

REPORT OF PROCEEDINGS BEFORE

PUBLIC ACCOUNTS COMMITTEE

**EXAMINATION OF SELECTED AUDITOR-GENERAL'S FINANCIAL
AUDIT REPORTS 2020**

Virtual hearing via videoconference on Friday 17 September 2021

The Committee met at 9:36.

PRESENT

Mr Greg Piper (Chair)

Mr Justin Clancy
Ms Tanya Davies (Deputy Chair)
Mr Lee Evans
Mr Ryan Park
Mr Gurmesh Singh

The CHAIR: Good morning. Thank you all for attending this public hearing being held as part of the Public Accounts Committee follow-up of financial audits of the Auditor-General. I note that this is the first time the Public Accounts Committee has gone 100 per cent online for a public hearing—and hopefully it will be the last time that we need to do this—so it is not unexpected that there could be some teething problems. This inquiry marks the commencement of the Committee's consideration of repeat issues raised in the Auditor-General's reports on the financial statements of New South Wales Government agencies. Today we will be taking evidence relating to selected financial audits for 2020. My name is Greg Piper. I am the Committee Chair and member for Lake Macquarie. With me today are my colleagues the Deputy Chair, Mrs Tanya Davies, the member for Mulgoa; Mr Justin Clancy, the member for Albury; Mr Lee Evans, the member for Heathcote; Mr Ryan Park, the member for Keira; and Mr Gurmeh Singh, the member for Coffs Harbour.

I also acknowledge that at a later date the Committee will be seeking further advice from the Auditor-General on the evidence provided to date. As the Audit Office is currently completing work on the next round of financial audits, which may pre-empt and have a bearing on the information provided, the Committee has not invited the Audit Office to this hearing as would be our normal process. Before we commence I acknowledge the Gadigal people who are the traditional custodians of the land on which Parliament sits. I also pay my respects to Elders past and present of the Eora nation and extend that respect to other Aboriginal and Torres Strait people who are viewing this broadcast. I also note that the hearing today will be live streamed on the Parliament House portal and recorded for Hansard transcription purposes. I now declare the hearing formally open and I welcome our first witnesses from the Department of Planning, Industry and Environment.

MELANIE HAWYES, Deputy Secretary, Crown Lands, Department of Planning, Industry and Environment, affirmed and examined

JAMES HEBRON, General Counsel and Deputy Secretary Legal Services, Department of Planning, Industry and Environment, sworn and examined

DIANE HENDERSON, Organisational Change Lead, Crown Lands, Department of Planning, Industry and Environment, before the Committee

The CHAIR: Thank you for appearing before the Public Accounts Committee today to give evidence. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses.

Ms HAWYES: Yes.

Mr HEBRON: Yes, I have.

The CHAIR: Do you have any questions about this information?

Ms HAWYES: No. All good for me, thanks.

Mr HEBRON: No. All good, thank you.

The CHAIR: Is Ms Henderson not with us today?

Ms HAWYES: Chair, Di Henderson has been invited today to provide a demonstration of our Crown Tracker system. We were not sure whether she needed to be sworn in as a witness.

The CHAIR: I imagine if she is not making any statements but is there as support that would not be necessary. However, her attendance will be noted. Thank you. Ms Hawyes, would you care to make a short opening statement before commencing questions?

Ms HAWYES: Thank you for having us here today. We have, as I mentioned, arranged for Di to attend as it is just simply easier to convey our new information system with a demonstration rather than with words. So, thank you for that.

The CHAIR: You do not wish to have a more fulsome brief statement at this stage? You are happy for us to go straight into questions?

Ms HAWYES: No, that is fine. Just happy to take questions and to move straight to the question part of the business, thanks.

The CHAIR: Then I shall commence. Can you provide some background about the nature of the information that is kept on the Crown Lands database and problems experienced with its maintenance and accuracy?

Ms HAWYES: I think the question refers to the current legacy systems that we are running. I think it is important to note Crown Lands is a very old portfolio, dating back to original white settlement, and as such we have records dating back to that time. Part of our challenge has been to progressively modernise our capability to retain and upgrade those records. Crown Lands accounts for nearly 43 per cent of the area of the State, 32.7 million hectares and more than half a million individual parcels of land. It is no mean feat to create a coherent means of managing so much information. The department at the moment is currently in transition moving from, as I mentioned, a legacy Excel-based record management system through to a more contemporary cloud-based system which has spatial capability—which we will show you rather than have me explain as a Luddite—and provides for far more accurate record keeping going forward. That is the sense of the challenge we face and we are in the process of transitioning to more contemporary record keeping, document management and spatial interrogation capabilities.

