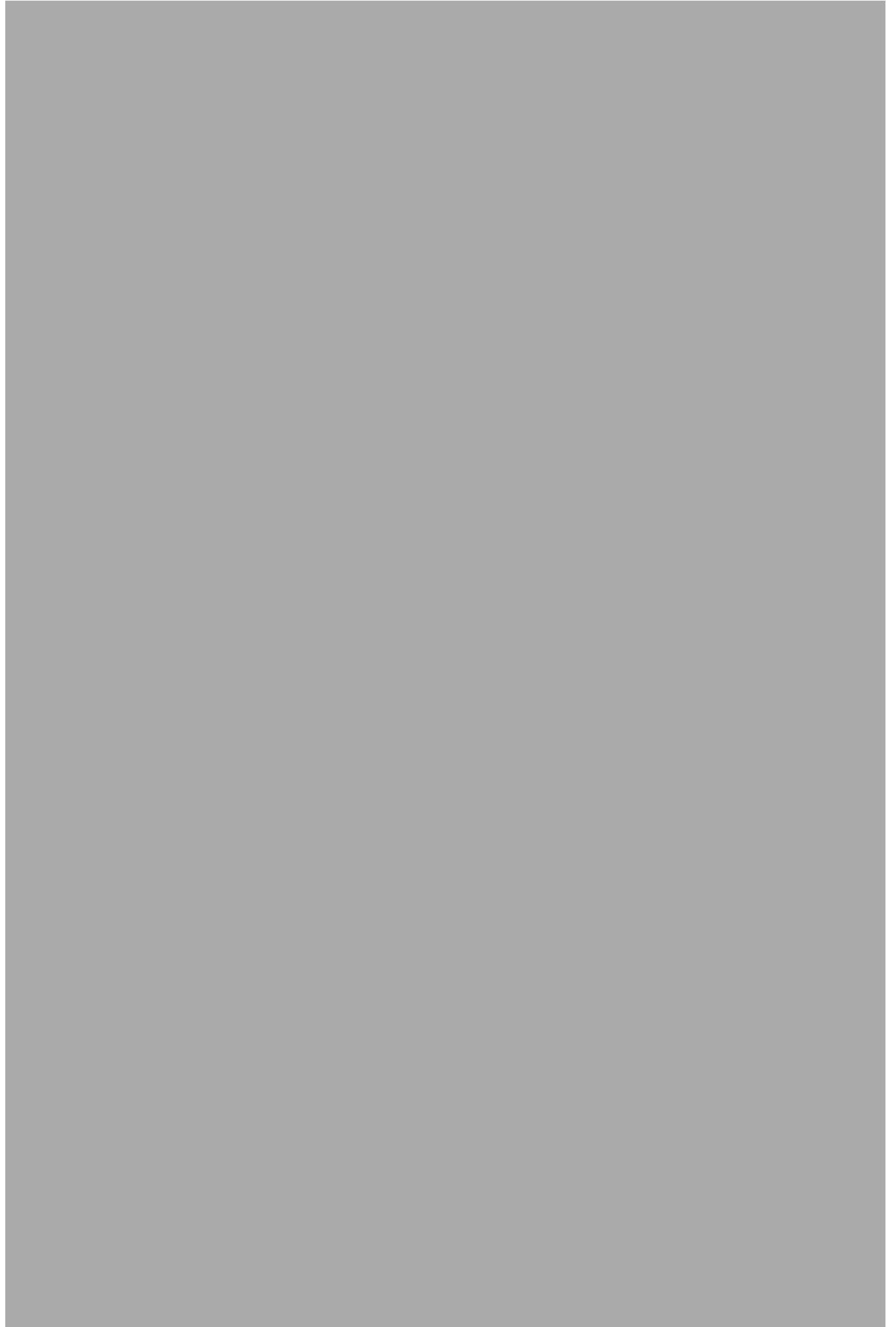


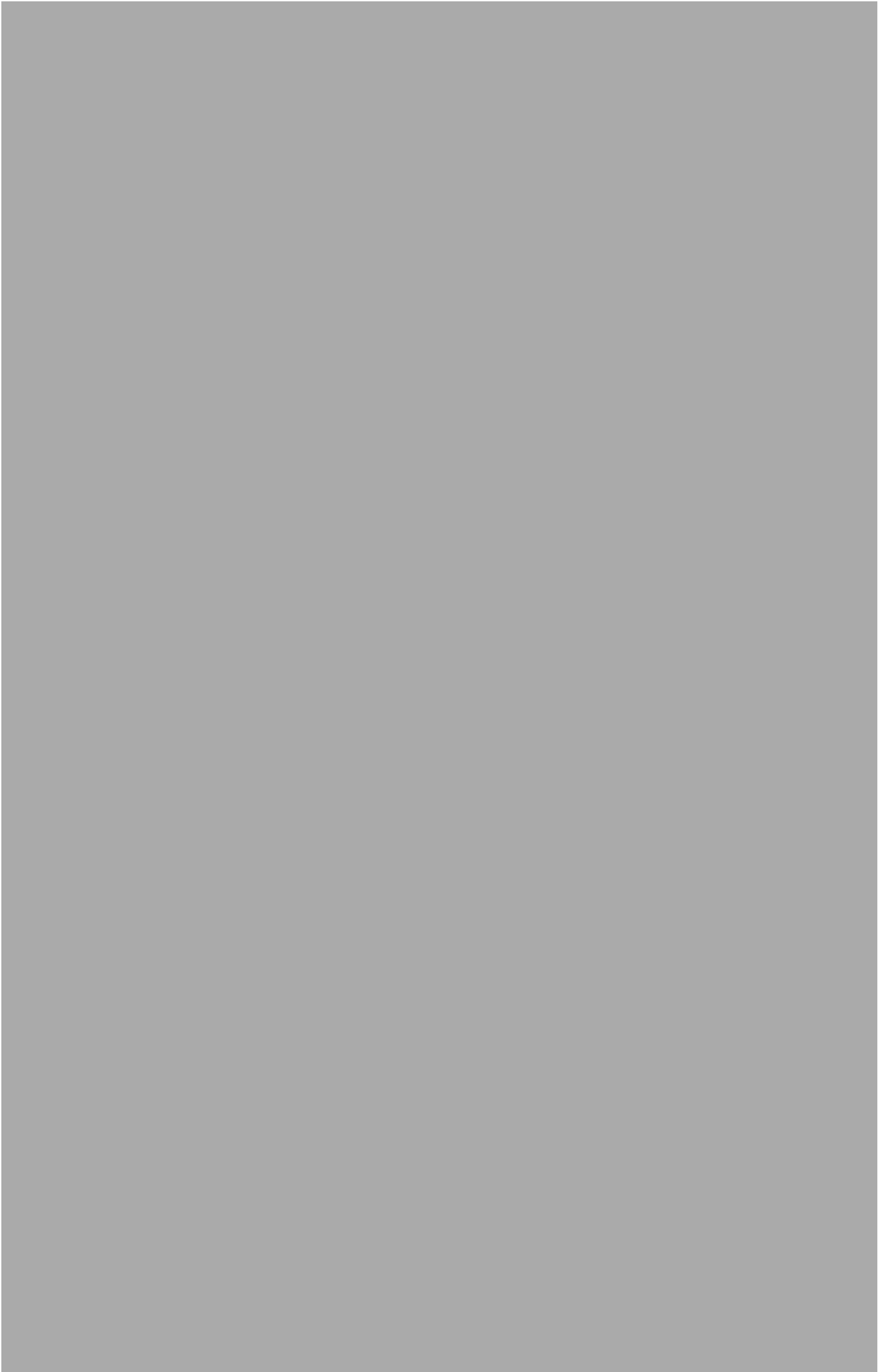




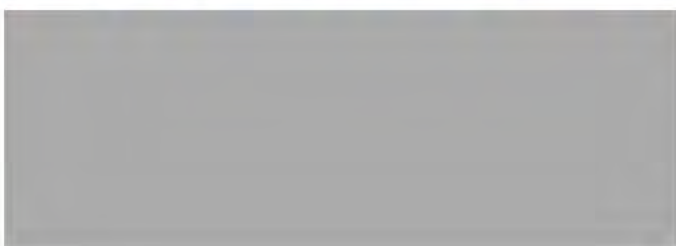








Appendix B





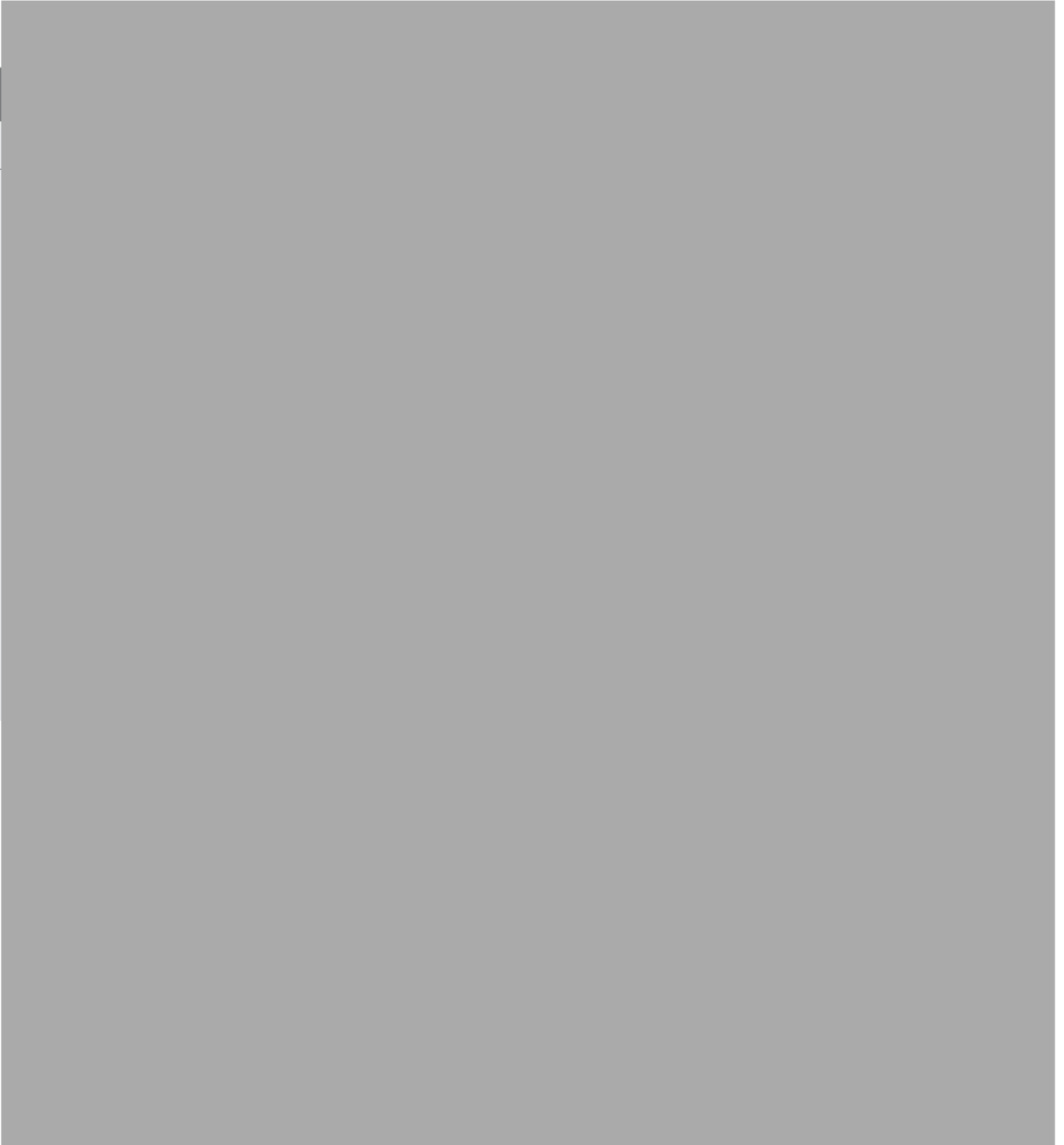




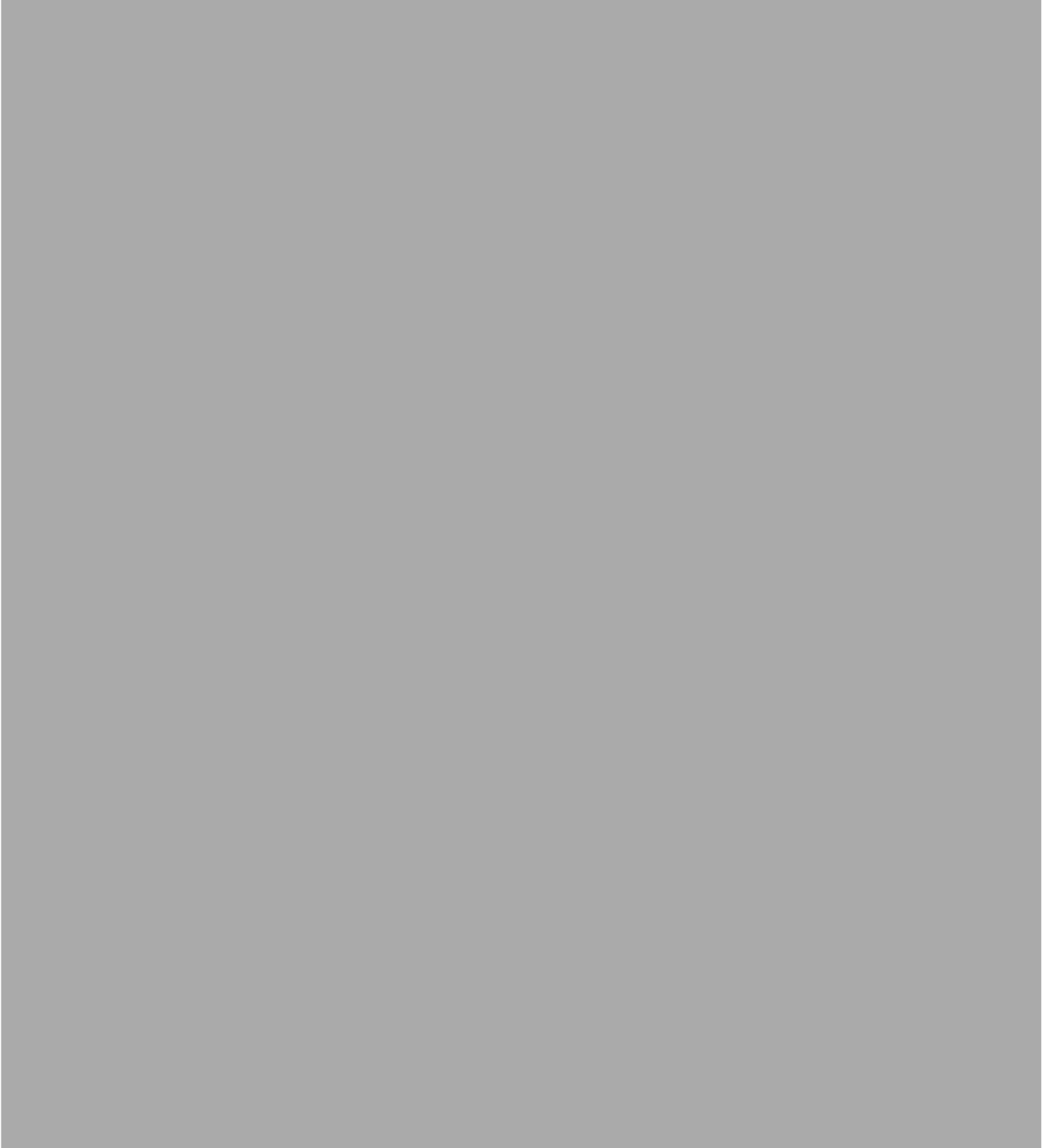












Additional credentials – Phase 1

[illegible]

Additional credentials – Phase 2

Client	Project
SOC experience	

Client	Project
Global distribution and transmission credentials	
Energy industry credentials	

