



# Appendix one – Response from agency

## Response from Department of Premier & Cabinet



Premier  
& Cabinet

Treasury

Reference: A2772899

Ms Margaret Crawford  
Auditor-General of NSW  
Audit Office of NSW  
Level 15, 1 Margaret Street  
Sydney NSW 2000

Dear Ms Crawford

Thank you for your letter of 13 November 2018 and the opportunity to respond to the Performance Audit Report, "Unsolicited proposal process for the lease of Ausgrid".

I am pleased the audit found that the process for assuring the price was value for money was adequate, and the Department of Premier and Cabinet's (DPC) record keeping appropriately recorded decisions about the proposal.

As previously advised, we continue to differ on the other conclusions in the report.

The evidence before the Assessment Panel and Steering Committee provided compelling reasons to conclude that the proponents were uniquely placed to deliver the proposal and achieve value for money for NSW citizens. There was no other buyer and price thresholds were exceeded.

An independent probity advisor oversaw the assessment and concluded that it was conducted in accordance with the Unsolicited Proposal (USP) Guidelines and probity principles.

Assessment of the proposal was also consistent with the Independent Commission Against Corruption guidelines on direct negotiations, which permit direct dealing after an unsatisfactory competitive process if the agency does not expect repeating the process would produce a better result.

In addition, a more recent review by independent financial consultants further verified that value for money was achieved and it was unlikely that the proceeds from another sale process would have exceeded the price achieved.

The Audit Report has made a number of recommendations for future proposals seeking to acquire a Government business or asset. DPC will of course continue to work towards improving the USP process.

I would like to thank the Audit Office for its efforts in examining the Ausgrid USP.

Yours sincerely

**Tim Reardon**  
Secretary  
Department of Premier and Cabinet

**Michael Pratt AM**  
Secretary  
NSW Treasury

4 December 2018

cc. Ms Claudia Migotto, Assistant Auditor-General, Performance Audit

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