The CHAIR: While you answer those questions you will be touching on matters that have probably been pre-prepared or in our minds to ask, so please forgive us if we ask a question that appears to be asking for a similar answer or into a similar area. What have been the previous processes and procedures to ensure that all Crown land is accurate and complete? I do understand that you have touched on that, but if you could go into that a little bit further?

Ms HAWYES: The key thing at the moment in terms of the challenges has been to try to provide data cleansing and data improvements as we go, given, as I outlined, the sheer volume of sometimes very old records that we have. Part of the improvements that the move to a more contemporary system provides is that it has really

good governance for how documents are put into the system, managed, named et cetera. It is far more disciplined simply by virtue of its technology. We have progressively over many years sought to upgrade our information holdings—as you would appreciate, some of the old surveys were inaccurate; it is an ongoing challenge for us to have everything completely accurate—and that will be continued as we move to this new system. The old system is called the Crown Land Information Database and it is a manual legacy system. It is 30 years old. We are moving to Crown Tracker, which is a contemporary cloud-based system, which will provide a single source of truth and is enabled to integrate with other technology going forward. You can imagine, geospatial systems, which we will show you in a second, are far more powerful. You can drill down to a parcel of land. You can see inaccuracies very readily and fix them as you go. So the capability that we are bringing into the business necessarily provides for a far more accurate sense of record keeping and data management going forward.

The CHAIR: Just as a follow-up to that, you obviously have many Crown land managers there, particularly in relation to local government councils. Is it my understanding that councils can query this new database Crown Tracker and therefore make changes themselves or request changes? How does that work? What is the engagement with your Crown land managers?

Ms HAWYES: I might give a brief outline and then it is probably helpful to just simply show you that screen because it is far more intuitive and you can then see for yourself. The very first wave of upgrades were designed to provide that access to our Crown land managers, both council and volunteers, recognising the vast network of Crown land managers that contribute to looking after the Crown land estate. There are portals that exist for councils and the first release of Crown Tracker brought into place a portal to support the volunteer base Crown land managers to look after their accounts, to be able to see their reserves and to really support them to do the great work that they do. If it is okay with the Committee I might ask Di to show you that screen so you can get a sense of how it works.

The CHAIR: Thank you.

Ms HAWYES: Thanks Di. As you can see here, this screen—can the Committee see the screen?

The CHAIR: Yes.

Ms HAWYES: Great. To the right is the capability that it provides for Crown land managers. They can log on, they can view their reserve, prepare annual reports and manage their portfolios essentially. That is the kind of capability that this system now offers and that was our first release, which went live in April 2020.

The CHAIR: Thank you. I will open it up and go to the Deputy Chair, Mrs Tanya Davies.

Mrs TANYA DAVIES: Can everyone hear me okay?

Mr HEBRON: Yes.

Ms HAWYES: Yes.

Mrs TANYA DAVIES: My apologies, I had technical difficulties this morning. Thank you so much for your time today. I have a question in relation to Crown Lands and Aboriginal land claims because we did notice that there was quite a significant backlog and also the issue of repeated claims over the same land continuing on. Are you able to give the Committee an overview as to how this Crown Tracker is perhaps going to assist in that particular scenario to support the Aboriginal communities?

Ms HAWYES: Yes. Thank you for the question. It might help if Di, you might stop sharing the screen just for the moment so that we can focus on this question. Going forward this sort of spatially enabled technology will be far more accurate in terms of providing information to land councils and the NSW Aboriginal Land Council [NSWALC] about claimable lands and where claims are to avoid and tidy up some of those multiple claim issues that you have referred to. At this point we are sharing data with NSWALC readily. We do not yet have online capability for NSWALC to log in through a portal but that is something that we would look to seek to bring into the system going forward. The technology does help you simply by the fact that you can see the land more accurately, have a look at where the claims are and what the tenures are on the land. Over time it will assist in terms of just the accuracy with which you can see what you are dealing with across the portfolio.

Mrs TANYA DAVIES: Can I ask one more question, Mr Chair?

The CHAIR: Please.

Mrs TANYA DAVIES: Thank you. I understand that there is work on a State strategic plan for Crown land. Are you able to give a brief overview as to how that strategic plan is actually going to improve the management of Crown land moving forward?

