

New South Wales Asset Divestments and Projects

NATIONAL PARTNERSHIP AGREEMENT ON ASSET RECYCLING

PRELIMINARIES

- B1 This Schedule to the National Partnership Agreement on Asset Recycling (National Partnership) should be read in conjunction with that Agreement. The objective of the National Partnership is to unlock funds from existing State-owned assets to invest in additional infrastructure that will support economic growth and enhance productivity.
- B2 This Schedule outlines the asset divestments and additional infrastructure to be progressed by New South Wales in accordance with the National Partnership.

TERMS OF THIS SCHEDULE

- B3 This Schedule will commence as soon as it is agreed between the Commonwealth of Australia, represented by the Commonwealth Treasurer, and the State of New South Wales, represented by the New South Wales Treasurer.
- B4 As a Schedule to the National Partnership, its purpose is to provide the public with an indication of how asset recycling is intended to be delivered and demonstrate New South Wales' capacity to achieve the outcomes of the National Partnership.
- B5 This Schedule is contingent upon the following conditions:
- (a) New South Wales providing written notice to the Commonwealth that it intends to proceed with this Schedule within 60 days of the 28 March 2015 election;
 - (b) for each project specified in Table B1, New South Wales providing the final business case (or alternate supporting information if a final business case is not available) and, on the basis of that information, the Commonwealth Treasurer agreeing that each project meets the eligibility criteria in accordance with clause 16 of the National Partnership;
 - (c) for each programme specified in Table B1, New South Wales providing information on all constituent projects under the programme by 30 June 2016 and, on the basis of that information, the Commonwealth Treasurer agreeing that each constituent project meets the eligibility criteria in accordance with clause 16 of the National Partnership; and
 - (d) Infrastructure Australia, in consultation with Infrastructure NSW, completing an assessment of the Sydney Rapid Transit Project, and any project in Table B2

(whether it be a standalone project or one that is part of a programme) that will receive more than \$100 million in milestone payments from the Commonwealth.

- B6 If the condition in subclause B5(a) is not satisfied, this Schedule lapses. The Commonwealth may then reallocate the funding previously allocated for milestone payments under this Schedule.
- B7 If any of the conditions in subclauses B5(b)-(d) are not satisfied, this Schedule continues to operate except to the extent it relates to the project or programme subject to that condition.
- B8 The Commonwealth will not make any milestone payments relating to a project or programme if a relevant condition in clause B5 has not been met.
- B9 This Schedule will cease on completion or termination of the National Partnership, including the acceptance of final performance reporting and processing of final payments against milestones.
- B10 In accordance with clause 14 of the National Partnership, the Commonwealth's financial contributions under this Agreement will be in addition to existing Commonwealth infrastructure funding to the States. Funding for future projects will be determined on a case-by-case basis in accordance with the terms and conditions of the relevant agreement.
- B11 This Schedule may be varied by written agreement between the Commonwealth and the State of New South Wales in accordance with clause 38 of the National Partnership.
- (a) This Schedule will be updated following finalisation of the long-term asset leases to reflect the final lease proceeds, as agreed with the Commonwealth in accordance with clause 21 of the National Partnership.
- (b) This Schedule may be updated to include alternative or additional projects or programmes within the amount of funding agreed when this Schedule first comes into effect, subject to the Commonwealth Treasurer agreeing that the project, or constituent projects within a programme, meets the eligibility criteria in accordance with clause 16 of the National Partnership, and subject to the written agreement of the Commonwealth and New South Wales' Treasurers in accordance with clauses 40 and 41 of the National Partnership.
- B12 Tables B1 and B2 include four programmes (Regional Road Freight Corridor, Regional Growth Roads, Fixing Country Roads and Fixing Country Rail) that are not envisaged, at the time of signing this Schedule, to be fully funded through the proceeds from long-term asset leases. If the amounts to be re-invested in other projects and programmes in Table B1 decreases, New South Wales may use surplus proceeds from long-term asset leases to fund constituent projects in these four programmes. In this case, the Commonwealth will make milestone payments associated with the four programmes subject to:
- (a) this Schedule being varied by the written agreement of the Commonwealth and New South Wales' Treasurers in accordance with clauses 40 and 41 of the National Partnership; and
- (b) both Parties meeting the terms and conditions of the National Partnership and this Schedule.