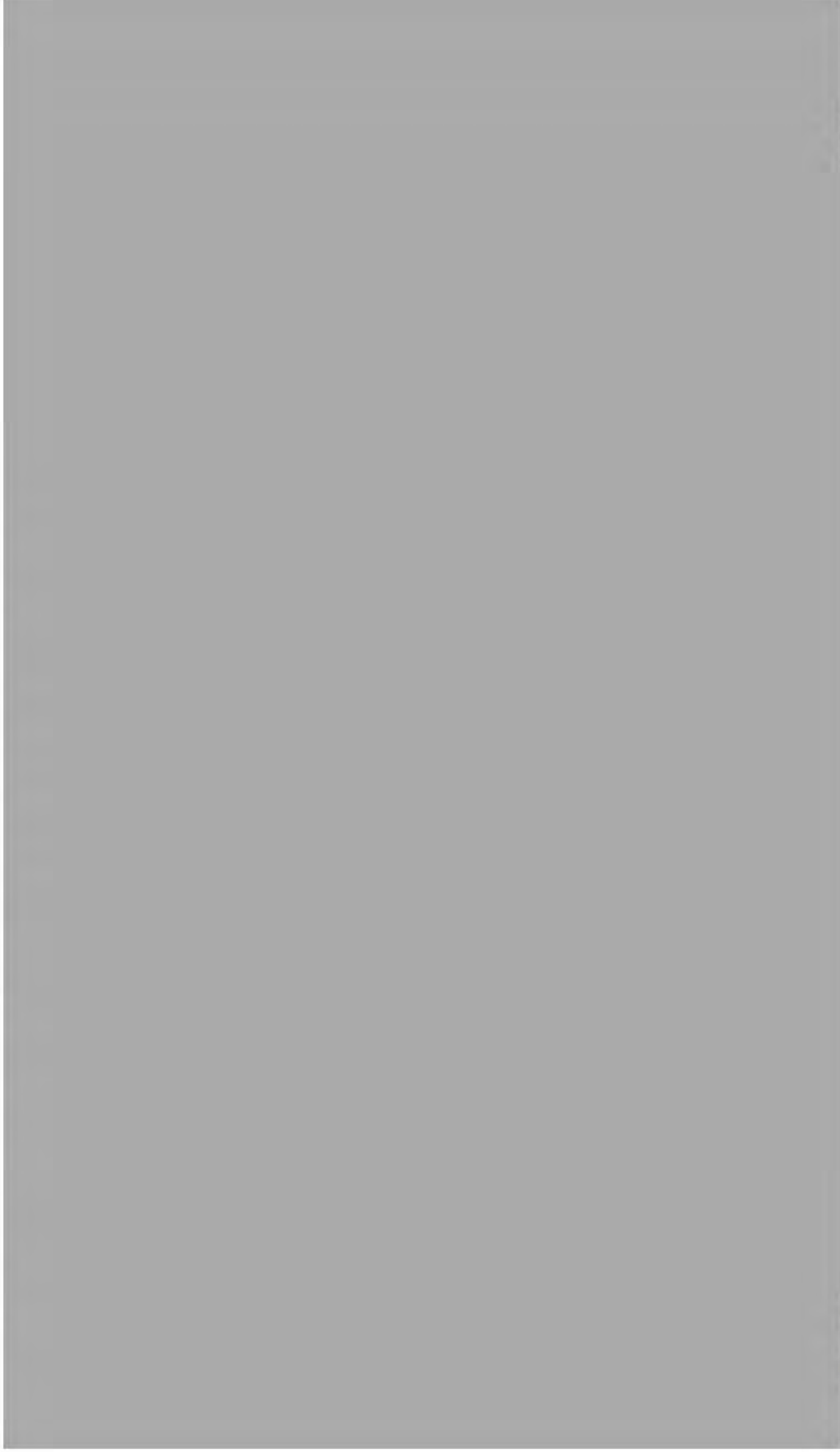
Client	Project
Vendor Due Diligence	

Client	Project

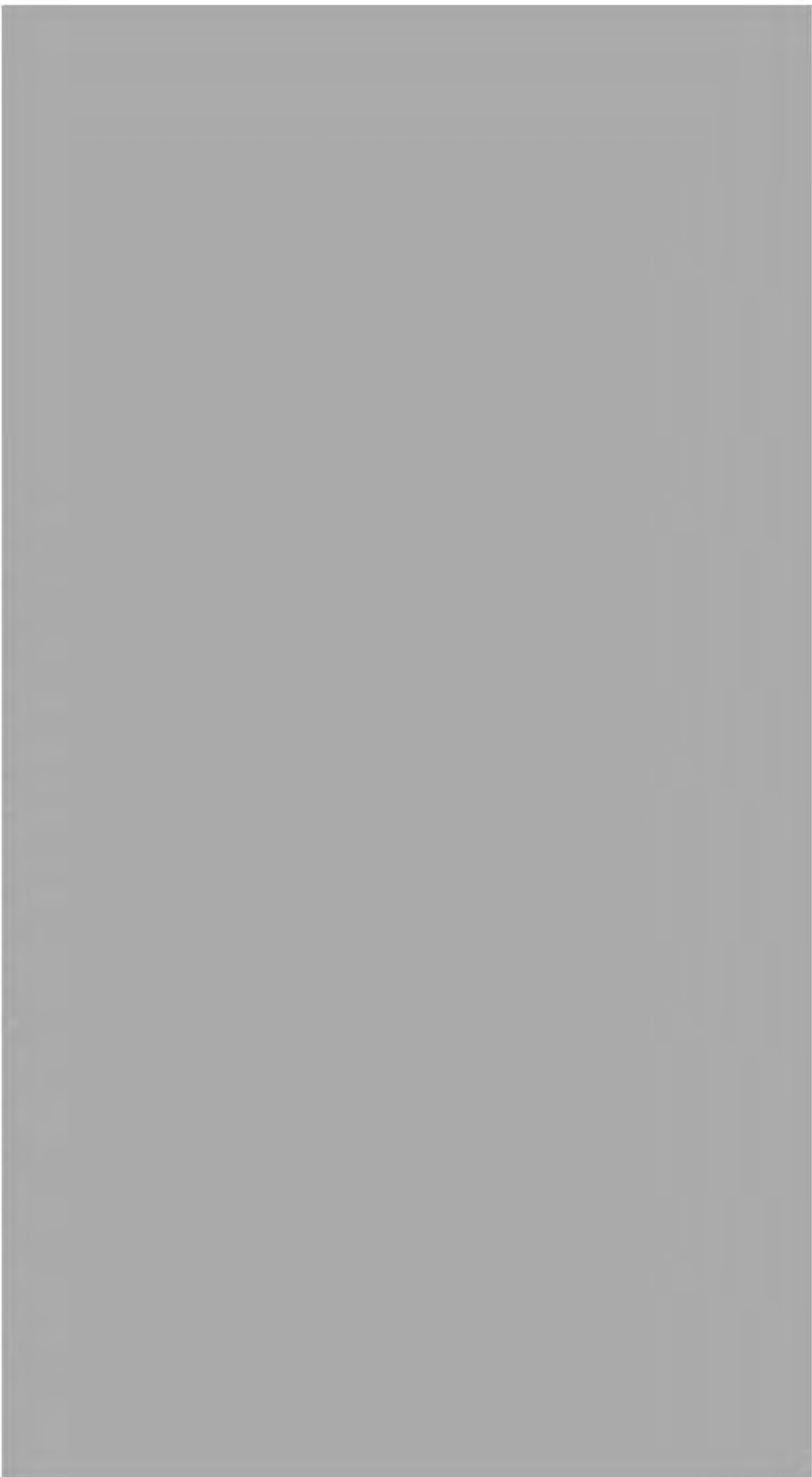
Appendix C



Key Commercial Objectives and Considerations



Key Commercial Objectives and Considerations

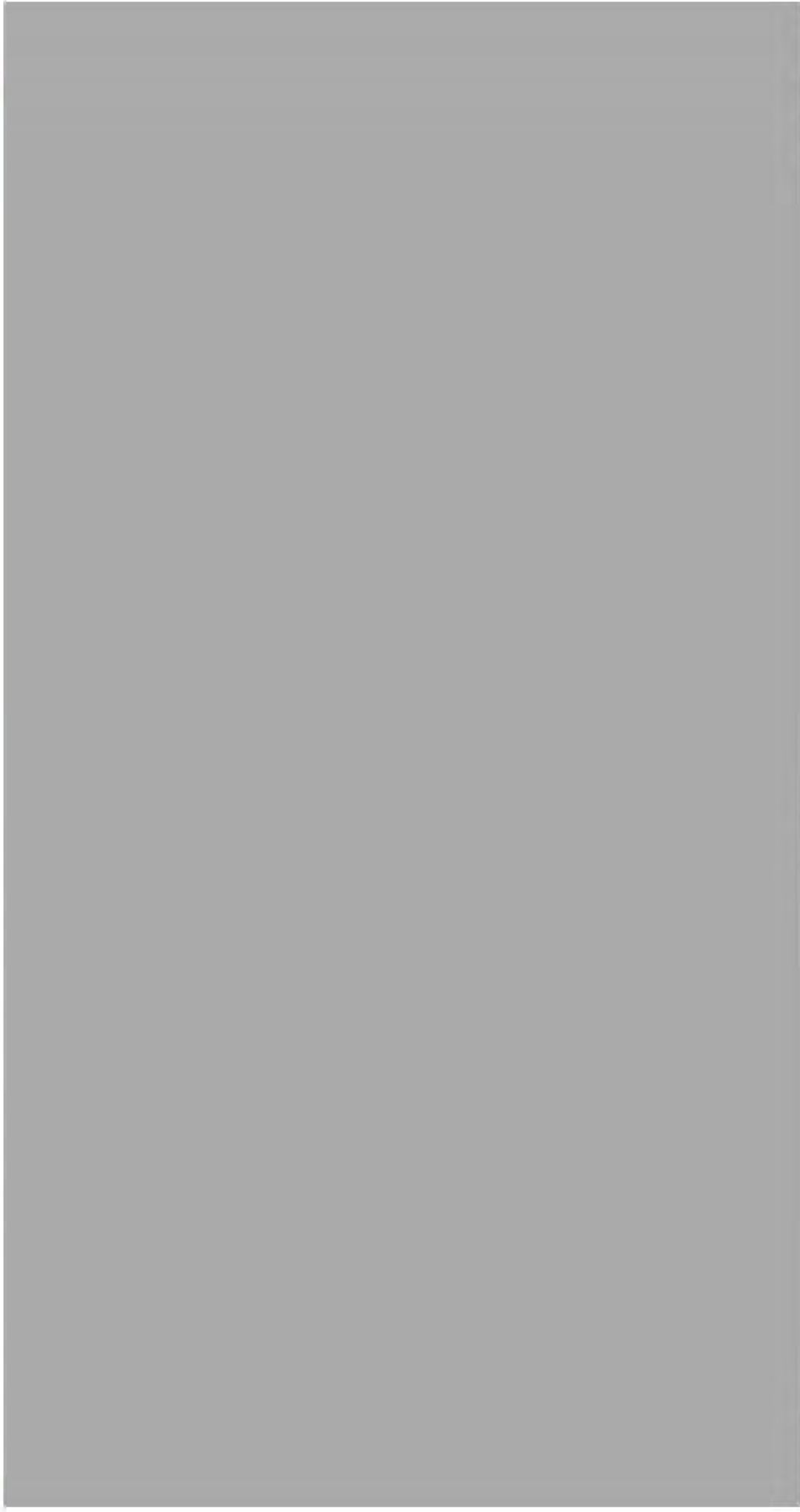


Appendix D

Databook

Key Financials

Due Diligence Considerations



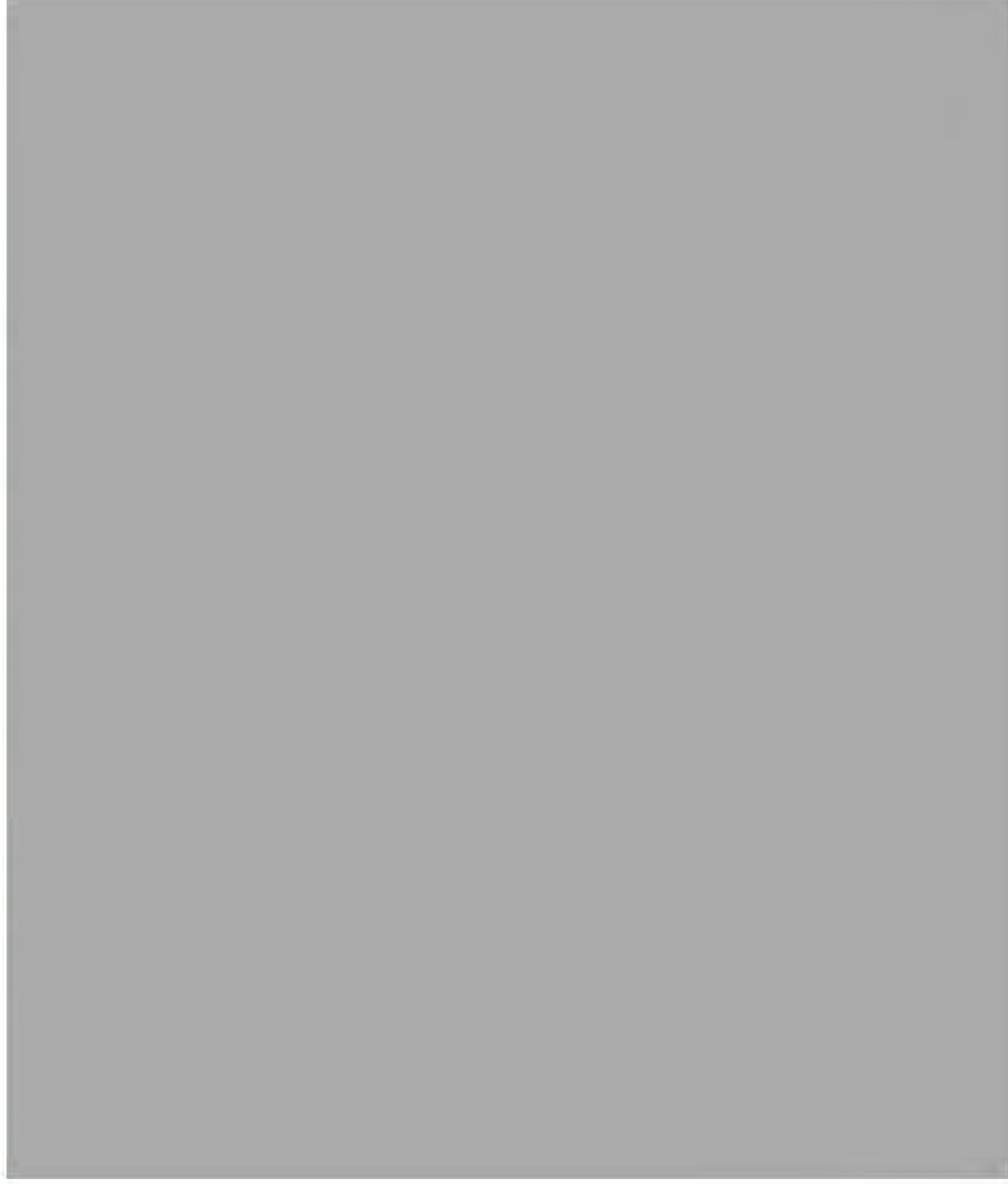
Key Financials

Due Diligence Considerations



Key Financials

Due Diligence Considerations



Databook Analysis – TransGrid

Business description

Overview of TransGrid

Company Business Description		Regulatory Requirement
▶ TransGrid owns, operates and manages high voltage network connecting generators, distributors and major end users in NSW and the ACT.		▶ TransGrid is required to provide services in accordance with the National Electricity Law and National Electricity Rules
▶ It also provides network planning, consultations, network connections, and network support and demand management solutions		▶ As a New South Wales State Owned Corporation TransGrid operates within the legislation set by relevant State Act such as the State Owned Corporations Act, 1989 and the Electricity Supply Act, 1995
▶ Electricity is generated at power stations and then transmitted through its 12,656 kilometres of high voltage transmission lines and underground cables, along with 91 substations		▶ TransGrid is also bound by acts related to occupational health and safety like OHS Act 2000, Workers Compensation Act 1987 etc.
▶ TransGrid was formerly known as PacificGrid and changed its name in February 1995		▶ The company is bound by a number of NSW, ACT and Commonwealth legislation related to environmental, protection and compliance like Environment Protection And Biodiversity Conservation Act 1999 – Commonwealth, Heritage Act 1977 – NSW, Water Management Act 2000 – NSW.
▶ The company was founded in 1950 and is based in South Sydney, Australia.		
Key Executives		Board Members
Chief Executive Officer	Peter McIntyre	Chum Darvall (Director & Chairman)
Executive Manager Finance and Information Systems	Tony Meehan	Peter McIntyre (Executive Director and Managing Director)
Executive Manager Network Planning and Performance	Stephen Clark	Neville Betts
Executive Manager Networks Services and Operations	Lionel Smyth	Trevor Danos
General Counsel	David Fayyad	Suzanne Jones
Executive Manager Corporate Services	Michael Gatt	Michael Nugent

Source: Company data, Annual report

TransGrid's Network Map



TransGrid's Network has a replacement value of almost \$10 billion. It operates at voltage levels of 500, 330, 220 and 132kV. The substations are normally located on land owned by TransGrid, with the transmission lines generally constructed on easements acquired across private or public land.

Source: Company data, Annual report

Major Projects

Between 2010 and 2014 TransGrid undertook more than 88 projects across NSW as part of a \$2.6 billion capital works program

Current Projects	Description

Completed Projects	Description

Source: Company data

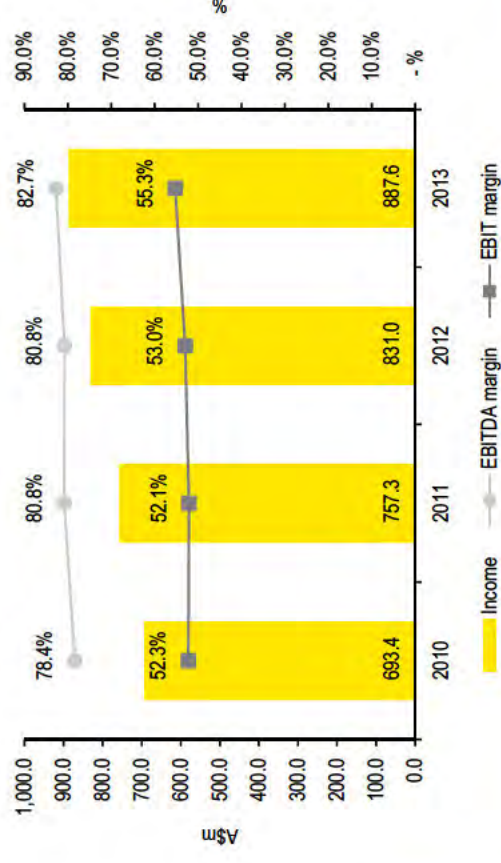
Key Financials

Income Statement

Summary – Income Statement

A\$m	2010	2011	2012	2013
Revenue	693.4	757.3	831.0	887.6
Operating expenses	(149.7)	(145.0)	(159.5)	(153.2)
EBITDA	543.7	612.3	671.5	734.5
Depreciation and amortisation expense	(181.3)	(217.7)	(231.3)	(243.8)
EBIT	362.4	394.6	440.2	490.6
Borrowing cost	(137.1)	(151.2)	(149.6)	(140.7)
PBT	225.3	243.5	290.6	349.9
Income tax expense	(63.2)	(76.0)	(90.8)	(102.3)
Profit for the year	162.1	167.4	199.8	247.6

Revenue and Profitability Margins



Key considerations

Source: Company data, Annual report

Key Financials

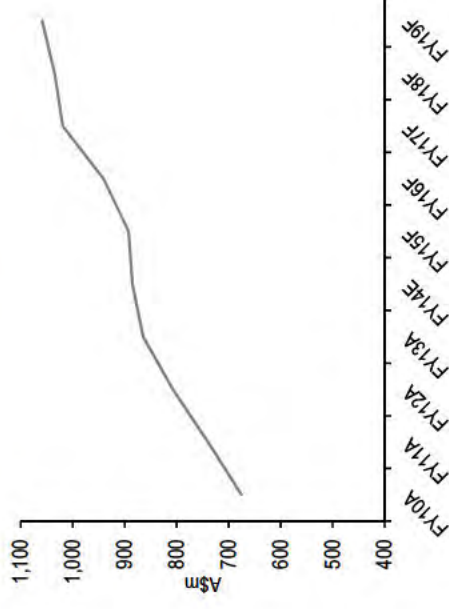
Forecast per revenue plan 2014-2019

Summary – Income Statement

A\$m	FY15F	FY16F	FY17F	FY18F	FY19F
Revenue	892.4	940.7	1,018.9	1,034.8	1,058.7
Operating expenses	(192.2)	(206.3)	(218.7)	(218.5)	(226.7)
EBITDA	700.2	734.4	800.2	816.3	832.0
Depreciation and amortisation	(246.9)	(268.9)	(292.0)	(283.6)	(303.3)
EBIT	453.3	465.5	508.2	532.7	528.7



Historical and Forecast prescribed revenue trend



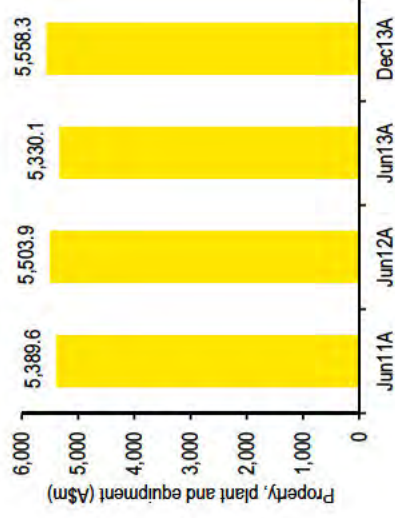
Key Financials

Balance Sheet

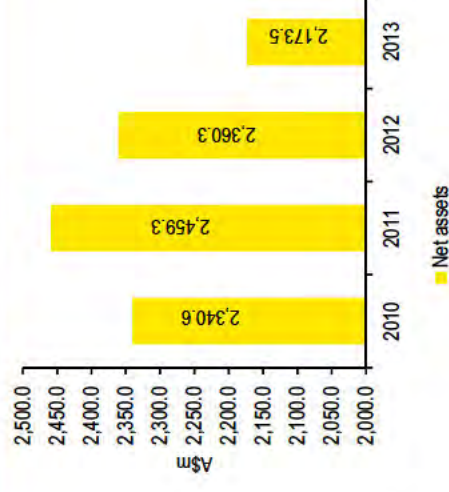
Key Items of Balance Sheet

A\$m	2010	2011	2012	2013
Cash and Cash Equivalents	1.1	1.3	1.6	1.1
Other Current Assets	166.0	145.5	155.4	163.5
Total Non-Current Assets	5772.0	6035.2	6232.6	6064.8
Total Assets	5939.1	6182.0	6389.6	6229.4
Current Liabilities	642.7	563.8	579.7	780.2
Long Term Debt	1891.9	2053.9	2115.3	2139.6
Other Non-Current Liabilities	1063.9	1105.0	1334.4	1136.1
Total Liabilities	3598.6	3722.8	4029.3	4055.9
Total Equity	2340.6	2459.3	2360.3	2173.5
Total Liabilities + Equity	5939.1	6182.0	6389.6	6229.4