Ms HAWYES: Again, thanks for the question. We were really excited and proud to bring in the first State plan for Crown Lands which sets a sense of direction as to where the portfolio can really deliver benefits for New South Wales. It sets directions and really articulates the role of Crown Lands in providing and enabling Aboriginal land rights, the achievement of Aboriginal land rights. It also sets high level direction of bringing in activation opportunities, regional jobs and economies, tourism and also recognises that Crown Lands is a really fundamental part of open space and environmental assets across the State. That has never been articulated before and having those directions really helps us focus where we put our efforts and seek to bring in really great opportunities to do more with the portfolio. That, combined with our ability to really understand what is in the portfolio through tools like Crown Tracker, means that you can identify high potential sites for different purposes and work with communities to understand what they want in their local context and really focus Crown Lands' efforts to achieve those things. From our point of view it is a really exciting time for us to have that articulated in a State plan.

The CHAIR: Thank you. I look now to my other colleagues. I recognise the member for Albury, Mr Justin Clancy.

Mr JUSTIN CLANCY: Firstly, Ms Hawyes and Ms Henderson, I acknowledge you and your team because I can appreciate any change of management software is a big undertaking. I certainly acknowledge that. Two questions for me. One is on the timeframes, because I note the audit reports an expected completion date of 30 June 2021. I ask seeking how you are tracking against that timeframe? The second question is: Often audits report risks around cybersecurity and also user access management. I am hoping you might outline for us the steps that you have taken to mitigate those two risks? Thank you.

Ms HAWYES: In terms of the timeframe, it has been extended out. As with everyone at the present time, COVID has impacted our ability to do some user testing. We have done a great deal of user testing to try to iron out glitches and ensure that the system works for users. We have been a little bit delayed by the fact that COVID means we have not been able to do face-to-face training and really some of the user testing has been a little delayed. The second release of Crown Tracker starts to bring our own work flows into the system and that will take place in November this year. That brings in some of the more commercial activities—the licensing that we do, for example, will be integrated into the system, which means there is one source of truth for all of our work flows.

Requests for work across the Crown estate will also start to migrate into that system and, as I mentioned before, the beauty of it is it will be all held in the one place so we can manage the work and keep the records accurately in the one spot. The cybersecurity questions, some of those specifics I might need to take on notice because they may have a more technical element than I am qualified to speak to. But the whole system has been governed through appropriate governance, as you would imagine. We have a vendor. We work through the Department of Planning, Industry and Environment [DPIE] IT steering committee also to ensure that those contemporary provisions are baked into the system. But I might take on notice some of the specifics.

Mr JUSTIN CLANCY: I appreciate you taking that on notice, both cybersecurity and the user access management. Thank you.

The CHAIR: Mr Park?

Mr RYAN PARK: Just a quick one, which has come up in my own work in the past. How do you resolve any disputes if government agencies contest the information in the Crown Tracker system? If there is a disagreement, so to speak?

Ms HAWYES: There does need to be a source of truth. Sometimes we have to get out there and physically survey the land. It depends on the nature of the dispute. If it is okay I might show you the spatial side of the system so that you can see for yourself. That would be the second screen, Di. Often you can resolve things simply by looking. You might have to refer to the records. Sometimes that can be a bit of a journey back to literally parish records from settlement. But now with this capability you can really clearly see a parcel of land and resolve it much more quickly I think going forward. This just shows you, you can hone into a parcel of land and as you would expect kind of get to the Google Maps point of view to see what is really going on across the portfolio. We have never had capabilities like this in the past and it is a very exciting time for us to bring those in.

The CHAIR: I am very pleased to see you have chosen an example from part of my electorate.

Ms HAWYES: A happy coincidence, Chair.

The CHAIR: Well, I will take what I can get to tell you the truth. It is very interesting. I will mention, before I go on to the others, that I met recently with your Crown Land Commissioner Richard Bush and looked at the work that he was doing with the evaluation of the Crown Land Management Act. There is a lot happening in

that space. Is there anything more on that particular screen or will I seek to see if that has covered the answer, Mr Park? Okay.

Ms HAWYES: Thanks, Di.

The CHAIR: Mr Evans?

Mr LEE EVANS: Over the past 10, going on 11 years, that I have been in this chair I have had ongoing issues with Crown land disputes. There is one gentleman who for going on for 30 years has been trying to get something resolved. Is this system going to be able to put it all together in one spot and help through those issues?