- B13 Neither the inclusion of these four programmes in Tables B1 and B2, nor the operation of clause B12 entitles New South Wales to additional Commonwealth funding unless this Schedule is varied by the written agreement of the Commonwealth and New South Wales' Treasurers in accordance with clauses 40 and 41 of the National Partnership.

DETAILS OF NEW SOUTH WALES PROJECTS/PROGRAMMES

TABLE B1: FINANCIAL DETAILS¹

Assets to be leased	Infrastructure investment to be funded with lease proceeds	Estimated proceeds from long-term lease of net asset(s) (\$ million) (A)	Proportion of lease proceeds of net asset(s) to be reinvested in agreed infrastructure investment (%) (B)	Estimated value of proceeds to be reinvested into agreed infrastructure investment Amount (\$ million) (C = A x B)	Actual proceeds from long-term lease of net asset(s) (\$ million) ² (D)	Initial Commonwealth payment – Milestone 1 (\$ million) (E = C x 50% x 15%)	Final Commonwealth payment – Milestone 2 (\$ million) ² (F = G - E)	Total Commonwealth contribution (\$ million) ² (G = D x 15%)	Total State contribution (\$ million) ² (H)	Total private sector contribution (\$ million) (I)
<i>Long-term Asset Leases</i>										
TransGrid 100%	<i>All proceeds to be invested into projects and programmes, as specified below.⁴</i>	TBD	100%	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Ausgrid 50.4%		TBD	100%	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Endeavour Energy 50.4%		TBD	100%	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Total		13,100 ³	100%	13,100	13,100	983	983	1,965	TBD	TBD

Assets to be leased	Infrastructure investment to be funded with lease proceeds	Estimated proceeds from long-term lease of net asset(s) (\$ million) (A)	Proportion of lease proceeds of net asset(s) to be reinvested in agreed infrastructure investment (%) (B)	Estimated value of proceeds to be reinvested into agreed infrastructure investment Amount (\$ million) (C = A x B)	Actual proceeds from long-term lease of net asset(s) (\$ million) ² (D)	Initial Commonwealth payment – Milestone 1 (\$ million) (E = C x 50% x 15%)	Final Commonwealth payment – Milestone 2 (\$ million) ² (F = G - E)	Total Commonwealth contribution (\$ million) ² (G = D x 15%)	Total State contribution (\$ million) ² (H)	Total private sector contribution (\$ million) (I)
<i>Projects and Programmes</i>										
	Sydney Rapid Transit (Project) (Project cost: \$10,400 million)			9,043		678	678	1,356	TBD	TBD
	Western Sydney Rail Upgrade (Programme) (Programme cost: \$1,000 million)			870		65	65	130	TBD	TBD

Assets to be leased	Infrastructure investment to be funded with lease proceeds	Estimated proceeds from long-term lease of net asset(s) (\$ million) (A)	Proportion of lease proceeds of net asset(s) to be reinvested in agreed infrastructure investment (%) (B)	Estimated value of proceeds to be reinvested into agreed infrastructure investment Amount (\$ million) (C = A x B)	Actual proceeds from long-term lease of net asset(s) (\$ million) ² (D)	Initial Commonwealth payment – Milestone 1 (\$ million) (E = C x 50% x 15%)	Final Commonwealth payment – Milestone 2 (\$ million) ² (F = G - E)	Total Commonwealth contribution (\$ million) ² (G = D x 15%)	Total State contribution (\$ million) ² (H)	Total private sector contribution (\$ million) (I)
	Parramatta Light Rail (Project) (Project cost: \$1,000 million)			522		39	39	78	TBD	TBD
	Pinch Points and Clearways (Programme) (Programme cost: \$400 million)			348		26	26	52	TBD	TBD
	Smart Motorways (Programme) (Programme cost: \$400 million)			348		26	26	52	TBD	TBD