Property, plant and equipment



Net Assets



Source: Company data, Annual report

Key Financials

Cash Flow Statement

Summary – Cash Flow Statement					
A\$m	2010	2011	2012	2013	
Cash flows from operating activities					
Receipts from customers	745.6	865.3	914.4	986.1	
Payments to suppliers & employees	(255.0)	(248.6)	(223.4)	(285.4)	
Other income / (expense)	(147.8)	(157.8)	(154.7)	(146.6)	
Income Tax	(50.5)	(22.5)	(41.6)	(62.5)	
Net cash from operating activities	292.3	436.4	494.8	491.6	
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	6.5	3.7	17.1	4.5	
Payments for property, plant and equipment	(403.2)	(365.7)	(353.1)	(508.4)	
Net Capex	(396.7)	(362.0)	(336.0)	(504.0)	
Net cash used in investing activities	(396.7)	(362.0)	(336.0)	(504.0)	
Cash flows from financing activities					
Proceeds from borrowings	1379.1	641.4	358.3	488.2	
Repayment of borrowings	(1,174.2)	(580.6)	(382.9)	(329.5)	
Dividends paid	(120.2)	(135.1)	(133.9)	(146.9)	
Net cash used in financing activities	84.7	(74.2)	(158.5)	11.8	
Net increase in cash and cash equivalents	(19.7)	0.2	0.3	(0.5)	
Cash and cash equivalents at beginning	20.9	1.1	1.3	1.6	
Cash and cash equivalents at the end	1.1	1.3	1.6	1.1	

Source: Company data, Annual report

Databook Analysis – Ausgrid

Business description

Overview of Ausgrid

Company Business Description		Regulatory Requirement
<ul style="list-style-type: none"> ▶ Ausgrid is a State Owned Corporation with NSW Government as its shareholders. On 2nd March 2011 Energy Australia changed its name to Ausgrid, after selling the retail part of its business. ▶ Ausgrid's main activities include: <ul style="list-style-type: none"> ▶ Asset ownership and management of the electricity distribution and transmission network, Infrastructure related construction and maintenance services ▶ Providing services, including street lighting, safety check-ups, energy reviews, metering and 24-hour electrical repairs. ▶ Ausgrid's electricity network provides power to 1.6 million homes and businesses throughout Sydney, the Hunter and the Central Coast. ▶ The network consists of more than 200 large electricity substations, 500,000 power poles, 30,000 small distribution substations and almost 50,000km of below and above ground electricity cables. 	<ul style="list-style-type: none"> ▶ Ausgrid is a statutory State Owned Corporation, established under and is principally governed by the Energy Services Corporations Act 1995 (NSW) and the State Owned Corporations Act 1989 (NSW) and its Constitution to ensure good governance. ▶ The revenues and prices are subject to controls, determined by an independent regulator. These controls are established every 5 years, the most recent being made in April 2009 for the period 2009-2014 ▶ Australian Energy Market Commission is responsible for making rules and market development and Australian Energy Regulator monitors and enforce compliance with the rules (National Electricity Rules). ▶ The Board is accountable to the NSW Treasurer and the NSW Minister for Finance and Portfolio Minister for all network companies is the NSW Minister for Energy 	
Key Executives		Board Members
Chief Operating Officer	Trevor Armstrong	Roger Massy-Greene (Chairman)
General Manager- Network Operations	David Pengilly	Vince Graham (Chief Executive officer & Executive director)
General Manager- Network Development	Brett Hooper	Peter Dodd (Non-Executive Director)
General Manager- Engineering	Pamela Henderson	Dr Patrick Strange (Non-Executive Director)
General Manager- Information Communication and Tech.	Sharron Kennedy	Laura Reed (Non-Executive Director)
General Manager- People and Services	Jane Mills	Phil Garling (Non-Executive Director)
General Manager- Finance and Compliance	Joe Pizzinga	
General Manager- Health, Safety and Environment	Peter York	
		Source: Company Website, Annual report

Ausgrid: Network Map



- ▲ Ausgrid (formerly EnergyAustralia) is one of the leading electricity networks in Australia, distributing electricity to the Sydney, Central Coast and Hunter regions of NSW across a 22,275 square kilometre area.
- ▲ Its electricity network powers about half of the electricity customers in NSW including residential and large and small business customers, as well as major industry including mining, shipping, tourism, manufacturing and agriculture.
- ▲ In 2012/13, Ausgrid's network supplied more than 26,316 GWh of electricity to more than 1.64 million network customers.

Capital works

- ▲ Ausgrid invested \$1.3 billion in the electricity network in 2012/13. This included \$522 million on major substation projects and the installation of more than 598 kilometres of high and low voltage cables..
- ▲ Throughout the year, 13 new zone substations and transmission feeder projects progressed to the construction phase, while an additional 69 projects were already underway on zone and subtransmission substations.
- ▲ Seven major zone substation projects were commissioned whilst the Gwawley Bay substation was converted into a hybrid 132/33kV zone substation and major works were completed at Lindfield zone substation to replace 11kV switchgear and the Tomago subtransmission substation to replace a 33kV busbar.
- ▲ Infrastructure investment for Ausgrid is set to rise from a revised \$956m in FY14E to \$1,105.3m in FY15F (15.6% increase).

Source: Company Website, Annual report

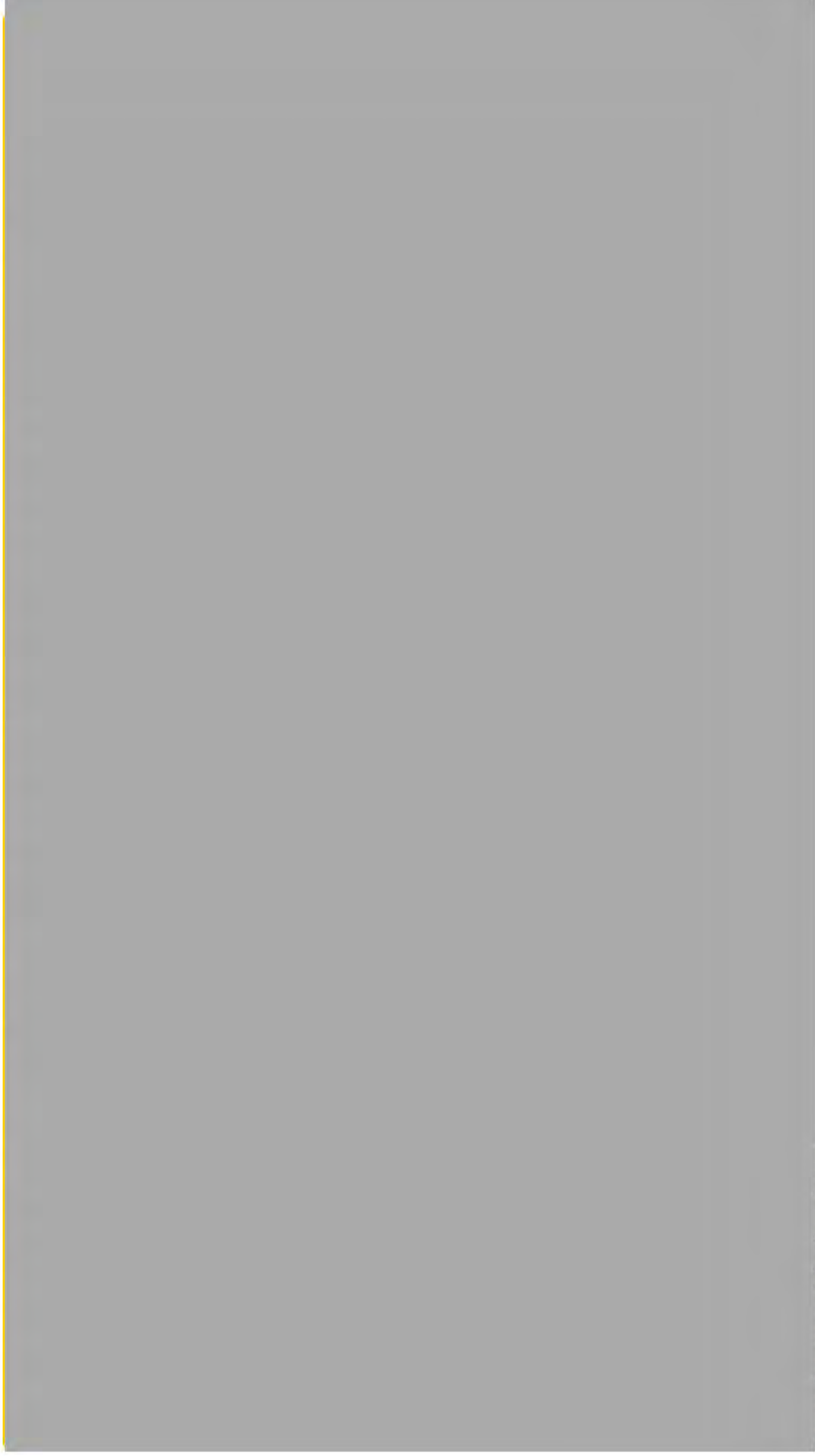
Major Projects

Completed (Cost to date greater than \$5 million)



Major Infrastructure Projects

Work in Progress (Cost to date greater than \$5 million)



Source: Company website, Annual report

Major Infrastructure Projects

Work in Progress (Cost to date greater than \$5 million)



Key Financials

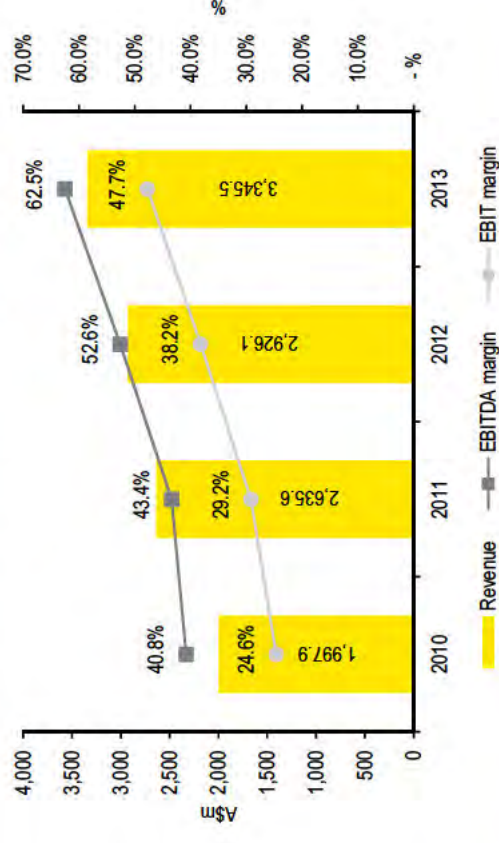
Income Statement

Summary – Income Statement- Parent

A\$m	FY10A	FY11A	FY12A	FY13A
Distribution & transmission revenue	1,811.7	2,308.3	2,384.8	2,852.4
Other revenue	186.2	327.3	541.3	493.1
Revenue	1,997.9	2,635.6	2,926.1	3,345.5
Expenses	(1,183.0)	(1,492.1)	(1,387.0)	(1,253.6)
EBITDA	814.9	1,143.5	1,539.1	2,091.9
Depreciation and amortisation expense	(322.6)	(374.6)	(420.9)	(495.0)
EBIT	492.3	768.9	1,118.2	1,596.9
Borrowing cost	(431.7)	(469.7)	(622.8)	(597.6)
PBT	60.6	299.2	495.4	999.3
Income tax expense	(10.4)	(124.0)	(144.5)	(293.1)
Profit for the year- continuing operations	50.2	175.2	350.9	706.2
Profit from discontinued operations	294.8	1,398.5	-	-
Other comprehensive income	(22.9)	45.8	(151.6)	2,057.8
Total comprehensive income	322.1	1,619.5	199.3	2,764.0

Source: Company website, Annual report and Regulatory Proposal

Revenue and Profitability Margins



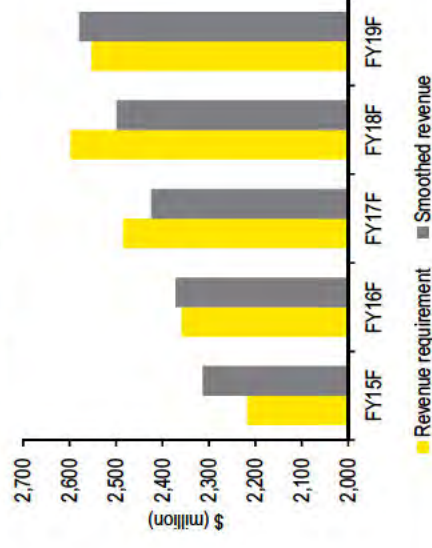
Key Financials

Forecast per Regulatory Proposal 2014-2019

Proposed regulatory revenue forecast

A\$m	FY15F	FY16F	FY17F	FY18F	FY19F	Total
Revenue requirement	2,217.4	2,358.8	2,484.9	2,598.4	2,552.5	12,211.9
Smoothed revenue	2,313.8	2,372.2	2,424.6	2,498.8	2,579.6	12,189.1
Variance	96.4	13.4	(60.3)	(99.6)	27.1	(22.8)

Forecast proposed regulatory revenue



Source: Company data, regulatory proposal

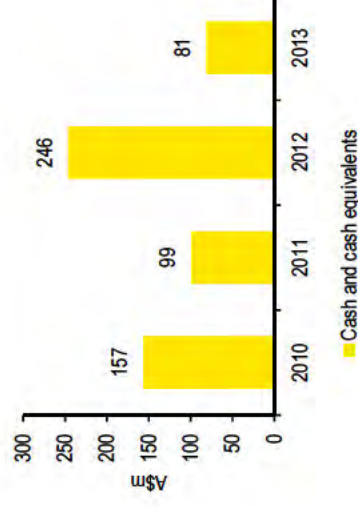
Key Financials

Balance Sheet

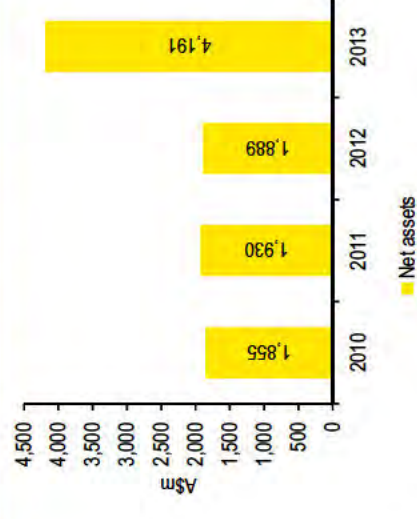
Key Items of Balance Sheet- Parent

A\$m	FY10A	FY11A	FY12A	FY13A
Cash and Cash Equivalents	157	99	246	81
Other Current Assets	900	712	630	780
Total Non-Current Assets	9,281	10,459	11,574	15,303
Total Assets	10,338	11,270	12,450	16,164
Current Liabilities	1,800	1,743	2,001	1,777
Long Term Debt	5,549	6,623	7,708	8,503
Other Non-Current Liabilities	1,133	975	852	1,693
Total Liabilities	8,482	9,341	10,561	11,973
Total Equity	1,855	1,930	1,889	4,191
Total Liabilities + Equity	10,338	11,270	12,450	16,164

Cash & Cash Equivalents



Net Assets



Key Financials

Cash Flow Statement

Summary – Cash Flow Statement- Parent

A\$m	FY10A	FY11A	FY12A	FY13A
Receipts from customers	4,173.9	3,775.6	3,161.3	3,330.6
Payments to suppliers & employees	(2,998.6)	(2,450.5)	(1,674.7)	(1,524.7)
Interest received	1.5	4.8	2.0	20.2
Interest paid	(330.9)	(445.6)	(616.2)	(585.6)
Income taxes paid	(120.8)	(134.6)	(254.2)	(188.8)
Net cash from operating activities	725.1	749.7	618.2	1,051.7
Proceeds from sale of investments	-	1,441.4	-	-
Payments for property, plant and equipment	(1,318.7)	(1,577.8)	(1,688.1)	(1,278.2)
Proceeds from sale of property, plant and equipment	3.9	4.7	4.7	4.1
Net cash used in investing activities	(1,314.8)	(131.7)	(1,684.4)	(1,274.1)
Proceeds from borrowings	999.3	945.0	1,388.3	297.3
Distribution to equity holder	(173.0)	(1,620.2)	(175.1)	(239.9)
Net cash used in financing activities	826.3	(675.2)	1,213.2	57.4
Net increase in cash and cash equivalents	236.6	(57.2)	147.0	(165.0)
Cash and cash equivalents at beginning	(80.0)	156.6	99.4	246.4
Cash and cash equivalents at the end	156.6	99.4	246.4	81.4

Source: Company website, Annual report, Regulatory Proposal

Key Financials

Cash Flow Forecast

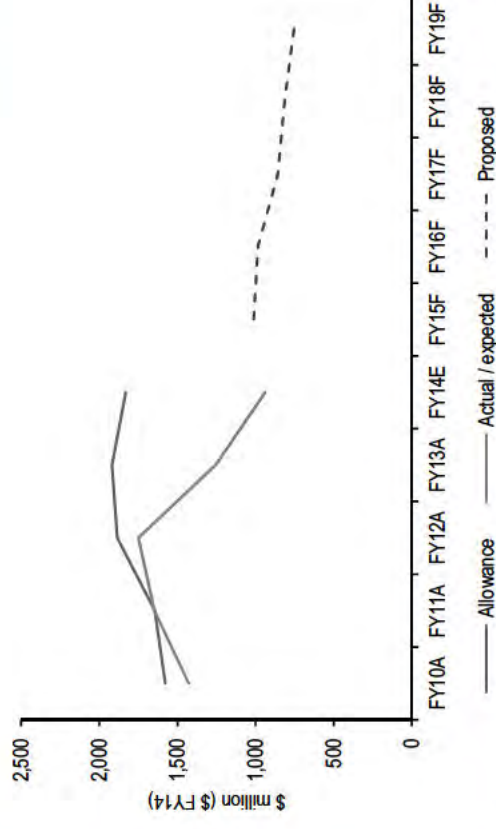


Proposed forecast capex program by category

A\$m	FY15F	FY16F	FY17F	FY18F	FY19F
Area plans	485.0	427.5	268.3	225.7	176.3
Replacement & duty of care plans	313.2	334.1	365.0	373.4	390.3
Distribution capacity plans	110.9	111.1	121.6	128.8	125.3
Reliability investment plan	5.5	5.6	5.7	5.7	5.8
Technology plan	38.0	33.0	36.0	39.3	36.1
Corporate property plan	40.5	61.3	45.1	24.5	2.0
Fleet and other capex	18.4	12.4	15.1	16.7	17.9
Total capex (\$ FY14)	1,011.5	984.9	856.8	814.0	753.8
Total capex (\$ nominal)	1,024.2	1,020.4	907.6	884.2	838.9

Drivers of proposed forecast capex program categories	Capacity	Asset condition & safety	Reliability compliance	Network support
Area plans	✓	✓		
Replacement & duty of care plans		✓		
Distribution capacity plans	✓			
Reliability investment plan	✓		✓	
Technology plan	✓	✓		✓
Other non-network capital plans				✓

Source: Company website, Annual report, Regulatory Proposal



Databook Analysis - Endeavour Energy

Business description

Overview of Endeavour

Company Business Description		Regulatory Requirement
▶ Endeavour Energy builds, maintains and operates the electricity distribution network in Sydney's Greater West, the Blue Mountains, Southern Highlands, Illawarra and South Coast of NSW.		▶ Endeavour Energy is incorporated under the Energy Services Corporations Act 1995 and operates within the terms of the Electricity Supply Act 1995.
▶ It delivers electricity to approx. 2.2 million people through a network of 24,500 square kilometres.		▶ Endeavour Energy's prices for the use of its electrical network and certain ancillary network services are regulated by the Australian Energy Regulator (AER) and are set in accordance with the National Electricity Rules and the AER's distribution network determination.
▶ It operates and maintains approx. 190,000 streetlights on behalf of customers and local councils; and provides Nightwatch service, an external lighting option for local businesses.		
▶ Endeavour Energy was formally known as Integral Energy. Following the NSW Government's reforms in March 2011, Integral's network business was renamed as Endeavour Energy.		
▶ Endeavour Energy operates as a private sector business, with NSW Government as its owner and sole shareholder.		
Key Executives		Board Members
Chief Executive Officer	Vince Graham	Roger Massy-Greene (Chairman)
Chief Operating Officer	Rob Howard	Vince Graham (CEO and Executive Director)
General Manager Finance and Compliance	Michael Ghattas	Laura Reed
General Manager Network Development	Ty Christopher	Peter Dodd
General Manager Networks Operations	Scott Ryan	Penny Le Couteur
General Manager People and Service	Bruce Rowley	Philip Garling (Non Executive Director)
General Manager Health Safety and Environment	David Neville	Barbara Ward
General Manager Information, Comm & Technology	Ian Robinson	
Chief Engineer	Jim Battersby	
		Source: Company data, Annual report

Endeavour Network Map



- ▲ Endeavour network spans 24,500 square kilometres and is made up of more than 170 major substations, 315,000 power poles and 28,000 smaller substations connected by 33,000 kilometres of underground and overhead cables.
- ▲ It covers some of the fastest growing regions of Australia, including Sydney's Greater West, the Southern Highlands and the Illawarra.