Ms HAWYES: I think it is fair to say that when you work with such manual, cumbersome processes and you need to refer back through very old documents to establish with absolute precision who owns and occupies a parcel of land, that has created quite a degree of backlog. I completely acknowledge that there have been situations where people have not been able to get clear decisions from the department in the past. We have brought in this new technology, which you can see will greatly speed up the way we can understand what is occurring on a parcel of land. We have also established business improvement teams to really cut through backlogs that we have in the system. My hope is that within the next 12 months you will start to see a real improvement in the speed with which we can process some of these applications.

Mr LEE EVANS: This one in particular was 1903. It was a paper town on a property the fellow is leasing. He cannot get any clear road ahead to be able to purchase it because of the paper town, which never actually existed. That is his issue and it has been going on for 30 years. That is the sort of stuff you bog down in in the department.

Ms HAWYES: That is right. Has been, certainly. These new capabilities will really help us speed up the way that we can make decisions with confidence, given the need for absolute precision about ownership and occupation and the history of parcels of land over the State.

Mr LEE EVANS: Thank you.

The CHAIR: Mr Singh?

Mr GURMESH SINGH: You touched on this in one of your earlier answers. How is Crown Lands working to better support Indigenous communities through its work?

Ms HAWYES: We mentioned briefly the land claims, which is a very transactional process to resolve and determine individual claims. We are seeking to really move towards far more the ability to broker outcomes at scale. The claims process will continue. It is a statutory process but it is inherently chronological and piecemeal parcel by parcel. What we are seeking to do is work much more proactively with the land councils to understand their priorities. We have a project running—we call it LALC 20—which is basically asking the land councils what their top priority claims are so that we can move more quickly on those priorities. We are also working on the greater use of, they are called Aboriginal land agreements and they are, as they sound, able to be scaled up to large areas. We are again taking an approach of sitting down with land councils, understanding their aspirations for those lands and trying to determine multiple claims and interests over those parcels of land so that we can unlock opportunities and activate those lands in partnership with the land councils.

Mr GURMESH SINGH: One of the frustrations sometimes is how long claims can take and especially over some quite sensitive areas or conversely areas that might have not a lot of value but they are still tied up in that system for quite some time.

Ms HAWYES: Yes.

The CHAIR: Sorry? There was no response to that?

Ms HAWYES: I would simply say I completely acknowledge that and there is far more—again, the future is far more exciting than it has been in the past tied to those transactional processes because we are seeing a rebuilding of trust with land councils and the establishment of really good faith, ability to sit down and broker outcomes at scale. There are 14 Aboriginal land agreements in train across the State and when they come to fruition they will resolve multiple claims and interests in land and really open up those lands to opportunities.

The CHAIR: Earlier I referenced the document handed down by Professor Richard Bush, the evaluation of the Crown Land Management Act. How will that document further inform changes and improvements in Crown Lands in the future?

Ms HAWYES: The report is incredibly helpful for the department, as you would appreciate. It surfaces known frustrations. The report canvasses and goes into great depth of discussion with stakeholders using and enjoying the Crown estate, so we have a really good understanding of some of their key concerns and priorities

and frustrations. We are working through at the moment a response to that report. There are opportunities for some quick fixes but there are also some really great insights for longer term legislative reform when the Act is due for its statutory review.

The CHAIR: Thank you. I will look to my colleagues and make sure there are no outstanding questions they wish to ask. If not, we will assume that we have reached the conclusion of this part of the hearing. Thank you for appearing before the Public Accounts Committee today to give evidence. The Committee may wish to send you some additional questions in writing to which you have already alluded that you might need to take some on notice. The replies to those questions would form part of your evidence and be made public. Would you be happy to provide a written reply within 14 days to any further questions?

Ms HAWYES: Absolutely.

The CHAIR: That concludes this part of the public hearing. I thank you again for your attendance.

(The witnesses withdrew.)

BENEDICTE COLIN, Chief Executive Officer, Transport Asset Holding Entity of New South Wales, affirmed and examined

PETER CRIMP, Executive General Manager, Finance and Business Performance, Transport Asset Holding Entity of New South Wales, sworn and examined

The CHAIR: I now welcome representatives from the Transport Asset Holding Entity [TAHE] of New South Wales. Thank you for appearing before the Public Accounts Committee today. I ask you to please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses.

Ms COLIN: Yes, we have.

Mr CRIMP: Yes.

The CHAIR: Do you have any questions about this information?

Ms COLIN: All good from me.

Mr CRIMP: No.

The CHAIR: Ms Colin would you like to make a brief opening statement to the inquiry.

