



Transport for NSW

Responses to post-hearing questions

Public Accountability Committee

Inquiry into Transport Asset Holding Entity

Thursday, 10 February 2022

QUESTIONS ON NOTICE

QUESTION:

1. The Hon. DANIEL MOOKHEY: So how did you become informed that there was an issue to do with the Transport Asset Holding Entity that necessitated the reopening of the access agreements?

ROB SHARP: The process through which I became aware was partly on the board but also the TAHE organisation approaching Transport in regard to the upcoming commercial negotiations. Those negotiations have commenced now, basically as part of the February-March budget process. My team and I received an approach in December flagging that there had been a change to the returns, and they were flagging to us that there would be the expectation that the negotiations that would commence in February-March would take that into account.

The Hon. DANIEL MOOKHEY: Thank you, Mr Sharp. Just to be clear, you said in December?

ROB SHARP: In December.

The Hon. DANIEL MOOKHEY: Was it 14 December?

ROB SHARP: I would have to take on notice the specific date of that communication.

ANSWER:

On 14 December 2021, Transport for NSW was advised of a request from the TAHE Shareholder Ministers that TAHE re-negotiate access fees to such an amount as facilitates a target average return of 2.5 per cent on equity contributed.

QUESTION:

2. The Hon. DANIEL MOOKHEY: I know that. The timeline here is very important because I want to ask you what happened after 16 December. I want to be very fair to you, Mr Sharp. Can you assure us that you knew specifically that your department was getting an additional \$1.1 billion prior to its announcement in the half-year budget review? Because you are leaving an impression that the first time the Department of Transport and you as secretary found out about this additional money was in the budget paper when it was released that day at circa 3.00 p.m.

ROB SHARP: Mr Mookhey, I will have to take on notice that specific date, because you are asking a very specific question around a date. I do not have that information on hand, but the process I have described.

ANSWER:

On 14 December 2021, Transport for NSW was advised that additional provision was made by NSW Treasury for payment of access and licence fees by Sydney Trains and NSW TrainLink to TAHE.

QUESTION:

3. The CHAIR: Mr Sharp, what is the current floor and ceiling set by IPART? You keep talking about it. Tell us what they are.

ROB SHARP: Yeah. I would have to take that on notice in terms of the exact amounts because it does depend on the location and what you are actually accessing.

ANSWER:

IPART set a 5.3 per cent per annum real, post-tax rate of return from 1 July 2019. IPART's current decision applies from 1 July 2019 to 30 June 2024.

Under the NSW Rail Access Undertaking, access owners cannot charge more than the full economic costs of providing access (ceiling) and the prices must be at least as high as the avoidable costs of operating the network (floor). Access providers and access seekers negotiate prices and terms and conditions of access within these limits.