Assets to be leased	Infrastructure investment to be funded with lease proceeds	Estimated proceeds from long-term lease of net asset(s) (\$ million) (A)	Proportion of lease proceeds of net asset(s) to be reinvested in agreed infrastructure investment (%) (B)	Estimated value of proceeds to be reinvested into agreed infrastructure investment Amount (\$ million) (C = A x B)	Actual proceeds from long-term lease of net asset(s) (\$ million) ² (D)	Initial Commonwealth payment – Milestone 1 (\$ million) (E = C x 50% x 15%)	Final Commonwealth payment – Milestone 2 (\$ million) ² (F = G - E)	Total Commonwealth contribution (\$ million) ² (G = D x 15%)	Total State contribution (\$ million) ² (H)	Total private sector contribution (\$ million) (I)
	Gateway to the South (Project) (Project cost: \$300 million)			261		20	20	39	TBD	TBD
	Regional Road Freight Corridor (Programme) (Programme cost: \$2,000 million)			1,708 ⁵		128	128	256	TBD	TBD
	Regional Growth Roads (Programme) (Programme cost: \$1,000 million)			-- ⁵		0	0	0	TBD	TBD

Assets to be leased	Infrastructure investment to be funded with lease proceeds	Estimated proceeds from long-term lease of net asset(s) (\$ million) (A)	Proportion of lease proceeds of net asset(s) to be reinvested in agreed infrastructure investment (%) (B)	Estimated value of proceeds to be reinvested into agreed infrastructure investment Amount (\$ million) (C = A x B)	Actual proceeds from long-term lease of net asset(s) (\$ million) ² (D)	Initial Commonwealth payment – Milestone 1 (\$ million) (E = C x 50% x 15%)	Final Commonwealth payment – Milestone 2 (\$ million) ² (F = G - E)	Total Commonwealth contribution (\$ million) ² (G = D x 15%)	Total State contribution (\$ million) ² (H)	Total private sector contribution (\$ million) (I)
	Fixing Country Roads (Programme)			-- ⁵		0	0	0	TBD	TBD
	Fixing Country Rail (Programme)			-- ⁵		0	0	0	TBD	TBD
Total				13,100		983	983	1,965	TBD	TBD

- (1) All amounts are estimates unless otherwise stated, and are subject to rounding. Further, the Commonwealth will not make any milestone payments relating to a project or programme unless relevant amounts recorded as 'TBD' are agreed with the Commonwealth in accordance with clause 22 of the National Partnership.
- (2) Amounts will be updated, as necessary, following finalisation of the asset leases, as agreed with the Commonwealth in accordance with clause 21 of the National Partnership.
- (3) This figure is an estimate of the market value of the assets as supported by a scoping study completed by Deutsche Bank and UBS in December 2014, as agreed with the Commonwealth in accordance with clause 21 of the National Partnership.
- (4) Proceeds from long-term asset leases can be re-invested into any fully or partly funded projects/programmes listed in Table B1. Once an asset lease meets the criteria for milestone 1 in accordance with clause 20(a) of the National Partnership, the initial milestone payment 1 will be paid made as projects/programmes also meet the criteria for milestone 1. In the case of milestone 1, the payment will be based on the amount of the estimated proceeds from the asset lease that are to be re-invested in the projects/programmes that also meet the criteria for milestone 1. Once an asset lease meets the criteria for milestone 2 in accordance with clause 20(b) of the National Partnership, the final milestone payment 2 will be paid made as projects/programmes also meet the criteria for milestone 2. In the case of milestone 2, the final payment will be based on the actual proceeds from the asset lease that are re-invested in the projects/programmes that also meet the criteria for milestone 2, adjusted for any difference between the estimated and actual asset lease proceeds and any adjustment required where the lease of an asset results in a direct cost to the Commonwealth.
- (5) Subject to clauses B12 and B13.