Ms COLIN: Yes. Thank you for the opportunity to appear before the Committee today. I am very pleased to be here representing TAHE, an organisation that has an important role to play for the benefit of the New South Wales economy. I have been with the organisation for only two weeks now; prior to taking this role I have been in the industry for 25 years, advising on transactions and operating various infrastructure businesses. I have led organisations in Australia such as Keolis Downer; however, this is my first experience with the New South Wales public service. I am genuinely excited about the challenge and opportunities ahead. Over the last two weeks I have met with each of the 20 members of the team and I am genuinely impressed by the level of commitment, collaboration and experience within the organisation.

I have to admit that, when I did my due diligence before joining TAHE, I was surprised how little of the public commentary canvassed the benefit of the reform for the public of New South Wales. I joined TAHE because I firmly believe there is a significant opportunity to unlock the potential of transport assets for the benefit of metropolitan and regional communities in New South Wales. TAHE has been structured to drive economic growth by taking a more disciplined approach to investment and promoting innovation and sustainability. At the same time, it provides that the transport assets are being managed in a safe and reliable manner in line with Transport for NSW [TfNSW] requirements.

Everyone who knows me will tell you that I am passionate about public transport. When I visit cities around the world, riding on public transport is definitely on top of my list. This is how you feel the vibe of a city. This is because rail and metro stations have become much more than community hubs: they are real destinations and vibrant places where passengers enjoy a retail and entertainment experience. If you take St Pancras station in London, the metro stations in Japan or the ongoing renovation project of Gare du Nord in Paris, these are examples of first-class transport precincts. We can do this in New South Wales. New South Wales has many similar opportunities to activate the precincts around our key stations, creating vibrant spaces where people feel more connected. This is even more critical in the context of post COVID—reopening cities, bringing back people together and supporting businesses.

Projects such as Central station or Redfern North Eveleigh will be transformative. However, they are complex and they require discipline and the right level of innovation and ambition. No meaningful reform is straightforward and setting TAHE is a significant transport reform. It involves complex legal and financial structures and, like many transformations, our execution will not always be perfect and it will take some time to achieve maturity. Yet State-owned corporations have worked successfully and safely in sectors including water, energy and many others. I am confident the model is equally applicable in the transport sector and part of my role will be better explaining the benefit of TAHE to the New South Wales economy.

Turning to the subject matter of this inquiry, I would like to acknowledge the Auditor-General's report into transport and specifically the recommendations relating to TAHE, which were really helpful in setting our road map. I am pleased to update the Committee that TAHE has made positive progress in responding to each of her recommendations. First, we finalised our operating model, which is underpinned by an operating licence issued by the transport Minister and a statement of expectations. Further, we are in the process of finalising our statement of corporate intent and a business plan. Secondly, we have concluded legal arrangements with Transport for NSW, Sydney Trains, NSW Trains and track operators. These agreements provide certainty regarding each

party's respective obligations as well as TAHE's future funding. Thirdly, we have developed an asset management and safety assurance framework supported by robust competence. Thank you once again for the opportunity to appear today and make an opening statement.

The CHAIR: Thank you for that opening statement. I am sure we all appreciate that you are very new to the role of CEO of TAHE, which is, by the way, an entity that is relatively new to the knowledge of most people of New South Wales. It is not a high-profile entity—you would know, obviously, RailCorp before it was—but it has been subject to quite a bit of discussion in the media of late. Some would suggest your interest in taking on the role is courageous. I would imagine you are obviously seeing this is as quite a challenge and it seems to fit your background. Thank you very much for that. You have actually covered in your opening statement some of the issues—of course, because we are drawing from the same document from the Audit Office. So you have touched on some of those matters. I apologise in advance if any of the questions are repetitive but, for the record, I would hope that we can use them as a point of clarification.

In relation to the matter you were raising around the operating model—whether it be statement of corporate intent, the agreement with Transport for NSW, Sydney Trains, NSW Trains, all those—they went to the very heart of one of the most important questions that we have for the day. I know you have not read my notes but I am going to take your opening statement as covering the first part of my question. But I will go on and say that I understand that on 30 June 2020 RailCorp's assets were recorded at a value of around \$40 billion. Given that you would have prepared your financial statements for the year ending 30 June 2020, has the value of those assets, which are now TAHE assets, increased or decreased? Has there been a variation up or down and what would be the reasons behind any variation?

Ms COLIN: The value of our assets will certainly change given the new operating agreement that we have entered into. That is because we are likely to change our valuation approach, which is going to be on an income basis, reflecting the fact that we are a State-owned corporation. We have issued our draft financial statements to the Auditor-General and they are currently in the process of being audited. They have not yet been approved by our board, so it feels like it is a little bit premature to discuss these financial statements.