Capital works

- ▲ In FY13A, Endeavour delivered \$577.7 million of the total forecast capital budget of \$669.8 million. Of this, \$545.0 million was network system capital investment, compared with a budget of \$599.4 million.
- ▲ Across the Regulatory period to date, Endeavour Energy has forecast to deliver \$4.2 billion network investment and maintenance program by FY14 including:
 - ▲ Building and renewing 59 major substations;
 - ▲ Constructing 200 kilometres of new transmission lines;
 - ▲ Upgrading over 450 power lines;
 - ▲ Maintaining the poles and wires bringing electricity to homes and businesses;
 - ▲ Restoring power supply after storms; and
 - ▲ Reading electricity meters and repairing street lights and raising public awareness about electrical safety.

Source: Company data, Annual report

Major Work in Progress - 2013



Source: Company data

Major Work in Progress - 2013



Major Work in Progress - 2013



Source: Company data

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Endeavour

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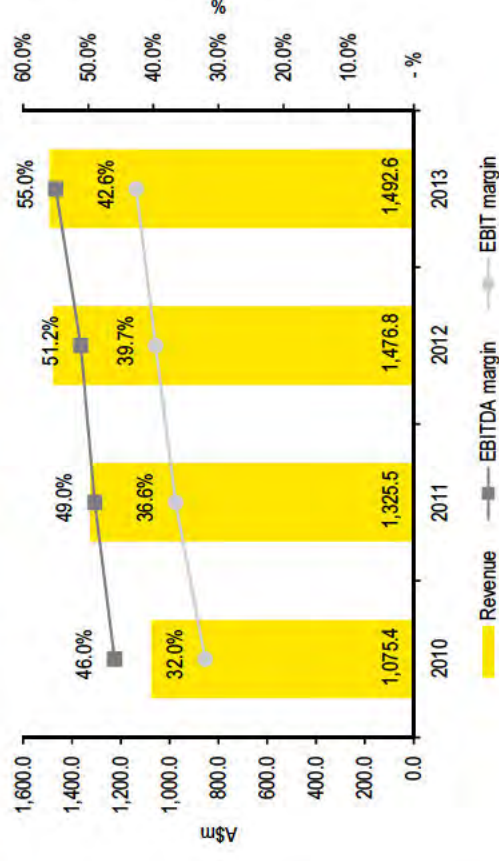
Key Financials

Income Statement

Summary – Income Statement

A\$m	2010	2011	2012	2013
Distribution revenue	977.0	1,134.8	1,225.0	1,299.2
Other revenue	99.4	192.5	251.9	193.6
Revenue	1,075.4	1,325.5	1,476.8	1,492.6
Expenses excluding finance costs	(581.1)	(675.8)	(721.3)	(671.8)
EBITDA	494.3	649.7	755.5	820.8
Depreciation and amortisation expense	(149.7)	(164.7)	(169.8)	(184.4)
EBIT	344.6	485.1	585.7	636.4
Borrowing cost	(186.6)	(190.7)	(204.5)	(198.5)
PBT	158.0	294.3	381.2	437.9
Income tax expense	(44.6)	(91.6)	(115.7)	(131.4)
Profit/(loss) from discontinued operation	65.5	801.3	-	-
Profit for the year	179.0	1004.0	265.5	306.5

Revenue and Profitability Margins



Source: Company data, Annual report, Regulatory Proposal

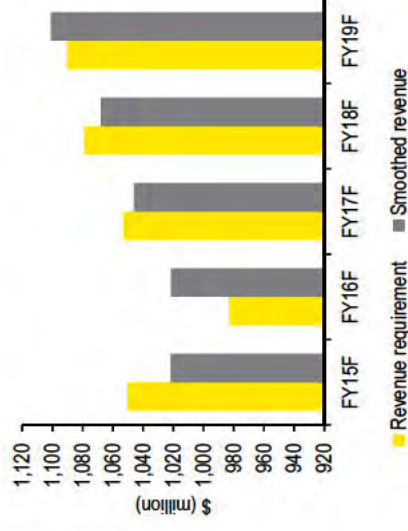
Key Financials

Forecast per Regulatory Proposal 2014-2019

Proposed regulatory revenue forecast

A\$m	FY15F	FY16F	FY17F	FY18F	FY19F	Total
Revenue requirement	1,050.3	982.9	1,053.2	1,078.9	1,090.4	5,255.7
Smoothed revenue	1,021.7	1,021.6	1,046.1	1,067.9	1,101.1	5,258.3
Variance	(28.6)	38.7	(7.1)	(11.0)	10.7	2.6

Forecast proposed regulatory revenue



Proposed regulatory opex forecast

A\$m (Real FY14)	FY15F	FY16F	FY17F	FY18F	FY19F
Network operating costs	22.7	23.8	24.7	24.3	24.9
Inspection	27.7	28.4	29.1	28.3	28.5
Repairs & maintenance	59.0	57.5	59.8	59.0	59.9
Vegetation management	63.6	64.9	66.1	64.3	64.5
Emergency response	56.4	48.2	50.4	52.0	55.0
Network maintenance	20.6	21.1	21.6	21.8	22.2
Customer service	5.4	5.5	5.7	5.7	5.8
Other operating costs	18.3	19.0	19.6	19.2	19.4
DMA	0.6	0.6	0.6	0.6	0.6
Debt raising costs	3.2	3.4	3.5	3.5	3.6
Opex for post-tax revenue model	267.6	272.4	281.2	278.7	284.4

Source: Company data, Regulatory Proposal

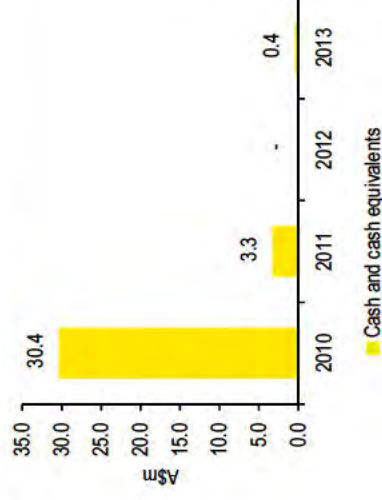
Key Financials

Balance Sheet

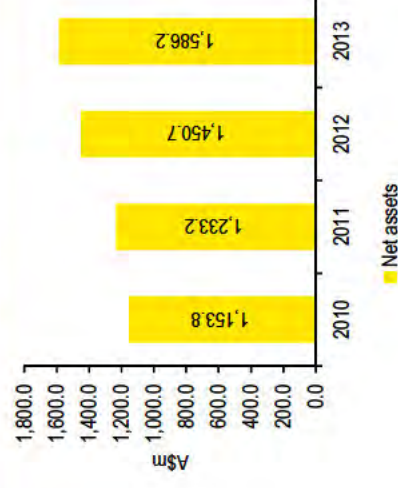
Key Items of Balance Sheet

A\$m	2010	2011	2012	2013
Cash and Cash Equivalents	30.4	3.3	-	0.4
Other Current Assets	569.6	338.4	306.9	272.1
Total Non-Current Assets	4,340.6	4,817.4	5,629.6	6,128.3
Total Assets	4,940.6	5,159.1	5,936.5	6,400.8
Current Liabilities	1,190.1	1,047.9	1,106.2	1,160.6
Long Term Debt	1,952.9	2,218.0	2,545.4	2,844.9
Other Non-Current Liabilities	643.7	660.0	834.2	809.1
Total Liabilities	3,786.7	3,925.9	4,485.8	4,814.6
Total Equity	1,153.8	1,233.2	1,450.7	1,586.2
Total Liabilities + Equity	4,940.6	5,159.1	5,936.5	6,400.8

Cash & Cash Equivalents



Net Assets



Source: Company data, Annual report

Key Financials

Cash Flow Statement

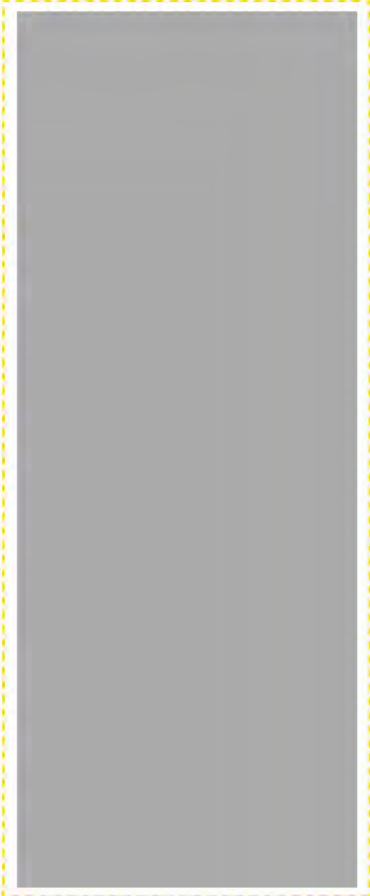
Summary – Cash Flow Statement- Parent

A\$m	2010	2011	2012	2013
Receipts from customers	2,397.0	2,486.0	1,554.4	1,601.9
Payments to suppliers & employees	(1,814.9)	(1,872.9)	(890.8)	(872.9)
Other income / (expense)	(142.3)	(186.0)	(197.4)	(212.2)
Income Tax	(39.4)	(73.6)	(82.6)	(101.4)
Net cash from operating activities	400.4	353.5	383.6	415.4
Proceeds from sale of property, plant and equipment	4.8	3.6	3.8	10.7
Payments for property, plant and equipment	(412.6)	(498.5)	(611.0)	(587.4)
Net Capex	(407.8)	(494.8)	(607.2)	(576.7)
Net proceeds from sale of retail business	-	928.7	-	-
Net cash used in investing activities	(407.8)	433.9	(607.2)	(576.7)
Proceeds from borrowings	162.9	256.1	376.3	349.4
Repayment of borrowings	(33.4)	(64.3)	(0.3)	-
Dividends paid	(103.6)	(1006.3)	(156.8)	(186.6)
Net cash used in financing activities	25.9	(814.5)	219.2	162.8
Net increase in cash and cash equivalents	18.5	(27.1)	(4.4)	1.5
Cash and cash equivalents at beginning	11.8	30.4	3.3	(1.1)
Cash and cash equivalents at the end-CFS	30.4	3.3	(1.1)	0.4
Bank overdraft (Adjustment)	-	-	(1.1)	-
Cash and Cash equivalents at the end-BS	30.4	3.3	-	0.4

Source: Company website, Annual report, Regulatory Proposal

Key Financials

Cash Flow Forecast



Proposed forecast capex program by category

A\$m	FY15F	FY16F	FY17F	FY18F	FY19F
Growth	119.9	92.8	62.3	77.1	77.2
Asset renewal / replacement	208.2	197.8	178.8	175.9	162.2
Reliability and quality of service enhancement	13.6	12.3	12.9	13.1	13.5
Compliance	30.0	18.2	23.5	23.1	21.0
Other system assets	6.9	7.3	7.5	7.3	7.5
Total system	378.6	328.4	285.0	296.4	281.3
Non-system assets	54.4	32.7	29.3	29.3	30.8
Total capex (\$ FY14)	432.9	361.1	314.3	325.7	312.0



Source: Company website, Annual report, Regulatory Proposal

Databook Analysis – Essential Energy

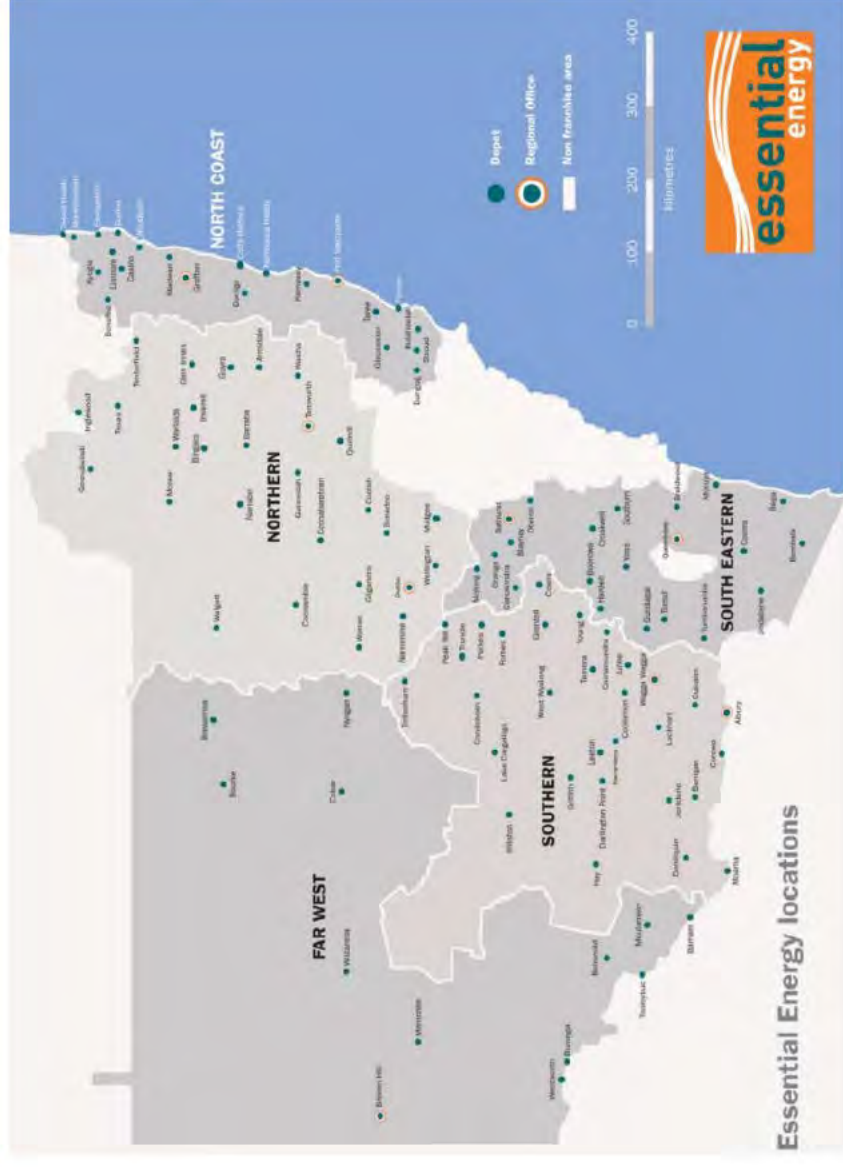
Business description

Overview of Essential Energy

Company Business Description		Regulatory Requirement
▶ Essential Energy is a NSW Government-owned corporation, responsible for building, operating and maintaining Australia's electricity network.		<p>Essential Energy is a NSW State Owned Corporation established under the Energy Services Corporations Act 1995 and the State Owned Corporations Act 1989</p> <p>Essential Energy's electricity distribution network is funded through a five-yearly distribution network revenue determination (currently for 2009-14) made by the Australian Energy Regulator (AER) in accordance with the National Electricity Law and National Electricity Rules economic regulatory framework</p> <p>It is also regulated by statutory and legislative requirements including work health & safety (WH&S), environmental, competition, industrial, consumer protection and information laws, the NSW Electricity Supply Act 1995, and a NSW Distribution Network Service Provider licence.</p> <p>Essential Energy's operations are guided by a number of important policies and codes, including a Code of Conduct, Safety Policy, Environmental Code of Conduct and Policy and Statement of Business Ethics.</p>
▶ It delivers essential network services to more than 800,000 homes and businesses across 95 per cent of NSW and parts of southern Queensland and northern Victoria		
▶ It also provides water services to around 20,000 people in Broken Hill, Menindee, Sunset Strip and Silverton and sewerage services to Broken Hill through its division called Essential Water		
▶ The company was formerly known as Country Energy Pty Ltd and changed its name to Essential Energy Pty Ltd. in March 2011		
▶ Based in Port Macquarie, Australia, the company employs more than 4000 employees placed in over 100 local depots and regional offices		
Key Executives		Board Members
Chief Executive Officer	Vince Graham	Roger Massy-Greene (Chairman)
Chief Operating Officer	Gary Humphreys	Vince Graham (Chief Executive Officer and Executive Director)
Chief Engineer	Ken Stonestreet	Philip Garling
General Manager Network Development	Col Ussher	Laura Reed
General Manager Network Operations	Peter Bereicua	Peter Dodd
General Manager Finance and Compliance	Andrew Sinclair	Penny Le Couteur
		Barbara Ward

Source: Company data, Annual report

Essential Energy's Network Map



▶ Essential Energy is responsible for Australia's largest electricity network and providing services to more than homes and businesses across 95% of NSW and parts of southern Queensland and northern Victoria.

