From: San Midha
To: Benedicte Colin
Cc: Stewart Walters
Subject: RE: Update
Date: Saturday, 18 December 2021 10:58:28 AM
Attachments: image001.png
image002.png
image005.png
image007.png

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Sorry I keep spelling your name wrong Benedicte.

San Midha | Deputy Secretary
Policy and Budget Group

52 Martin Place, Sydney (enter via 127 Phillip Street)
GPO Box 5469, Sydney NSW 2001

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From: San Midha
Sent: Saturday, 18 December 2021 10:52
To: benedicte
Cc: Stewart Walters
Subject: FW: Update

Hi Benedict,

See the email updating Mike on where we are with the work.

Can I suggest we have a quick chat to update you on some further requirements received from the AO.

Please call when you have a moment

Thanks

San

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Policy and Budget Group

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From: San Midha
Sent: Friday, 17 December 2021 13:38
To: Michael Pratt
Cc: Stewart Walters ; Cassandra Wilkinson

Subject: Update

Hi Mike,

In advance of your meeting with the Auditor General, I can confirm all actions agreed have been acquitted to the extent possible.

Based on your commitment to work towards a more aligned approach to TAHE, the team have facilitated the actions agreed in conversations between Ian Goodwin and Stewart Walters as well as the CEO of TAHE and the Board.

As you know, the Shareholder Ministers issued updated guidance to the Board following Decisions in ERC to achieve the outcomes you have discussed with Ms Crawford.

As agreed we have achieved:

- An average return of 2.5% p.a. on cumulative equity contributions over the first 10 years, noting returns would ramp up over the 10 years
- Over a period approximately equivalent to the blended average remaining useful life, earn sufficient returns to cover:
    - 2.5% p.a. return on cumulative contributed equity per annum; and
    - The asset revaluation.

We have demonstrated the achievements of the thresholds, and provided the following evidence:

1. An Expenditure Review Committee submission and Decision
2. Updated Half Year Review narrative and numbers and journals reflecting the ERC decision
3. Recalculated DCF Valuation of TAHE's assets, using the existing methodology, updated access fees and adopting the conservative upper value from TAHE's valuation (we understand TAHE has provided the valuers report to Audit Team)
4. Updates to TAHE's 10 year plan reflecting new access fees, asset values and depreciation

5. An extrapolation of the 10 year plan, going out to the 33 year remaining useful life of TAHE's assets, which demonstrates longer term sustainability and achievement of the thresholds
6. The shareholder guidance provided to the TAHE Board (we expect to provide a relevant Board minute shortly)
7. Heads of Agreement signed by the three parties to the agreements: Sydney Trains, NSW Trains and TAHE.

Based on the Heads of Agreement, we expect new contracts to be agreed in 2022 which would be reflected in the 2022-23 Budget. Asset valuations once complete will be reflected in the relevant budget updates.

We hope this meets the Auditor Generals requirement for a pre-Christmas sign off.

San

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