The CHAIR: Thank you. It may be premature but maybe we will be following that up later on when you have a longer period. I know Ryan Park, the member for Keira, has a question and that he will be wanting to leave soon. Ryan, are you there?

Ms COLIN: I can see Mr Park.

The CHAIR: I can see that he is still with us but—there he is.

Mr RYAN PARK: Sorry, I am trying to unmute and video at the same time. My question is a quick one. I have been following TAHE for a while and I understand the Australian Bureau of Statistics stuff. Can you provide the basis upon which Treasury and the TAHE determined that the operating model is still in alignment with that ABS public non-financial corporation [PNFC] classification?

Ms COLIN: Look, as you appreciate, I am relatively new in the role and I have not dedicated perhaps lots of time in terms of the accounting policies of TAHE and how they are integrated by Treasury. What I can tell you is that the operating model, which the various entities have landed on 1 July—which takes effect on 1 July—is landed by an operating licence, which is issued by the transport Minister under the transportation Act, which specifically acknowledged that TAHE is authorised to establish, finance, acquire, construct and develop transport assets to be owned by TAHE. The operating licence ensures that TAHE must have regards to safety integrity and must comply with Transport for NSW's assets requirement, but TAHE is specifically precluded from carrying operations and maintenance activities. By the way, we also have to comply with working with delivery of the list of ongoing projects. So that is our operating licence.

In addition we have a statement of expectations, which is also issued by the transport Minister, under which we have to comply with safety obligations, report on safety and also report on our five key objectives under legislation. One of them is to be a commercially successful entity. Finally, as I mentioned in my opening statement, there is a suite of legal arrangements which provide visibility for TAHE in terms of how the operations and maintenance of the networks will be delivered, providing access to tracks and with TAHE receiving funding for access work to these tracks, as well as agreements in relation to the property developments.

Mr CRIMP: If I could just add to that too? The ABS made a public statement in early June in relation to some of the media and in that public statement they reaffirmed that the categorisation of the PNFC was appropriate and that nothing had come to their attention since then that would raise questions around that.

The CHAIR: Thank you. I look now to my other colleagues to see if they have any questions. Deputy Chair?

Mrs TANYA DAVIES: Thank you, colleagues, for your attendance today in front of the Committee. How do I pronounce your name, Benedicte?

Ms COLIN: Benedicte Colin in French. But I often use Colin so if it is easier—

Mrs TANYA DAVIES: You have been in the role for just two weeks, is that correct?

Ms COLIN: Correct.

Mrs TANYA DAVIES: Are you able to fill the Committee in on your background, where you come from that enables you to be in this role—not that I am questioning your capabilities—for our information. What skill sets, what knowledge, what experience do you bring to this role? How do you plan to use that to add to the redevelopment? You touched on Central station as well. How do you bring your experience into what is going to be a very customer-facing redevelopment?

Ms COLIN: There is no doubt that leading TAHE is a challenging role; it is also a very exciting role. I am confident that TAHE will deliver greater benefits for New South Wales. Back to my role, I have a legal background. I have practised in France as a lawyer for 10 years, working on various mergers and acquisitions [M&A], projects, finance transactions. I came to Australia in 2007 and over the last 15 years I have had various roles in infrastructure on the delivery side. I worked on the desalination project and have been exposed to the delivery of complex greenfield projects. Delivering on complex public private partnerships and transactions and contractual frameworks made me exposed to various range of shareholders and stakeholders.

I then moved to be the CEO of Keolis Downer and in that role I have led one of the largest multimodal private operators of public transport in Australia, carrying buses and ferries and light rail operations. So I have that experience of operating transport networks, including multimodal. In my last role I was a senior investment manager with Caisse de dépôt et placement du Québec [CDPQ], which is one of the largest institutional investors in the world. I managed their infrastructure portfolio in Australia, which includes shareholdings in the Port of Brisbane, TransGrid and Plenary. So I bring this range of experience of being exposed to various contracting models and delivering into government procurement. That is what I bring to TAHE. That is this range of experience from operations, contracting and delivery.