▶ Essential Energy's manages a vast electricity network:

- ▶ More than 200,000 kilometres of powerlines
- ▶ Around 1.4 million power poles
- ▶ Approximately 145,000 streetlights
- ▶ Around 135,000 substations
- ▶ Around 360 zone substations
- ▶ More than 800,000 network customers

▶ Essential Water is an operating division of Essential Energy, delivering water services to around 20,000 people in Broken Hill, Menindee, Sunset Strip and Silverton and sewerage services to Broken Hill.

Capital works

▶ In FY13A Essential Energy invested c.\$1.1 billion in the electricity network, delivering a capital works program of c.\$687 million and an operating program of c.\$457 million.

▶ Throughout the year, 236 major subtransmission projects were commenced, completed or continued with a total capital investment of more than \$132 million.

▶ Almost 5,000 distribution projects were completed in FY13A, at a total investment of c. \$220 million.

Source: Company data, Annual report

Major Projects- 2013

Work in Progress



Source: Company website, Annual report

Major Projects-2013

Work in Progress



Source: Company website, Annual report

Major Projects-2013

Work in Progress



Key Financials

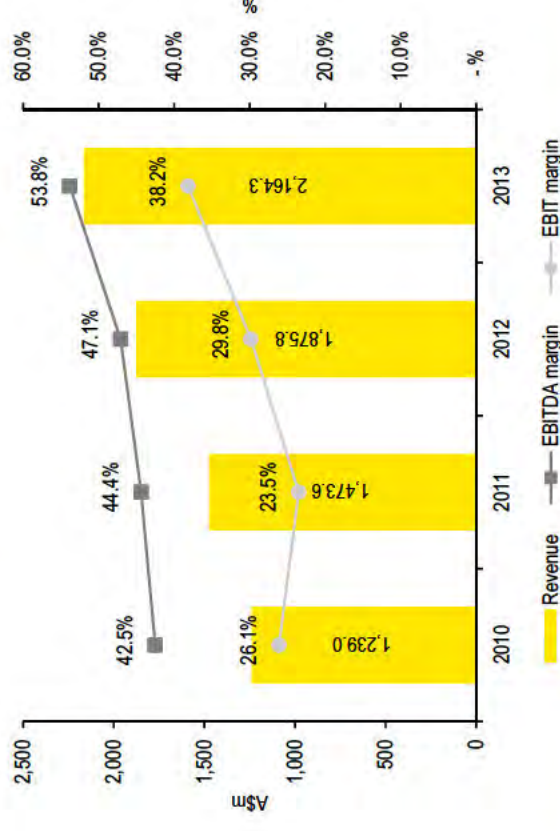
Income Statement

Summary – Income Statement

A\$m	2010	2011	2012	2013
Revenue	1,239.0	1,473.6	1,875.8	2,164.3
Expenses	(712.2)	(819.7)	(992.4)	(999.5)
EBITDA	526.8	653.8	883.4	1,164.8
Depreciation and amortisation expense	(203.3)	(307.5)	(323.8)	(339.0)
EBIT	323.5	346.4	559.6	825.8
Borrowing cost	(244.4)	(288.2)	(349.8)	(326.6)
PBT	79.1	58.2	209.8	499.2
Income tax expense	(25.3)	(15.5)	(55.5)	(149.1)
Fair value gain/loss on financial instruments, net of tax	0.3	1.4	-	-
Profit for the year- continuing operations	54.2	44.0	154.3	350.1
Profit from discontinued operations	108.2	1,170.8	n/a	n/a
Other comprehensive income	822.9	40.5	(99.6)	31.5
Total comprehensive income	985.3	1,255.4	54.7	381.6

Source: Company website, Annual report

Revenue and Profitability Margins

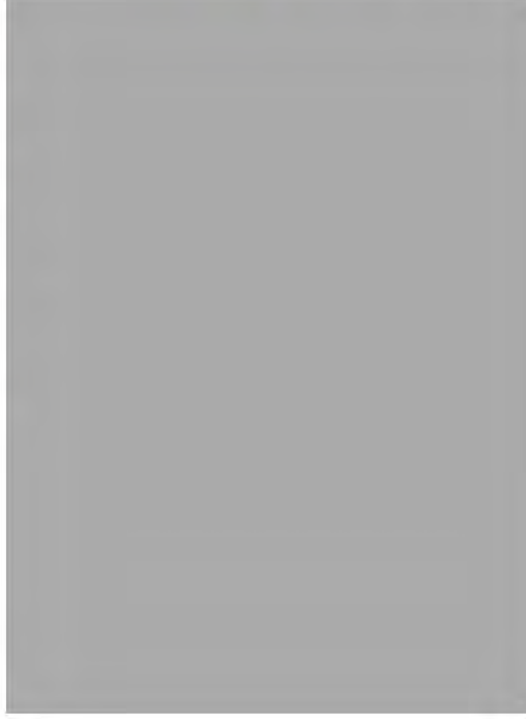


Key Financials

Forecast per revenue plan 2014-2019

Summary – Income Statement

A\$m	FY15F	FY16F	FY17F	FY18F	FY19F	Total
Revenue requirement	1,226	1,260	1,340	1,490	1,508	6,824
Smoothed revenue	1,353	1,352	1,348	1,347	1,357	6,757
Variance	127	92	8	(143)	(151)	(67)



Proposed regulatory opex forecast

A\$m (Real FY14)	FY15F	FY16F	FY17F	FY18F	FY19F
Inspections	32	33	33	34	35
Maintenance & repairs	78	79	81	83	85
Vegetation management	163	156	145	148	150
Emergency response	79	80	82	84	86
Other network costs	111	117	120	118	121
Total network costs	464	465	461	467	477

Source: Company data, Annual report

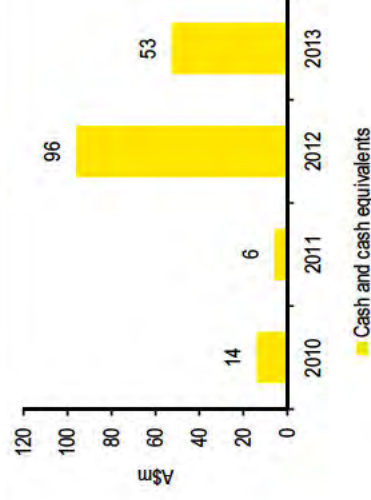
Key Financials

Balance Sheet

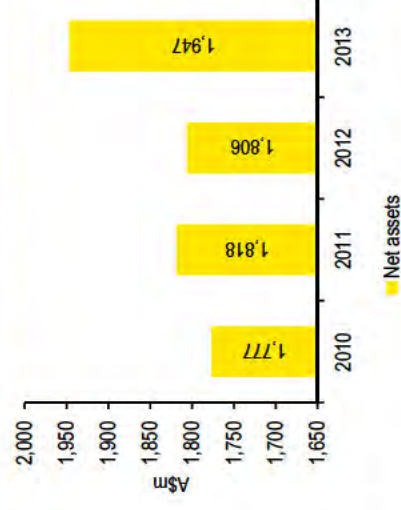
Items of Balance Sheet

A\$m	2010	2011	2012	2013
Cash and Cash Equivalents	14	6	96	53
Other Current Assets	549	388	401	465
Total Non-Current Assets	6,000	6,370	6,891	7,263
Total Assets	6,563	6,763	7,388	7,780
Current Liabilities	861	839	974	963
Long Term Debt	3,282	3,504	3,949	4,276
Other Non-Current Liabilities	643	602	660	594
Total Liabilities	4,786	4,945	5,582	5,833
Total Equity	1,777	1,818	1,806	1,947
Total Liabilities + Equity	6,563	6,763	7,388	7,780

Cash & Cash Equivalents



Net Assets



Source: Company website, Annual report

Key Financials

Cash Flow Statement

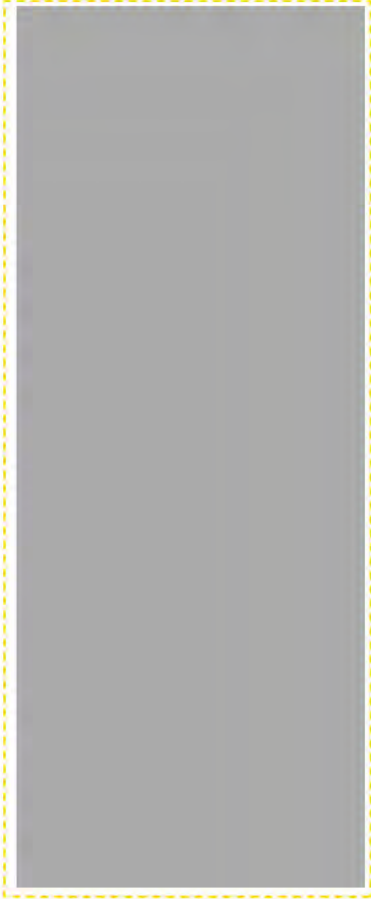
Summary – Cash Flow Statement

A\$m	2010	2011	2012	2013
Cash flows from operating activities				
Receipts from customers	2,795.7	2,315.1	1,894.6	2,210.2
Payments to suppliers & employees	(2,148.2)	(1,645.9)	(1,083.1)	(1,211.8)
Interest received	1.0	3.4	0.5	6.1
Interest paid	(154.8)	(271.4)	(295.9)	(355.4)
Income taxes paid	(109.0)	(116.8)	(113.7)	(131.6)
Net cash from operating activities	384.8	284.3	402.4	517.5
Cash flows from investing activities				
Purchase of non current intangible assets	(28.0)	(24.7)	-	-
Repayments of loan by sale of subsidiary	-	56.5	-	-
Proceeds from sale of business	0.2	1,289.6	(21.0)	-
Proceeds from sale of property, plant and equipment	9.4	13.6	13.5	14.5
Payments for property, plant and equipment	(707.5)	(721.6)	(799.7)	(676.3)
Net Capex	(698.1)	(708.0)	(786.2)	(661.8)
Net cash used in investing activities	(725.8)	613.5	(807.2)	(661.8)
Cash flows from financing activities				
Proceeds from borrowings	377.1	316.2	529.3	232.5
Net community service obligation received/(paid)	0.3	(0.4)	-	-
Repayments of borrowings	-	-	-	(62.9)
Distribution to equity holders	(29.2)	(1,220.2)	(41.2)	(67.3)
Net cash used in financing activities	348.1	(904.3)	488.1	102.3
Net increase in cash and cash equivalents	7.1	(6.5)	83.3	(42.0)
Cash and cash equivalents at beginning	(2.5)	4.6	(1.9)	81.4
Cash and cash equivalents at the end -CFS	4.6	(1.9)	81.4	39.4
Adjustment for overdraft and restricted cash deposits	9.4	7.8	14.7	13.1
Cash and cash equivalents at the end -BS	14.0	5.9	96.1	52.5

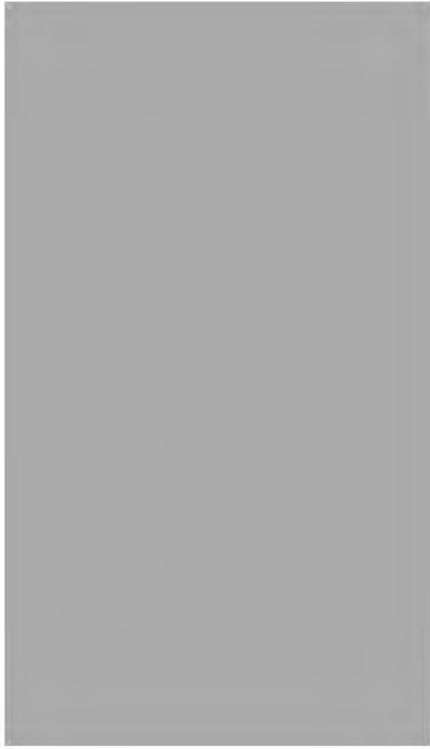
Source: Company website, Annual report

Key Financials

Cash Flow Forecast



Proposed forecast capex program by category						
A\$m	FY15F	FY16F	FY17F	FY18F	FY19F	
Growth	189	159	140	135	129	
Refurbishment	217	233	255	253	257	
Reliability	31	33	33	34	34	
Compliance	27	36	39	39	40	
Non system assets	77	51	52	44	38	
Total capex	542	511	518	505	499	

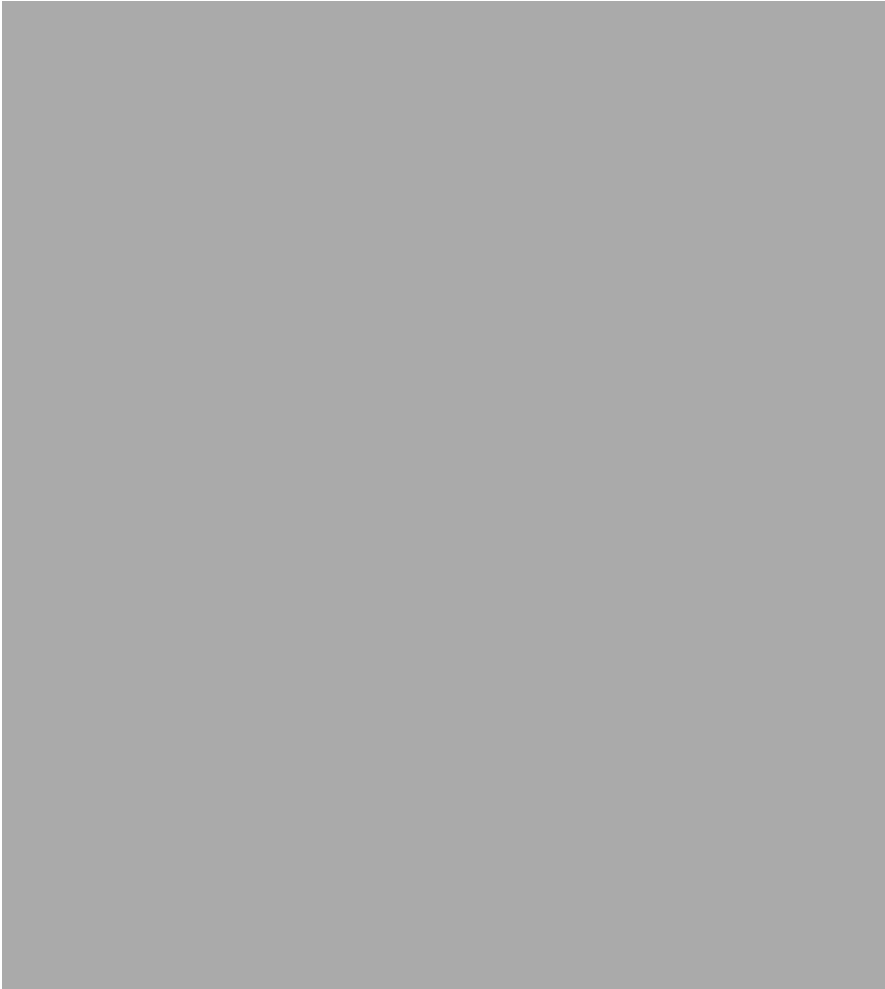


Appendix E



Executive summary

EY has been engaged by NSW Treasury to analyse the long-term trends in the prices and costs of providing electricity network services.



¹ NSW Treasury Media Release, 'Network savings now 10 times above target', 22 November 2013

Background

Rising electricity prices have been and are likely to remain a significant political, business and community issue in Australia. There has also been considerable debate about potential electricity industry reforms in NSW and Queensland.

As a result, NSW Treasury asked EY to address two questions in relation to electricity network services:

- What have been the historical trends in network prices and network service levels for typical residential customers in Australia?
- What does the publicly available evidence suggest are the possible explanations for those trends?

This report relies on publicly available data to illustrate the historical performance of certain electricity network businesses in Australia in terms of network prices, service levels and underlying costs. Such information can provide important evidence to inform the debate on industry reform. It builds on work that EY has previously undertaken on analysing the contribution of network prices to electricity price increases over the long term.²

Terminology used in this report

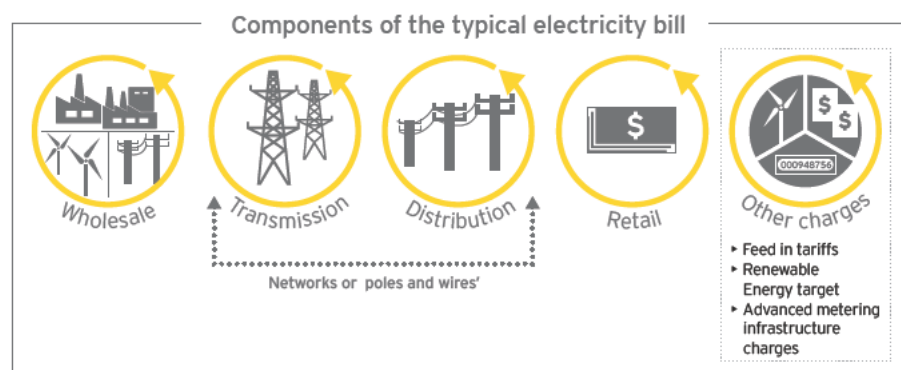
In this report, unless otherwise stated, the term:

- 'Network price' refers to the annual cost of the network charges paid by the typical residential customer as reflected in retail electricity bills
- 'Retail electricity price' refers to the annual cost of the total electricity charges paid by the typical residential customer as reflected in retail electricity bills
- 'Customer' refers to the typical residential customer in each State who consumes the average volume in each year

Introduction to electricity in Australia

The electricity bills that residential customers pay are made up of the costs of the various components required to generate and deliver electricity to homes, as illustrated by Figure 1.

Figure 1: Electricity bill components



² For more information, including detail of the assumptions and methodology we used, refer to Ernst & Young, Victoria domestic electricity prices 1996-2010: The contribution of network costs - A report for the Victorian electricity network businesses, 9 September 2011. Available at <http://www.aemc.gov.au/Media/docs/SP%20AusNet-9ec43dc9-c71c-451c-aef7-e71a25cc9aa8-0.pdf> as part of a larger document.

This report focuses on electricity network prices, or the component of electricity bills attributable to the 'poles and wires'. This is made up of two types of networks - transmission and distribution - which transport electricity from power stations to homes. It is also important to note that network prices are only part (typically between 35-55%) of the final electricity bill paid by residential customers (see Figures 2 and 3).

Significant reforms to electricity networks have been undertaken in some States in Australia. For example, Victoria and South Australia privatised their electricity network businesses in 1995-1996 and in 1999-2000 respectively. In the rest of Australia, the electricity network businesses remain Government-owned. The analysis in this report focusses on the long-term trend in prices and underlying costs of the electricity network businesses in NSW, Queensland, Victoria and South Australia.

Electricity networks are made up of large amounts of infrastructure, which are very expensive to build and to operate, and have large economies of scale. This means that electricity network services are most efficiently delivered by one supplier. This is what is widely known as a natural monopoly.