TABLE B2: SPECIFIC DETAILS OF ASSET LEASES, INFRASTRUCTURE PROJECTS AND PERFORMANCE MILESTONES^{1,2}

Asset(s) to be leased	Infrastructure investment to be funded with lease proceeds	Specific Details of Milestone 1	Specific Details of Milestone 2
<i>Long-term Asset Leases</i>			
TransGrid 100%	All proceeds to be invested into projects and programmes, as specified below.	NP 20 (a) (i) Release of expression of interest for a long-term lease of 100% of TransGrid. NP 20 (a) (ii) Commencement of other government processes ahead of lease: <ul style="list-style-type: none"> • Public announcement of New South Wales' intention to lease the asset; • Passage of enabling legislation to Parliament; and • Release of Information Memorandum to the market. 	NP 20 (b) (i) Financial close of the long-term lease transaction for 100% of TransGrid.
Ausgrid 50.4%		NP 20 (a) (i) Release of expression of interest for a long-term lease of 50.4% of Ausgrid. NP 20 (a) (ii) Commencement of other government processes ahead of lease: <ul style="list-style-type: none"> • Public announcement of New South Wales' intention to lease the asset; • Passage of enabling legislation to Parliament; and • Release of Information Memorandum to the market. 	NP 20 (b) (i) Financial close of the long-term lease transaction for 50.4% of Ausgrid.
Endeavour Energy 50.4%		NP 20 (a) (i) Release of expression of interest for a long-term lease of 50.4% of Endeavour Energy. NP 20 (a) (ii) Commencement of other government processes ahead of lease: <ul style="list-style-type: none"> • Public announcement of New South Wales' intention to lease the asset; • Passage of enabling legislation to Parliament; and • Release of Information Memorandum to the market. 	NP 20 (b) (i) Financial close of the long-term lease transaction for 50.4% of Endeavour Energy.

Projects and Programmes			
	Sydney Rapid Transit project	<p>NP 20 (a) (iii) Commencement of planning and other approvals for the SYDNEY RAPID TRANSIT PROJECT, which includes:</p> <ul style="list-style-type: none"> • commencement of state planning and environmental approvals via the lodgement of a: <ul style="list-style-type: none"> a) development application under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations; or b) notification of works under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations, • one of which can be expected to be lodged in [REDACTED], and where required, commencement of the Commonwealth environmental assessment approval processes under the <i>Environmental Protection and Biodiversity Conservation Act 1999</i>, and related state legislation, which is expected to occur in [REDACTED] 	<p>NP 20 (b) (ii) Commencement of construction of the SYDNEY RAPID TRANSIT PROJECT. (This is expected in [REDACTED].)</p>
	Western Sydney Rail Upgrade programme	<p>NP 20 (a) (iii) Commencement of planning and other approvals for each constituent project in the WESTERN SYDNEY RAIL UPGRADES PROGRAMME, which includes:</p> <ul style="list-style-type: none"> • commencement of state planning and environmental approvals via the lodgement of a: <ul style="list-style-type: none"> a) development application under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations; or b) notification of works under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations, • one of which can be expected to be lodged in [REDACTED], and where required, commencement of the Commonwealth environmental assessment approval processes under the <i>Environmental Protection and Biodiversity Conservation Act 1999</i>, and related state legislation, which is expected to occur in [REDACTED] 	<p>NP 20 (b) (ii) Commencement of construction of each constituent project in the WESTERN SYDNEY RAIL UPGRADES PROGRAMME. (This is expected in [REDACTED].)</p>