One of my key priorities, as I mentioned in my opening statement, will certainly be more engagement with stakeholders and the community to explain the benefits of TAHE. As I pointed out, it is a complex reform. It is not necessarily well understood. So that is certainly a priority. The second priority will be, obviously, to make sure that our assets are safely operated. I have been exposed to complex businesses, regulated businesses, and that safety lens is absolutely critical. The third priority will be to identify opportunities in terms of our development pipeline and properties. I mentioned Central station and North Eveleigh, which are key big projects. There is certainly within our portfolio potential smaller opportunities to either divest or invest and create additional revenue line. Then my fourth priority, as you would imagine, is managing the team, building capabilities, leading this organisation for success—a bit challenging to start in a COVID environment and in a virtual environment but we are getting there.

Mrs TANYA DAVIES: You mentioned one of your key priorities is around the safety aspects. As members of Parliament we are very much in tune with ensuring that the services the Government provides are the safest as possible for our constituency. Are you able to expand briefly on how you are going to oversee the safety aspects of this network for our customers, for our constituents?

Ms COLIN: Thank you for the question because safety is our first priority. The creation of TAHE, if anything, strengthens the transport safety arrangement that we have over the networks. Let me take you through the core elements of how we embed safety within our organisation. First, we have established the board subcommittee, which is specifically dedicated on safety asset management and environment. That subcommittee is led by one of our independent board members, Trevor Bourne, who comes with a highly credentialed experience of chairing safety committees in hazardous and highly regulated organisations. The safety committee has also appointed an independent member with technical expertise in heavy rail asset management and safety.

We have also adopted our asset management and assurance framework, and it is being implemented. We have adopted an asset safety audit plan and appointed an independent specialist, which is WSP. So, we are carrying out with an audit plan. As part of our audit and assurance framework, we are going to develop our strategic asset management and asset management plan together with TfNSW. That will be informed by the asset management plan of Sydney Trains and NSW Trains. Finally, in terms of our organisation, we have embedded safety, with safety being one of our core non-financial key performance indicators and with a commitment to zero material safety incidents.

Mrs TANYA DAVIES: Wonderful. Just one more quick question. Does the TAHE model exist in any other jurisdiction in Australia or is it the first of its kind? If it does exist, are we different in any way to other States or Territories?

Ms COLIN: Yes. The TAHE model—separating assets from operation—exists in other jurisdictions. Actually, in Australia VicTrack has been established under that model 15 years ago—if my recollection is correct—and it works well. It really provides that very specific attention to the assets, freeing up the transport authorities to devise strategy and the operators to focus on the operations. So, VicTrack is certainly one of the models. Internationally—my understanding is some jurisdictions in Europe have also adopted that model of separating assets or at least part of the assets with the station. For instance, that is certainly the model in France.

Mrs TANYA DAVIES: Thank you.

The CHAIR: I have a number of questions but I think they might be covered by others. I will hand over to Mr Justin Clancy.

Mr JUSTIN CLANCY: Two brief questions please, if I may. The first one is maybe for the CFO. Peter, it is just a question around the access charges and, in terms of determining those, what assurance around that being at arms-length on a commercial basis please? Then a question for the CEO. Benedicte, I think in any organisation's major transformation a lot of time and energy can be absorbed on the transformational process. Again, what assurance can you give in terms of some of those strategic aspects that you have spoken of and the benefits that you see? How do you realise that at a time when you are also juggling time and energy demands in terms of transformation?

Mr CRIMP: With respect to your first question, TAHE has always had an access regime in place, particularly with private freight operators and that has now been extended to the two public sector operators—namely, Sydney Trains and NSW TrainLink. The model attaching to that has really been based on the Independent Pricing and Regulatory Tribunal building block model, which looks at both the direct costs—the return of investment and the return on investment. That modelling has taken place and has now been encapsulated into two of the commercial agreements that were signed on 30 June with both Sydney and New South. So, access regimes that recover the regulated assets and the licence arrangements that relate to non-regulated. They have been, as I said, incorporated into commercial agreements between the two parties.

Ms COLIN: Thank you, Mr Clancy, for the question in relation to transformation. There is no doubt that this is a challenging but equally exciting time for TAHE. As with any transformation, I think it starts first with the people and the culture. Over my last two weeks I have made sure to meet with each of the team members, create that culture, build upon necessary—we have had discussions around what are the top priorities. We have established a dartboard of our 10 priorities and one of the top ones is certainly building the capabilities of the team so we can address the various needs and challenges of TAHE. There will be certainly a need to address some of the recommendations that we will have from the Auditor-General moving onwards and, as I mentioned, our executions will not be perfect. It is a road map for improvement and we welcome feedback. I am also trying to build the capabilities in the property and commercial workstream so that, in parallel to building the capabilities and maturities of our systems, we can also accelerate our plans and development opportunities.