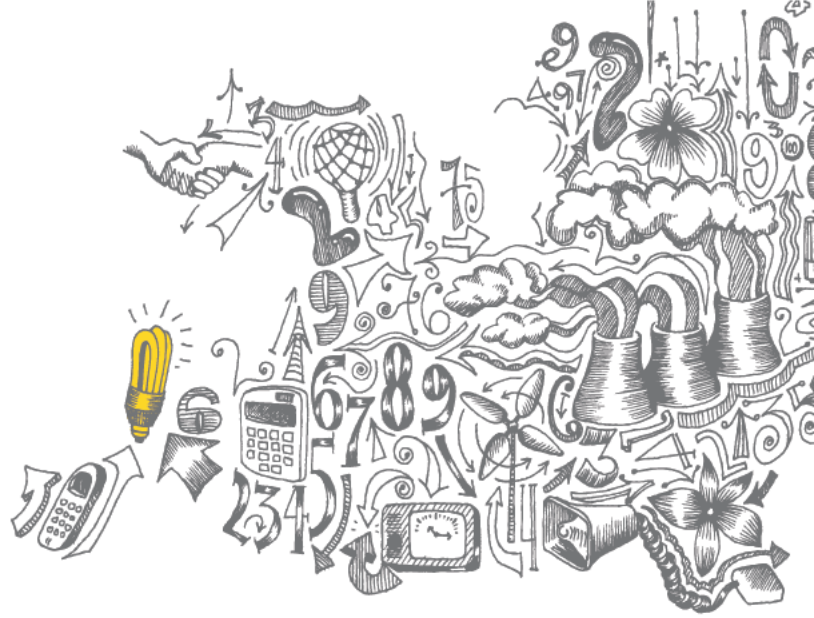
Prices charged by all electricity network businesses in Australia - whether they are Government-owned or privately-owned - are regulated to encourage efficient investment in and use of the infrastructure and to manage the risk of monopoly pricing. In NSW, Queensland, Victoria and South Australia the electricity networks are regulated by the Australian Energy Regulator (the AER), an independent Commonwealth agency which is part of the Australian Competition and Consumer Commission.³ Network prices are usually set for 5-year periods and are based on the regulator's assessment of the efficient and prudent cost of meeting required service levels.

³ The AER commenced regulation of these businesses on 1 July 2008. Prior to its establishment, the electricity transmission networks were regulated by the Australian Competition and Consumer Commission and the electricity distribution networks were regulated by State-based regulators.

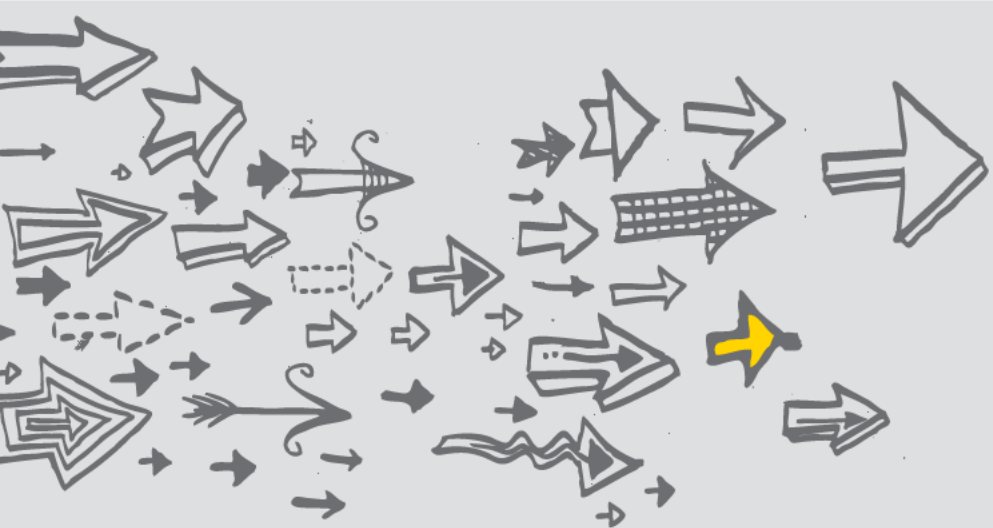
Trends in network prices and service



⁴ The way that retail electricity prices are determined also differs by State. Retail prices for small customers consuming less than 160 MWh of electricity per annum (which covers most residential customers) in Victoria and South Australia are not regulated. In NSW and Queensland, retail prices for small electricity customers are currently regulated, although full deregulation will occur in NSW from 1 July 2014



⁵ Various factors can contribute to the change in non-network costs (e.g. wholesale energy prices, environmental schemes, retailer costs), all of which can vary by State. Other costs⁵ include AMI charges in Victoria as this is the outcome of specific policies by the State Government.







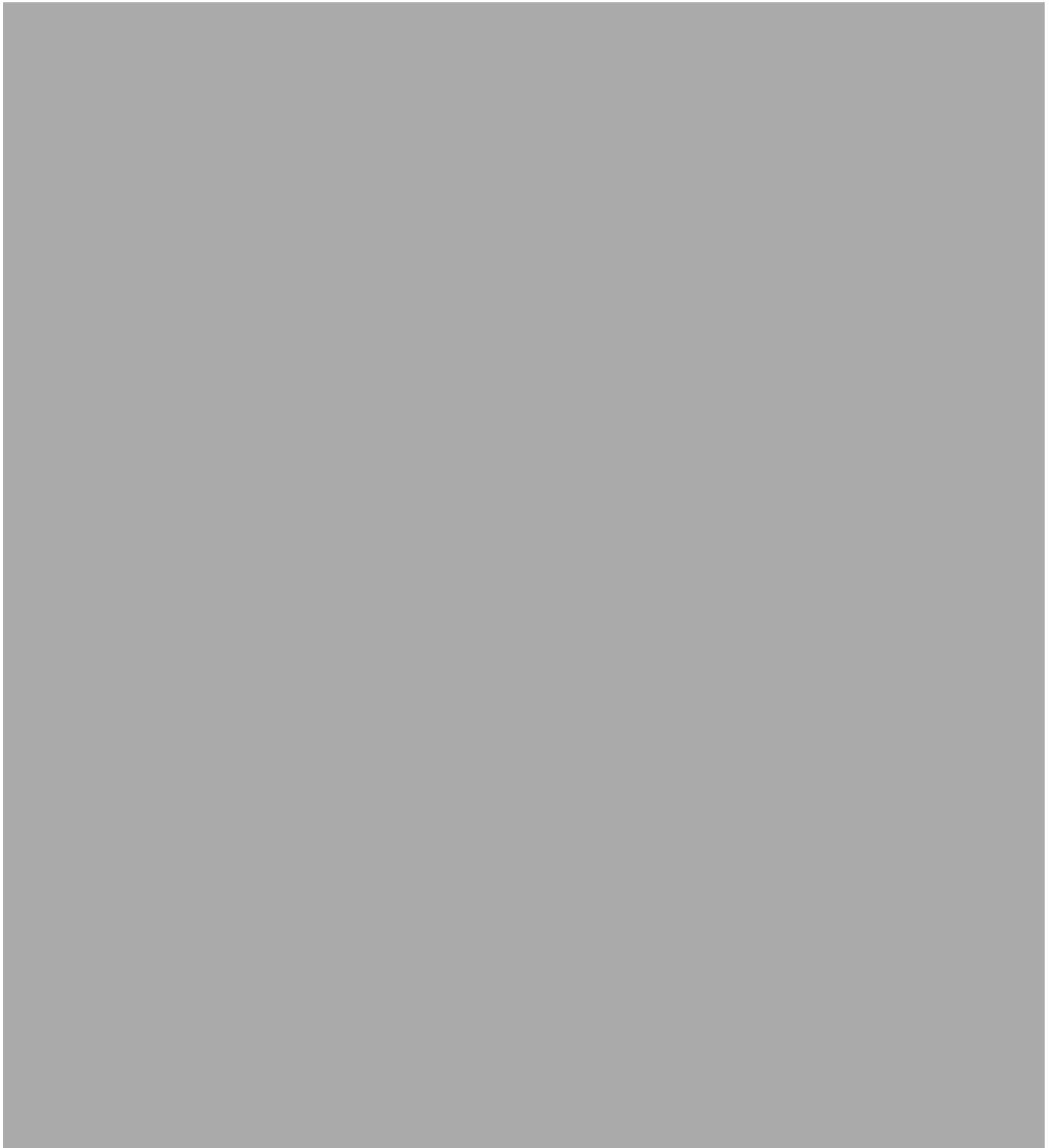
Over the long term, real network prices in Victoria and South Australia have fallen.
What about electricity network services levels in these States?

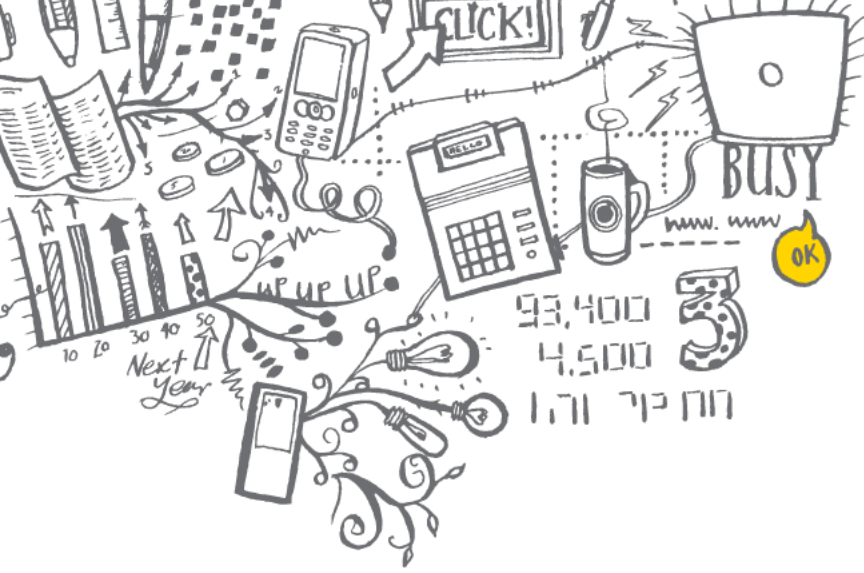


⁶ Australian Energy Regulator, State of the Energy Market
2007, page 159

⁷ Australian Energy Regulator, State of the Energy Market
2013, page 81

Trends in underlying network costs







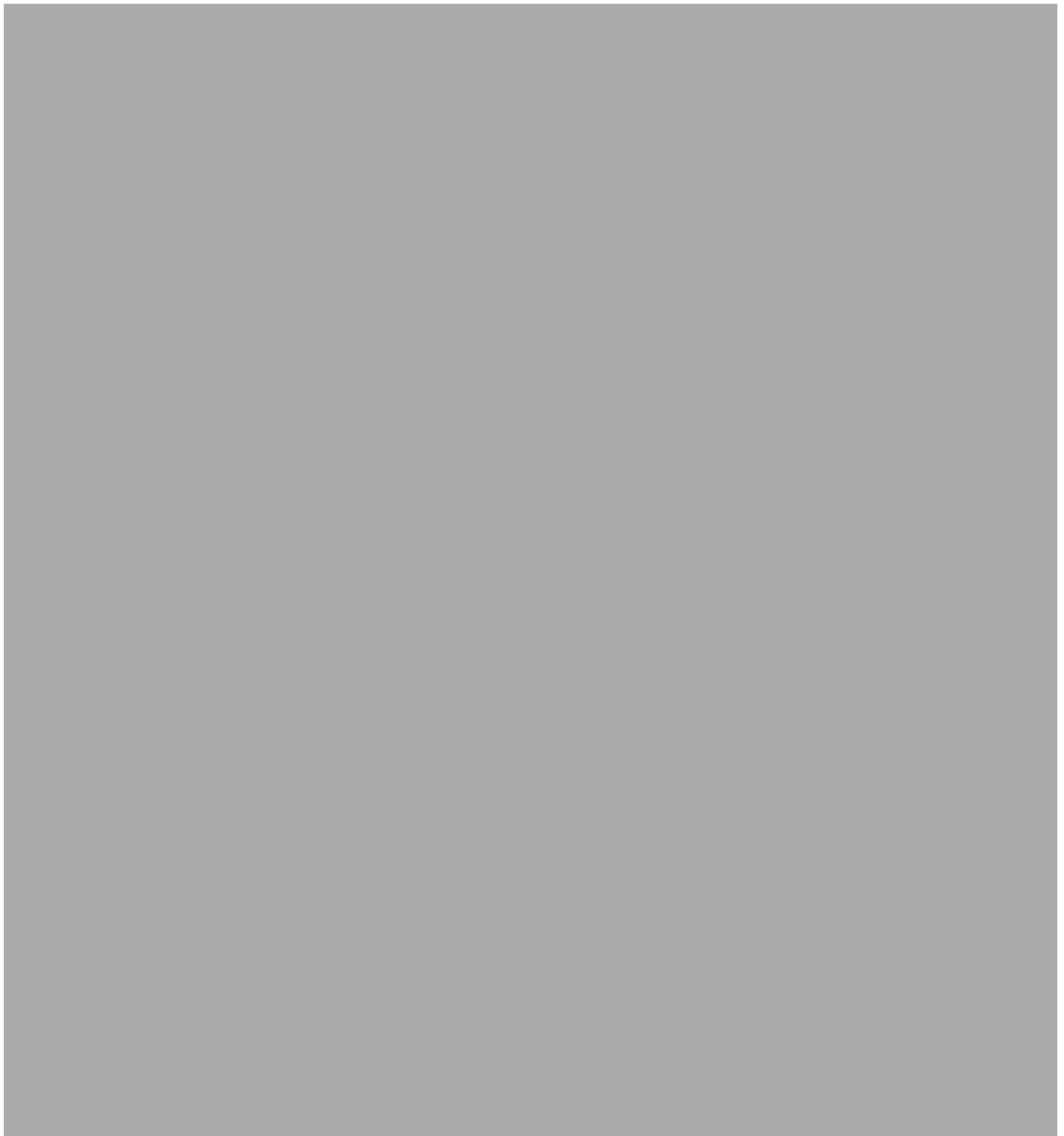
⁸ This analysis has only been undertaken in South Australia for the previous complete regulatory period because there has only been one complete regulatory period under regulatory decision making.



Appendix F

Consultancy agreement

Appendix F - Consultancy Agreement response



Appendix G

Release and reliance letters



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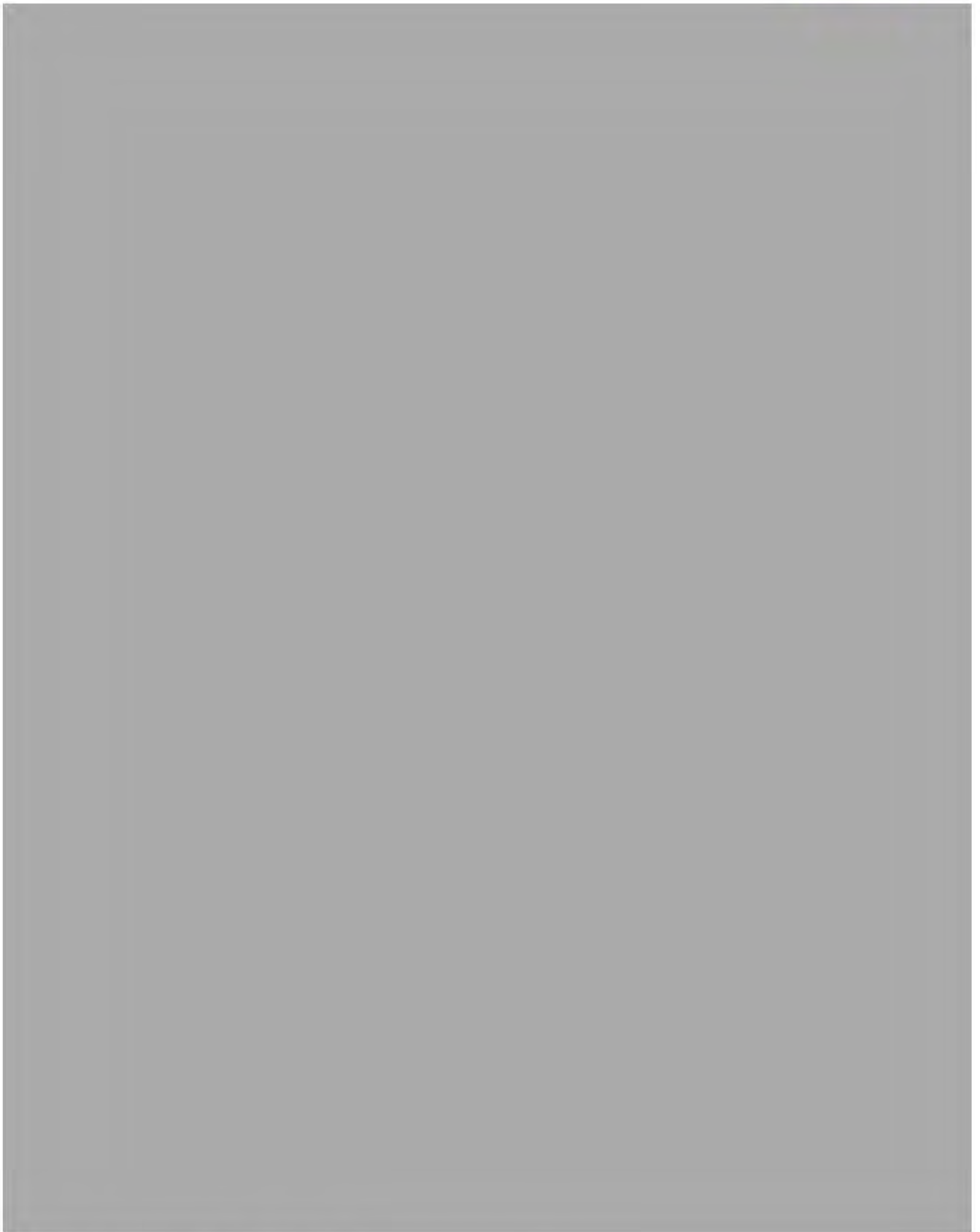




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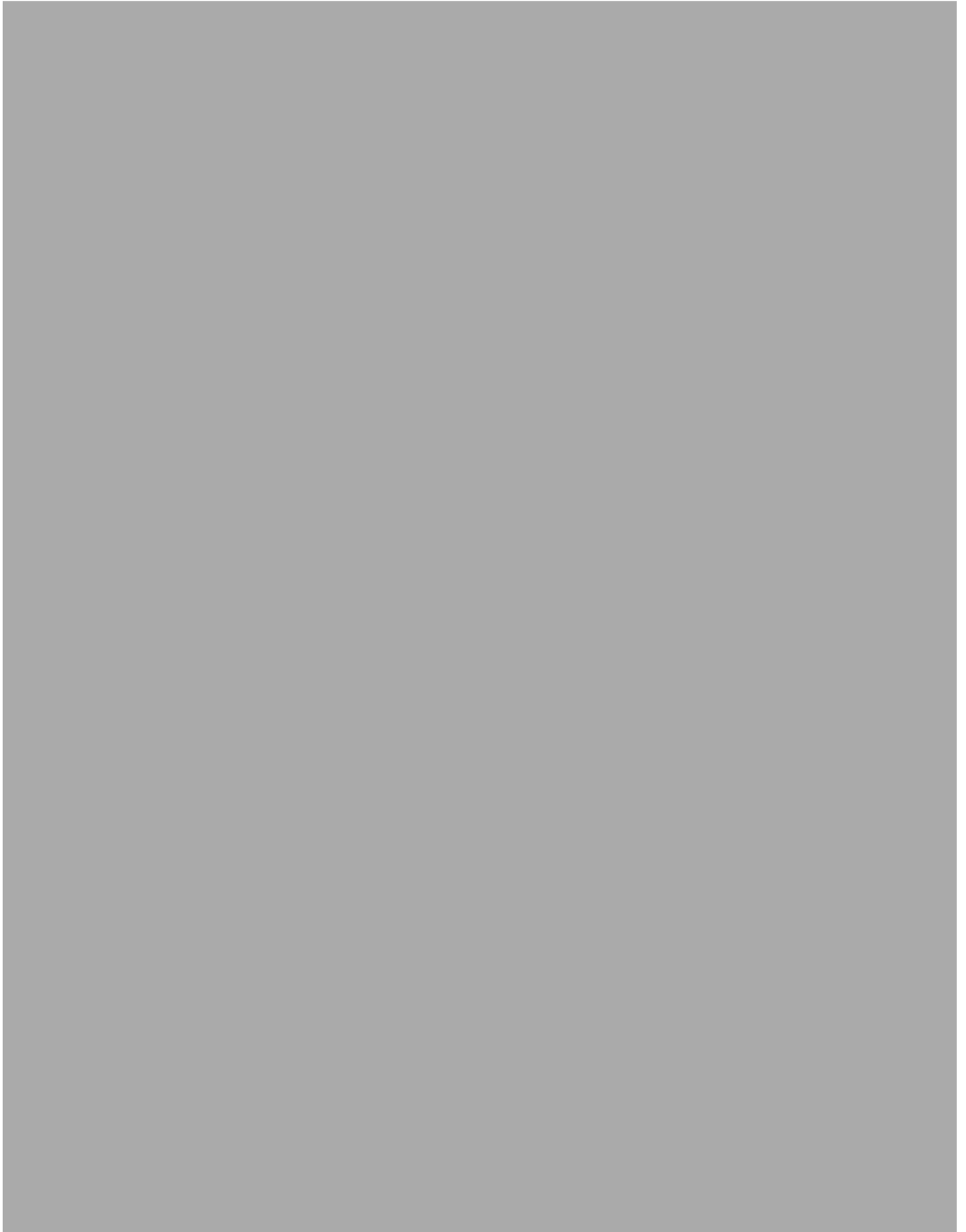
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[Insert date]





Building a better
working world



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SCHEDULE 3:
Fee/Consultant Budget



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Martien Coucke
Office and Contract Manager
Asset Transactions Unit
Level 27, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

30 July 2014

SCHEDULE 4:
Statutory Declaration by Sub- Contractor

I,
(insert name)
of ,
(insert address)

do solemnly and sincerely declare as follows:

1. [insert full sub-contractor company name and its ACN or ABN] ("the Sub-contractor") has been selected as a sub-contractor to [insert full name of Consultant] (the "Consultant") for the performance of a contract with [insert full name of Principal] (the "Principal") dated [insert date] for the [insert short description of Project/Consultancy Services] ("the Agreement").