	Parramatta Light Rail project	<p>NP 20 (a) (iii) Commencement of planning and other approvals for the: PARRAMATTA LIGHT RAIL PROJECT, which includes:</p> <ul style="list-style-type: none"> • commencement of state planning and environmental approvals via the lodgement of a: <ul style="list-style-type: none"> a) development application under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations; or b) notification of works under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations, • one of which can be expected to be lodged in [REDACTED], and where required, commencement of the Commonwealth environmental assessment approval processes under the <i>Environmental Protection and Biodiversity Conservation Act 1999</i>, and related state legislation, which is expected to occur in [REDACTED]. 	<p>NP 20 (b) (ii) Commencement of construction of the PARRAMATTA LIGHT RAIL PROJECT (This is [REDACTED].)</p>
	Pinch Points and Clearways programme	<p>NP 20 (a) (iii) Commencement of planning and other approvals for each constituent project in the PINCH POINTS & CLEARWAYS PROGRAMME, which includes:</p> <ul style="list-style-type: none"> • commencement of state planning and environmental approvals via the lodgement of a: <ul style="list-style-type: none"> a) development application under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations; or b) notification of works under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations, • one of which can be expected to be lodged in [REDACTED], and where required, commencement of the Commonwealth environmental assessment approval processes under the <i>Environmental Protection and Biodiversity Conservation Act 1999</i>, and related state legislation, which is expected to occur in [REDACTED]. 	<p>NP 20 (b) (ii) Commencement of construction of each constituent project in the PINCH POINTS & CLEARWAYS PROGRAMME. (This is expected in [REDACTED].)</p>

	Smart Motorways programme	<p>NP 20 (a) (iii) Commencement of planning and other approvals for each constituent project in the SMART MOTORWAYS PROGRAMME , which includes:</p> <ul style="list-style-type: none"> • commencement of state planning and environmental approvals via the lodgement of a: <ul style="list-style-type: none"> a) development application under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations; or b) notification of works under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations, • one of which can be expected to be lodged in [REDACTED], and where required, commencement of the Commonwealth environmental assessment approval processes under the <i>Environmental Protection and Biodiversity Conservation Act 1999</i>, and related state legislation, which is expected to occur in [REDACTED]. 	<p>NP 20 (b) (ii) Commencement of construction of each constituent project in the SMART MOTORWAYS PROGRAMME. (This is expected in [REDACTED].)</p>
	Gateway to the South project	<p>NP 20 (a) (iii) Commencement of planning and other approvals for the: GATEWAY TO THE SOUTH PROJECT, which includes:</p> <ul style="list-style-type: none"> • commencement of state planning and environmental approvals via the lodgement of a: <ul style="list-style-type: none"> a) development application under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations; or b) notification of works under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations, • one of which can be expected to be lodged in [REDACTED], and where required, commencement of the Commonwealth environmental assessment approval processes under the <i>Environmental Protection and Biodiversity Conservation Act 1999</i>, and related state legislation, which is expected to occur in [REDACTED]. 	<p>NP 20 (b) (ii) Commencement of construction of the GATEWAY TO THE SOUTH PROJECT. (This is expected in [REDACTED].)</p>