Mr JUSTIN CLANCY: This is a little bit of a segue. The Committee on Investment, Industry and Regional Development is currently looking at Inland Rail. One of the conversations there is the fact that we have got metropolitan seaports and the balance between freight and metropolitan-suburban rail. Is there, I suppose, strategically ways of better streamlining systems or improving systems to manage the demands that are both freight and also passenger transport?

Ms COLIN: I think, yes, certainly there is—driving economic growth in the regional areas is part of our agenda. That looks at better investing in freight and looking at the various frameworks and how freight integrates with the various other transport modes. If it is okay, I am happy to provide further, more detailed response to your question, which I will take on notice.

Mr JUSTIN CLANCY: Thank you. I appreciate that.

The CHAIR: Ms Colin, following up on some of the questions so far in relation to the organisation, you have indicated that you are appropriately getting round to meet members of your team to understand the team and all those relationships. Just how large is the team? My understanding is that it is relatively small. If that is the case, is it of a size that will be able to accommodate the demands on TAHE as they were foreseen when TAHE was established? Or is there a scenario where TAHE has to expand its workforce?

Ms COLIN: TAHE is purposely a lean organisation because its role has been set to be a strategic owner. We are not an operator or a maintainer. We have established—currently the organisation has 20 members. It is

also served by staff within Sydney Trains, within NSW Trains and within TfNSW, and I alluded to some of the contracts. One of the contracts is the corporate services agreement between TAHE, Sydney Trains and NSW Trains, under which some of the divisions of each of these respective organisations provide services to TAHE—most importantly, in finance, IT, and safety and environment. There is still a scenario to continue building the capabilities of TAHE, and I alluded to in particular in the property and commercial area as well as, most likely, in the safety and assurance and asset management.

The CHAIR: Mr Evans or Mr Singh do you have any questions?

Mr LEE EVANS: I am okay. Thank you, Chair. I have no questions.

Mr GURMESH SINGH: Mr Chair, I do not have any questions.

The CHAIR: In that case, I might just follow up with a couple other questions. This might be to you, Mr Crimp, in your particular role. How does the operating model demonstrate that TAHE will provide a commercial return to its shareholders and at what stage will TAHE reach a level of maturity for that to actually start to occur?

Mr CRIMP: In the first instance, the level of return will be factored into the access and licence charges that we will be charging from 1 July. That is modest at this stage in terms of the initial charging regime. Then, as the organisation matures, we will be looking at additional commercial opportunities, particularly in the property space to help develop further returns around the properties themselves.

The CHAIR: Thank you. I am running out of questions. Mr Clancy?

Mr JUSTIN CLANCY: Further to that question, Chair. Peter, in that sense, strategically do you see access charges—what sort of component overall of income compared to, say, property development? Have you got a sense of how much each of those income streams will comprise?

Mr CRIMP: We are still working through some of the commercial development opportunities yet, so it is probably too premature to put sort of dollar values on what that likely return will be. At the moment, certainly, access to licence charges for the use of TAHE's assets is probably its principal revenue source.

Mr JUSTIN CLANCY: Thank you.

The CHAIR: Thank you for that. I will just confirm that there are no further questions at this stage. As that is the case, it brings us to the conclusion of this part of the hearing. Thank you both for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Can I ask if you would be happy to provide a written reply within 14 days to any further questions?

Ms COLIN: Yes, happy to.

Mr CRIMP: Yes.

The CHAIR: Thank you. Ms Colin, if I could just reference the fact that I think you did indicate that you might take a question from Mr Clancy on notice—we might follow up with that as a prompt just to make sure that that is covered in there. Thank you for agreeing to that. I do not think that there is anything else that is outstanding. TAHE is, as we all know, a relatively new and not yet mature entity. I imagine it will have some scrutiny on it for a while. Do not take it personally, but I am sure that we will be talking to you in the future. Obviously you are holding a substantial amount of public assets.

That concludes the public hearing on selected financial audit reports. I place on record my thanks to the witnesses who appeared today, to the Committee members for their contributions and to the Department of Parliamentary Services and Committee staff whose work makes these hearings possible, particularly today—as I say, in a sense it is an historic occasion—being the first full online hearing of the Public Accounts Committee. As I indicated before, it is my hope that we are not forced into this situation in any future hearings; however, it is good to know that we can do it. It is very important for the process of public accountability and accountability of government operations. I declare this hearing closed.

(The witnesses withdrew.)

The Committee adjourned at 10:37.