2. The sub-contractor is aware of the relevant contractual terms and conditions of the Agreement and will be entering into a sub-contract with the Consultant in the near future on terms that will not be inconsistent with the Agreement for [insert short description of the sub-contract] ("the Sub-Contract").

[insert additional provisions to be included in the Statutory Declaration,
as applicable]

3. There are no reasons of which I am aware that would prevent the Sub-Contract from being signed and performed in a manner that would allow the satisfactory and timely performance of the Agreement and the Sub-contract.

And I make this declaration conscientiously believing the same to be true, and by virtue of the provisions of the *Oaths Act 1900* (NSW).

Subscribed and declared at)
on...../...../.....)
in the presence of an authorised witness, who states:

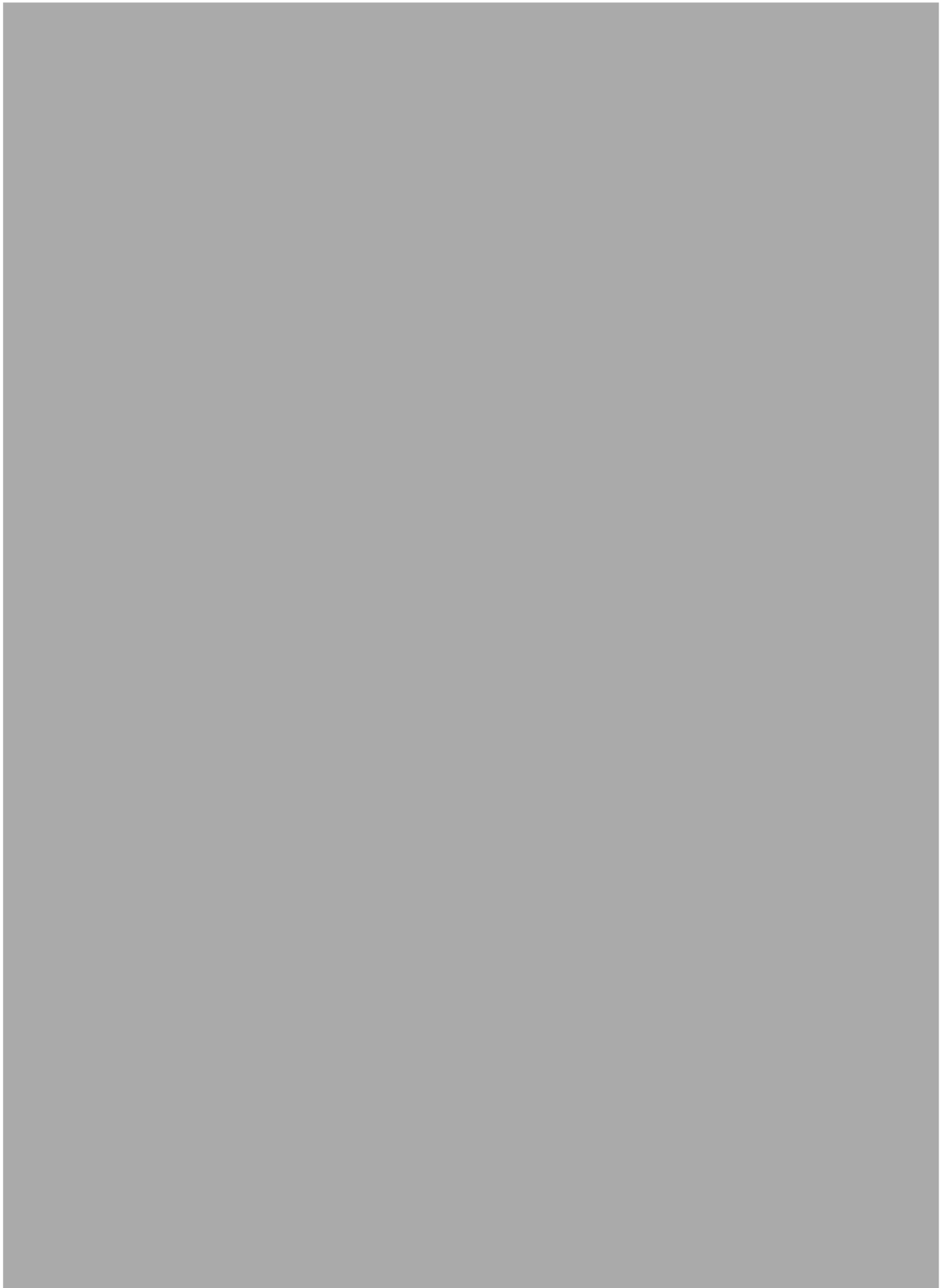
I, , a.....,
[name of authorised witness] [qualification of authorised witness]
certify the following matters concerning the making of this statutory declaration by the person who made it: [* please cross out any text that does not apply]

1. *I saw the face of the person OR *I did not see the face of the person because the person was wearing a face covering, but I am satisfied that the person had a special justification for not removing the covering, and
2. *I have known the person for at least 12 months OR *I have confirmed the person's identity using an identification document and the document I relied on was
[describe identification document relied on]

.....
[signature of authorised witness]

.....
[date]

<p>SCHEDULE 5: Insurance Certificates of Currency</p>



**SCHEDULE 6:
Confidentiality and Privacy Deed**

THIS DEED dated the 15th day of August 2014

BETWEEN The State of New South Wales, c/of Level 36, Governor Macquarie Tower, 1 Farrer Place, SYDNEY NSW 2000 (the "Principal")

AND Ernst & Young of 680 George Street, Sydney 2000 (the "Recipient").

RECITALS:

- A. The Recipient is an officer, employee, agent or sub-contractor of the Consultant.
- B. The Consultant has entered into the Consultancy Agreement with the Principal.
- C. In the course of the Recipient performing certain services for the Principal (whether directly or indirectly) pursuant to the Consultancy Agreement, the Recipient will have access to and may become aware of Confidential Information and Personal Information belonging to or in the possession of the Principal, Third Interested Party/ies or any other third party.
- D. Improper use or disclosure of the Confidential Information or the Personal Information could damage the Principal's ability to perform its governmental/statutory functions and could result in irreparable harm to the Principal.
- E. The Recipient gives the undertakings contained in this Deed to, and for the benefit of the Principal on the terms and conditions herein contained.

OPERATIVE PROVISIONS

1. DEFINITIONS & INTERPRETATION

- 1.1 In this Deed including the Recitals, unless the context otherwise requires:

"Confidential Information" means any information and all other knowledge at any time disclosed (whether in writing or orally) to the Recipient by the Principal or the Consultant or acquired by the Recipient in the course of the

Recipient performing certain services for the Principal (whether directly or indirectly) pursuant to the Consultancy Agreement that:

- (a) is by its nature confidential;
- (b) is designated by the Principal as confidential; or
- (c) the Recipient knows or ought to know is confidential;

and includes but is in no way limited to:

- (d) the Contract Material;
- (e) the Principal's Material;
- (f) any material which relates to the affairs of a third party;

but does not include information which:

- (g) is or becomes public knowledge other than by breach of this Deed;
- (h) is in the lawful possession of the Recipient without restriction in relation to disclosure before the date of receipt from the Principal or the Consultant, as the case may be; or
- (i) is required to be disclosed pursuant to law, regulation, legal process or a regulatory authority;

“Consultancy Agreement” means the Consultancy Agreement between the Principal and the Consultant dated on or about the date of this Agreement ;

“Consultant” means Ernst & Young of 680 George Street Sydney 2000;

“Express Purpose” means Tax and Accounting Advisory services for the Electricity Networks Transaction;

“Personal Information” means information or an opinion (including information or an opinion forming part of a database) whether true or not and whether recorded in a material form or not, about an individual whose identify is apparent or can reasonably be ascertained from the information or opinion; and

“Third Interested Party/ies means those parties set out in Item 10 of Part B: Project Details of the Consultancy Agreement.

1.3 Except where the context otherwise requires:

- (a) a reference to a person which has ceased to exist or has been reconstituted, amalgamated or merged, or other functions of which have become exercisable by any other person or body in its place, shall be taken to refer to the person or body established or constituted in its place by which its said functions have become exercisable;
- (b) no rule of construction operates to the detriment of a party only because that party was responsible for the preparation of this Deed or any part of it;
- (c) the headings and index in this Deed are for convenience only and do not affect the interpretation of this Deed;
- (d) words importing a gender include any other gender;
- (e) persons will be taken to include any natural or legal person; and
- (f) where a word or phrase is given a defined meaning in this Deed, any other part of speech or other grammatical form in respect of such word or phrase shall unless the context otherwise requires have a corresponding meaning.

2. CONFIDENTIAL INFORMATION

- 2.1 The Recipient must keep the Confidential Information in confidence and must not disclose the Confidential Information to any person without the prior written consent of the Principal.
- 2.2 The Principal may grant or withhold its consent in its absolute and unfettered discretion and may impose conditions on that consent, as the Principal sees fit. If the Principal grants consent subject to conditions, the Recipient must comply with those conditions.
- 2.3 Without limiting the generality of Clause 2.1, the Principal may require that the Recipient procures the execution of a deed by the person to whom the Recipient proposes to disclose the Confidential Information, on terms substantially similar to the terms of this Deed.
- 2.4 The Recipient:
 - (a) may use the Confidential Information for the Express Purpose only and must not use the Confidential Information for any other purpose;
 - (b) must not copy or reproduce the Confidential Information without the prior approval of the Principal;

- (c) must take all necessary precautions to prevent unauthorised access to or copying of the Confidential Information; and
 - (d) must comply with any direction of the Principal regarding the safekeeping and storage of Confidential Information.
- 2.5
 - (a) Immediately upon request, the Recipient must deliver to the Principal all documents and any material in the possession or control of the Recipient containing Confidential Information.
 - (b) If the Principal makes a demand for the return of documents or any material containing Confidential Information, and the Recipient is aware that documents containing the Confidential Information are beyond his or her possession or control, then the Recipient must provide full details of where the documents containing the Confidential Information are, and the identity of the person in whose custody or control they lie.
 - (c) The provisions dealing with the return of materials or documents do not prevent the Recipient from keeping a bona fide copy of the materials or documents for its records, subject to the confidentiality and privacy requirements contained in this Deed.
 - (d) A reference to “documents” or “materials” in this Clause 2.5 includes material in any form of storage of information, whether visible to the eye or not.

3. PRIVACY AND DISCLOSURE OF PERSONAL INFORMATION

- 3.1 Where the Recipient has access to Personal Information in order to perform the services for the Principal referred to in Recital ‘C’, it must:
 - (a) where the Recipient is responsible for holding Personal Information, ensure that Personal Information is protected against loss and against unauthorised access, use, modification or disclosure and against other misuse;
 - (b) not use Personal Information other than for the Express Purpose only unless
 - (i) required or authorised by law; or
 - (ii) authorised in writing by the individual to whom the Personal Information relates but only to the extent authorised;

- (c) not disclose Personal Information without the prior written agreement of the Principal or the prior written agreement of the individual to whom the Personal Information relates, unless required or authorised by law;
- (d) ensure that only authorised personnel have access to Personal Information;
- (e) immediately notify the Principal if:
 - (i) the individual to whom the Personal Information relates authorises the Recipient's to use his/her Personal Information for other purposes;
 - (ii) the individual to whom the Personal Information relates consents to the Recipient's disclosing of his/her Personal Information; and/or
 - (iii) it becomes aware that a disclosure of Personal Information is, or may be required or authorised by law; and
- (f) comply with such other privacy and security measures as the Principal reasonably advises the Recipient in writing from time to time.

3.2 The Recipient must immediately notify the Principal upon becoming aware of any breach of Clause 3.1.

4. CONFLICT OF INTEREST

4.1 The Recipient warrants that before entering into this Deed it has disclosed to the Principal all the past, current and anticipated interests of the Recipient which may conflict with or restrict the Recipient in performing the services for the Principal referred to in Recital 'C' fairly and independently.

4.2 The Recipient shall not during the course of performing the services, engage in any activity or obtain any interest likely to conflict with or restrict the Recipient in providing services to the Principal fairly and independently and shall immediately disclose to the Principal such activity or interest.


5. SURVIVAL

8.1 This Deed will survive termination of the services referred to in Recital 'C' and the expiry or termination of Consultancy Agreement.

6. NOTICES

- 6.1 A notice under this Deed must be in writing and forwarded to the contact details of the intended recipient in Clause 6.4 below or the address last notified by the intended recipient to the sender.
- 6.2 A notice under this Deed will be deemed to be served:
- (a) in the case of delivery in person - when delivered to the recipient's address for service and a signature received as evidence of delivery;
 - (b) in the case of delivery by post - within three business days of posting;
 - (c) in the case of delivery by facsimile – at the time of dispatch if the sender receives a transmission report which confirms that the facsimile was sent in its entirety to the facsimile number of the recipient; and
- 6.3 Notwithstanding Clause 6.2, if delivery or receipt of a communication is on a day which is not a business day in the place to which the communication is sent or is later than 5 pm (local time in that place) it will be deemed to have been duly given or made at 9 am (local time at that place) on the next business day in that place.
- 6.4 The contact details are as follows:

Graeme Browning
Ernst & Young
680 George Street, Sydney 2000



7. GENERAL

- 7.1 This Deed must not be construed to exclude the operation of any principle of law or equity intended to protect and preserve the confidentiality of the Confidential Information.
- 7.2 The rights and remedies provided under this Deed are cumulative and not exclusive of any rights or remedies provided by law or any other such right or remedy.
- 7.3 No failure or delay by the Principal in exercising any right, power or remedy in relation to this Deed and no course of dealing or grant by the Principal to the Recipient of any time or other consideration, will operate as a waiver of the breach or a default by the Recipient. Any waiver by the Principal of a breach of

this Deed will not be construed as a waiver of any further breach of the same or any other provision.

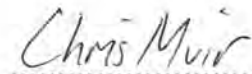
- 7.4 All amendments to this Deed must be in writing, signed by both parties and executed in the form of a deed.
- 7.5 All consents, approvals and waivers given under this Deed must be in writing.
- 7.6 This Deed is governed by, and must be construed in accordance with, the laws in force in the State of New South Wales.
- 7.7 Each party submits to the exclusive jurisdiction of the Courts exercising jurisdiction in the State of New South Wales and the courts of appeal therefrom.


EXECUTED AS A DEED

Execution by the Principal:

SIGNED, SEALED AND DELIVERED by for)
and on behalf of The State of New South)
Wales but not so as to incur any personal)
liability in the presence of:)


.....
Signature of Witness


.....
Print Name of Witness


.....
(Signature of authorised officer)

Execution by the Recipient:

SIGNED for and on behalf of the
Consultant in the presence of:


.....
Signature of Witness

N CARDANO
.....
Print name of Witness


.....
Consultant Signature

SCHEDULE 7:
Confidentiality and Privacy Deed Poll

THIS DEED POLL is made on 15th of August 2014
~~2012~~

BY **Graeme Browning of Ernst & Young, 680 George Street
Sydney 2000 (the "Recipient")**

IN FAVOUR OF

THE PERSON(S) NAMED IN SCHEDULE 1 (each a "**Beneficiary**", collectively the "**Beneficiaries**").

RECITALS:

- A. The Recipient has entered into the Consultancy Agreement with the Principal for Tax and Accounting Advisory services for the Electricity Networks Transaction ("the Project").
- B. In the course of the Recipient performing certain services for the Principal (whether directly or indirectly) pursuant to the Consultancy Agreement, it is intended that the Confidential Information and Personal Information belonging to or in the possession of the Beneficiaries will be disclosed to the Recipient for the Express Purpose.
- C. Improper use or disclosure of the Confidential Information or the Personal Information could damage the businesses of the Beneficiaries and could result in irreparable harm to the Beneficiaries.
- D. The Beneficiaries have agreed to supply the Confidential Information to the Consultant in consideration of and on condition that the Recipient enters into this Deed Poll to protect the secret and confidential nature of that Confidential Information.
- E. The Recipient gives the undertakings contained in this Deed Poll to and for the benefit of the Beneficiaries on the terms and conditions herein contained.