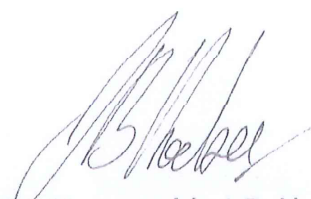
	Regional Road Freight Corridor programme ³	<p>NP 20 (a) (iii) Commencement of planning and other approvals for each constituent project in the REGIONAL ROAD FREIGHT CORRIDOR PROGRAMME , which includes:</p> <ul style="list-style-type: none"> • commencement of state planning and environmental approvals via the lodgement of a: <ol style="list-style-type: none"> a) development application under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations; or b) notification of works under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations, one of which can be expected to be lodged in [REDACTED], and • where required, commencement of the Commonwealth environmental assessment approval processes under the <i>Environmental Protection and Biodiversity Conservation Act 1999</i>, and related state legislation, which is expected to occur in [REDACTED]. 	<p>NP 20 (b) (ii) Commencement of construction of each constituent project in the REGIONAL ROAD FREIGHT CORRIDOR PROGRAMME (This is expected in [REDACTED].)</p>
	Regional Growth Roads programme ³	<p>NP 20 (a) (iii) Commencement of planning and other approvals for each constituent project in the REGIONAL GROWTH ROADS PROGRAMME , which includes:</p> <ul style="list-style-type: none"> • commencement of state planning and environmental approvals via the lodgement of a: <ol style="list-style-type: none"> a) development application under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations; or b) notification of works under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations, one of which can be expected to be lodged in [REDACTED], and • where required, commencement of the Commonwealth environmental assessment approval processes under the <i>Environmental Protection and Biodiversity Conservation Act 1999</i>, and related state legislation, which is expected to occur in [REDACTED]. 	<p>NP 20 (b) (ii) Commencement of construction of each constituent project in the REGIONAL GROWTH ROADS PROGRAMME. (This is expected in [REDACTED].)</p>

	Fixing Country Roads programme ³	<p>NP 20 (a) (iii) Commencement of planning and other approvals for each constituent project in the FIXING COUNTRY ROADS PROGRAMME, which includes:</p> <ul style="list-style-type: none"> • commencement of state planning and environmental approvals via the lodgement of a: <ul style="list-style-type: none"> a) development application under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations; or b) notification of works under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations, • one of which can be expected to be lodged in [REDACTED], and where required, commencement of the Commonwealth environmental assessment approval processes under the <i>Environmental Protection and Biodiversity Conservation Act 1999</i>, and related state legislation, which is expected to occur in [REDACTED]. 	<p>NP 20 (b) (ii) Commencement of construction of each infrastructure project in the FIXING COUNTRY ROADS PROGRAMME. (This is expected in [REDACTED].)</p>
	Fixing Country Rail programme ³	<p>NP 20 (a) (iii) Commencement of planning and other approvals for each constituent project in the FIXING COUNTRY RAIL PROGRAMME, which includes:</p> <ul style="list-style-type: none"> • commencement of state planning and environmental approvals via the lodgement of a: <ul style="list-style-type: none"> a) development application under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations; or b) notification of works under the NSW <i>Environmental Planning and Assessment Act 1973</i> and related legislation and regulations, • one of which can be expected to be lodged in [REDACTED], and where required, commencement of the Commonwealth environmental assessment approval processes under the <i>Environmental Protection and Biodiversity Conservation Act 1999</i>, and related state legislation, which is expected to occur in [REDACTED]. 	<p>NP 20 (b) (ii) Commencement of construction of each constituent project in the FIXING COUNTRY RAIL PROGRAMME. (This is expected in [REDACTED].)</p>

- (1) All components of a milestone for a project, or for a constituent project within a programme, must be achieved for the Commonwealth to make the relevant milestone payment. Expected timing for meeting individual components of milestones (where available) is included for indicative purposes only, subject to clause 15 of the National Partnership, which requires the divestment of the asset to be completed and the construction of the additional infrastructure to commence on or before 30 June 2019.
- (2) The expected dates for milestone 2 for projects and programmes reflect the commencement of construction activities and the NSW Government's response to the State Infrastructure Strategy released on 25 November 2014.
- (3) Subject to clauses B12 and B13.

The Parties have confirmed their commitment to this Schedule as follows:

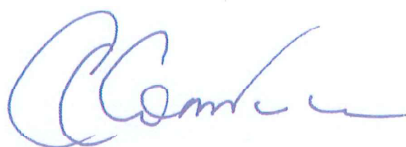
Signed *for and on behalf of the Commonwealth of Australia by*



The Honourable J.B. Hockey MP
Treasurer of the Commonwealth of Australia

5th March 2015

Signed *for and on behalf of the State of New South Wales by*



The Honourable Andrew Constance MP
Treasurer of the State of New South Wales

5 March 2015