OPERATIVE PROVISIONS

1. DEFINITIONS & INTERPRETATION

1.1 In this Deed including the Recitals, unless the context otherwise requires:

"Authorised Personnel" means any employee or officer or legal Advisor of the Recipient or any of its Related Bodies Corporate who:

- (a) have a need to know (and only to the extent that each has a need to know); and
- (b) before disclosure, have been directed by the Recipient to keep confidential all Confidential Information of the Beneficiaries;

"Confidential Information" means any information and all other knowledge relating to the specific business of the Beneficiaries at any time disclosed (whether in writing or orally) to the Recipient by or on behalf of the Beneficiaries or by the Principal in the course of the Recipient performing certain services for the Principal (whether directly or indirectly) pursuant to the Consultancy Agreement that:

- (a) is by its nature confidential;
- (b) is designated by the Beneficiaries as confidential; or
- (c) the Recipient knows or ought to know is confidential;

and includes but is in no way limited to:

- (d) the operating and financial information of the businesses of the Beneficiaries;
- (e) any material which relates to the affairs of a third party;
- (f) any documents subject to legal professional privilege or client legal privilege;

but does not include information which:

- (g) is or becomes public knowledge other than by breach of this Deed Poll;
- (h) is in the lawful possession of the Recipient without restriction in relation to disclosure before the date of receipt from or on behalf of a Beneficiary; or

- (i) is required to be disclosed pursuant to law, regulation, legal process or a regulatory authority;

"Consultancy Agreement" means the Consultancy Agreement between the Principal and the Consultant dated on or about the date of this Agreement;

"Consultant" means Ernst & Young of 680 George Street Sydney 2000;

"Deed Poll" means this confidentiality deed poll;

"Express Purpose" means the purpose of assessing, considering and/or carrying out professional services in respect of the Project (whether alone or with any other person or directly, or indirectly through a Related Body Corporate), including advising the Principal or any other party requested by the Principal, conducting due diligence, preparing, submitting and distributing information memoranda, offer documents (including prospectuses) or other documentation required for the Project, communicating with any Government agency or the Australian Securities Exchange and bona fide doing any other thing reasonably necessary for the purpose of the Project, and, for the avoidance of doubt, includes the use of a Beneficiary's information in connection with a transaction involving another Beneficiary;

"Personal Information" means information or an opinion (including information or an opinion forming part of a database) whether true or not and whether recorded in a material form or not, about an individual whose identity is apparent or can reasonably be ascertained from the information or opinion;

"Principal" means The State of New South Wales;

"Project" means the project described in Recital A; and

"Related Body Corporate" has the same meaning as in section 50 of the *Commonwealth Corporations Act 2001*.

1.3 Except where the context otherwise requires:

- (a) a reference to a person which has ceased to exist or has been reconstituted, amalgamated or merged, or other functions of which have become exercisable by any other person or body in its place, shall be taken to refer to the person or body established or constituted in its place by which its said functions have become exercisable;
- (b) no rule of construction operates to the detriment of a party only because that party was responsible for the preparation of this Deed Poll or any part of it;

- (c) the headings and index in this Deed Poll are for convenience only and do not affect the interpretation of this Deed Poll;
- (d) words importing a gender include any other gender;
- (f) persons will be taken to include any natural or legal person; and
- (g) where a word or phrase is given a defined meaning in this Deed Poll, any other part of speech or other grammatical form in respect of such word or phrase shall unless the context otherwise requires have a corresponding meaning.

2. CONFIDENTIAL INFORMATION

- 2.1 In consideration of the Beneficiaries disclosing the Confidential Information to the Recipient, the Recipient agrees:
 - (a) to use the Confidential Information solely for the Express Purpose; and
 - (b) otherwise to comply with the terms of this Deed Poll.
- 2.2 The Recipient may disclose the Confidential Information to its Authorised Personnel, provided the Recipient must ensure that its Authorised Personnel comply with the terms of this Deed Poll as if they were parties to this Deed Poll.
- 2.3 Subject to the terms of this Deed Poll, the Recipient must keep the Confidential Information in confidence and must not disclose the Confidential Information to any person without the prior written consent of the relevant Beneficiary who has provided the Confidential Information.
- 2.4 A Beneficiary may grant or withhold its consent in its absolute and unfettered discretion and may impose conditions on that consent, as the Beneficiary sees fit. If a Beneficiary grants consent subject to conditions, the Recipient must comply with those conditions.
- 2.5 Without limiting the generality of Clause 2.4, a Beneficiary may require that the Recipient procures the execution of a deed poll by the person to whom the Recipient proposes to disclose the Confidential Information, on terms substantially similar to the terms of this Deed Poll.
- 2.6 The Recipient:
 - (a) may use the Confidential Information for the Express Purpose only and must not use the Confidential Information for any other purpose;

- (b) must not copy or reproduce the Confidential Information (other than in connection with the Express Purpose) without the prior approval of the relevant Beneficiary which provided the Confidential Information;
 - (c) must take all necessary precautions to prevent unauthorised access to or copying of the Confidential Information; and
 - (d) must comply with any direction of the Principal or Beneficiary regarding the safekeeping and storage of Confidential Information.
- 2.7
- (a) Immediately upon request, the Recipient must deliver to the relevant Beneficiary all documents and any material in the possession or control of the Recipient containing Confidential Information and provided to the Recipient by or on behalf of that Beneficiary.
 - (b) If a Beneficiary makes a demand for the return of documents or any material containing Confidential Information, and the Recipient is aware that documents containing the Confidential Information are beyond its or his or her possession or control, then the Recipient must provide full details of where the documents containing the Confidential Information are, and the identity of the person in whose custody or control they lie.
 - (c) The provisions dealing with the return of materials or documents do not prevent the Recipient from keeping a bona fide copy of the materials or documents for its records, subject to the confidentiality and privacy requirements contained in this Deed Poll.
 - (d) A reference to “documents” or “materials” in this Clause 2.7 includes material in any form of storage of information, whether visible to the eye or not.

3. PRIVACY AND DISCLOSURE OF PERSONAL INFORMATION

- 3.1 Where the Recipient has access to Personal Information in order to perform the services for the Principal pursuant to the Consultancy Agreement, it must:
- (a) where the Recipient is responsible for holding Personal Information, ensure that Personal Information is protected against loss and against unauthorised access, use, modification or disclosure and against other misuse;
 - (b) not use Personal Information other than for the Express Purpose only unless
 - (i) required or authorised by law; or

- (ii) authorised in writing by the individual to whom the Personal Information relates but only to the extent authorised;
- (c) not disclose Personal Information without the prior written agreement of the relevant Beneficiary which provided the Personal Information, or the prior written agreement of the individual to whom the Personal Information relates, unless required or authorised by law;
- (d) ensure that only Authorised Personnel have access to Personal Information;
- (e) immediately notify the relevant Beneficiary if:
 - (i) the individual to whom the Personal Information relates authorises the Recipient to use his/her Personal Information for other purposes;
 - (ii) the individual to whom the Personal Information relates consents to the Recipient's disclosing of his/her Personal Information; and/or
 - (iii) it becomes aware that a disclosure of Personal Information is, or may be required or authorised by law; and
- (f) comply with such other privacy and security measures as the Beneficiaries reasonably advise the Recipient in writing from time to time.

3.2 The Recipient must immediately notify the Principal upon becoming aware of any breach of Clause 3.1.

4. SURVIVAL

4.1 This Deed Poll will survive the expiry or termination of the Consultancy Agreement.

5. NOTICES

5.1 A notice to the Recipient under this Deed Poll must be in writing and forwarded to the address and facsimile number of the Recipient as specified below or the address last notified by the Recipient to the sender:

Graeme Browning
Ernst & Young
680 George Street, Sydney 2000



- 5.2 A notice to a Beneficiary under this Deed Poll must be in writing and forwarded to the address and facsimile number of the Beneficiary as specified in Schedule 2 or the address last notified by the Beneficiary to the sender.
- 5.3 A notice under this Deed will be deemed to be served:
- (a) in the case of delivery in person - when delivered to the recipient's address for service and a signature received as evidence of delivery;
 - (b) in the case of delivery by post - within three business days of posting;
 - (c) in the case of delivery by facsimile – at the time of dispatch if the sender receives a transmission report which confirms that the facsimile was sent in its entirety to the facsimile number of the recipient.
- 5.3 Notwithstanding Clause 5.2, if delivery or receipt of a communication is on a day which is not a business day in the place to which the communication is sent or is later than 5 pm (local time in that place) it will be deemed to have been duly given or made at 9 am (local time at that place) on the next business day in that place.

6. GENERAL

- 6.1 This Deed Poll must not be construed to exclude the operation of any principle of law or equity intended to protect and preserve the confidentiality of the Confidential Information.
- 6.2 The rights and remedies provided under this Deed Poll are cumulative and not exclusive of any rights or remedies provided by law or any other such right or remedy.
- 6.3 No failure or delay by a Beneficiary in exercising any right, power or remedy in relation to this Deed Poll and no course of dealing or grant by a Beneficiary to the Recipient of any time or other consideration, will operate as a waiver of the breach or a default by the Recipient. Any waiver by a Beneficiary of a breach of this Deed Poll will not be construed as a waiver of any further breach of the same or any other provision.
- 6.4 All amendments to this Deed Poll must be in writing, signed by all the Beneficiaries and executed in the form of a deed.
- 6.5 All consents, approvals and waivers given under this Deed Poll must be writing.

6.6 This Deed Poll is governed by, and must be construed in accordance with, the laws in force in the State of New South Wales.

6.7 The Recipient and the Beneficiaries submit to the exclusive jurisdiction of the Courts exercising jurisdiction in the State of New South Wales and the courts of appeal therefrom.

7. BENEFICIARIES

7.1 This Deed Poll may be enforced by any one of the Beneficiaries acting alone and the Recipient has no right or obligation to enquire into the dealings between the Beneficiaries in relation to any matter the subject of this Deed Poll.

SCHEDULE 1 –Ausgrid, Transgrid, Endeavour Energy and Essential Energy,

SCHEDULE 2 –



**EXECUTED AS A DEED POLL Execution
by the Recipient:**

SIGNED for and on behalf of the Consultant
in the presence of:

A handwritten signature in black ink, appearing to read 'N CARDNO', written over a horizontal dotted line.

Signature of Witness

N CARDNO

Print name of Witness

A handwritten signature in blue ink, appearing to read 'J. B. ...', written over a horizontal dotted line.

Recipient Signature

SCHEDULE 8:
Cost Report/Breakdown

Each invoice needs to be accompanied by a detailed cost break down and where necessary a narrative to explain variances.
An example of such a report could be as follows (soft copy available on request):

ASSET TRANSACTIONS UNIT COST BREAKDOWN TEMPLATE						
COMPANY PTY LTD						DAY/MONTH/YEAR
[Insert Project name]						
Budget Line Item	Estimated Cost	Cost to Date	Est. Cost to Complete	Final Costs	Over/Under	Comments on variance
Insert Cost Item (e.g. Tax separation)						
name of team member	1,000	250	750	1,000	-	on target
name of team member	1,000	250	900	1,150	150	more time spent on this item due to XXXX
name of team member	500	250	250	500	-	on target
name of team member	500	250	-	250	- 250	completed/saving
name of team member	500	400	250	650	- 100	more time spent on this item due to XXXX
name of team member	-	250	250	500	-	extra resource allocation (as approved on 01/01/2013)
Total Project	5,000	2,550	3,050	5,600	150	Overage
Insert Cost Item (e.g. Defined Benefit Scheme analysis)						
name of team member	1,000	250	750	1,000	-	on target
name of team member	1,000	250	500	750	- 250	saving anticipated
Total Project	2,000	500	1,250	1,750	- 250	Underage
TOTAL ALL PROJECTS	7000	3050	4300	7350	350.00	Overage due to more time/ extra resources needed/ XXXX

<p>SCHEDULE 9: Variation Statement of Works Form</p>
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Advisors Statement of Works Form

This Statement of Works (“SOW”) form is to be completed by the Consultant who seeks to undertake additional work on behalf of the Principal. Circumstances in which this form is to be completed are outlined in the Consultancy Agreement, Clause 9(Variations).

Please complete this form and return it to: Martien Coucke

Email: martien.coucke@treasury.nsw.gov.au

Name of Consultant:	[Company Name]
Name of Lead Partner/Advisor:	[Advisor Project Lead Name]
Contact Details:	[Phone: +61] [Email:]
Name of Organisation receiving Services:	[Insert relevant Name]
Engagement Description and Justification:	<p><u>Title of Service</u></p> <p>1. <u>Description of Work</u></p> <p>2. <u>Benefits to the Project</u></p> <p><i>(if space insufficient, please add additional page(s))</i></p>
Is this Project related Service new scope?	[Yes/No]
Is this Project related Service part of original scope (please insert Document Name, Version and Reference)	[Yes/No] [Reference to Agreed Scope Document]
Estimated effort (man days):	[Resources; time; total days]
Estimated Duration (inc.	[Start date; Finish Date; Duration]

Proposed Start/ Finish date):	
Value for Money (Estimated Fee):	[Fee structure; costing breakdown; total; impact to overall agreed forecast]
Signed By Consultant's authorised representative:	<i>(Signature, Name and Position)</i>
Date:	
Signed By Principal's authorised representative:	If applicable, approval by other Advisors. <i>(Signature, Name and Position)</i>
Date:	
Signed By (Lead Partner/Advisor):	<i>(Signature, Name and Position)</i>
Date:	
NSW Treasury Assessment:	Approved/ Not Approved
Signed By:	<i>(Signature, Name and Position)</i>
Date:	
If Engagement Not Approved, reasons for not approving:	

SCHEDULE 10:
Reliance Letter template

Reliance Letter (Successful Bidder)



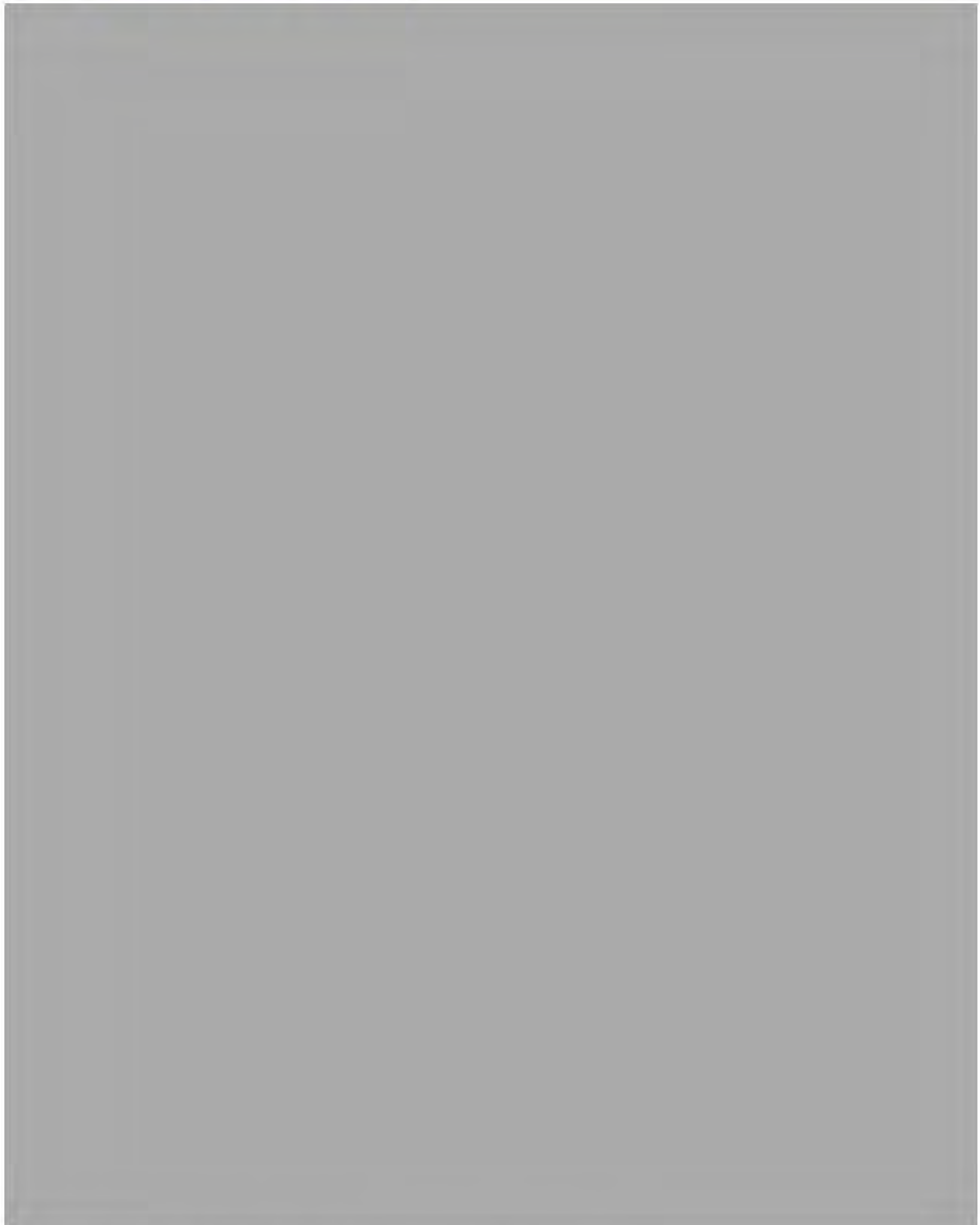
Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2546 Sydney NSW 2001

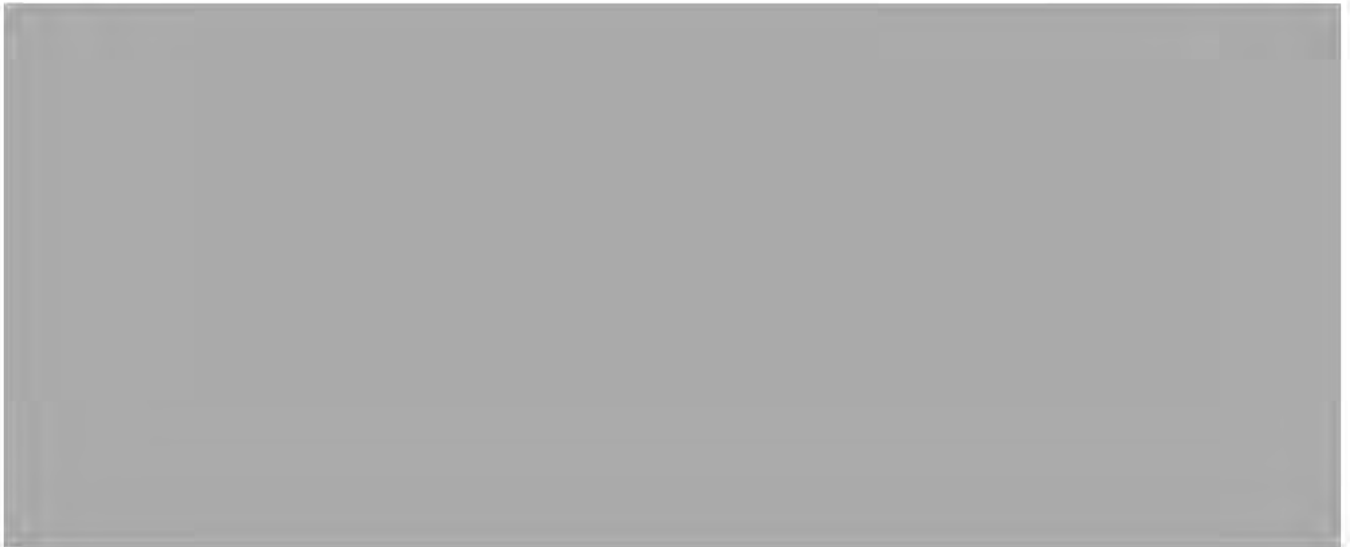
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

[Insert name and address of the third party which wishes to receive a copy of the Report]

[Insert date]

Attention: *[Insert name of the relevant contact person]*





<p>SCHEDULE 11: Non- Reliance Letter template</p>

[To be addressed to each Recipient of the Report]



Building a better
working world

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au



