



17 December 2021

Rob Sharp  
Secretary  
Transport for NSW  
231 Elizabeth Street  
Sydney  
NSW 2000

Matt Longland  
CEO  
Sydney Trains  
231 Elizabeth Street  
Sydney  
NSW 2000

Dale Merrick  
CEO  
NSW Trains  
Administration Building,  
4 Lowden Square  
Wollongong NSW 2500

Dear Rob, Matt and Dale

## Access and Licence Fees

We refer to the following:

1. Licence, Agency and Maintenance Deed between Transport Asset Holding Entity of New South Wales (**TAHE**), Transport for NSW (**TfNSW**), Sydney Trains (**ST**) and NSW Trains (**NSWT**) dated 30 June 2021;
2. Track Access Agreement between TAHE and ST dated 30 June 2021; and
3. Track Access Agreement between TAHE and NSWT dated 30 June 2021,

(collectively referred to as the **Operating Agreements**).

As you are aware, the Operating Agreements provide for the payment of access fees and licence fees by TfNSW, ST and NSWT to TAHE. The Operating Agreements provide a regime whereby the relevant parties meet annually and consult in good faith in order to determine the amount of the access fees and licence fees that will be payable in the following financial year.

TAHE has now received updated guidance from its Shareholding Ministers, being The Treasurer and the Minister for Finance and Small Business, that they expect TAHE to strengthen its trajectory of commercial returns.

In this regard, the TAHE Shareholding Minister's have requested that TAHE re-negotiate the access fees and licence fees payable under the Operating Agreements with each of TfNSW, ST and NSWT in order to facilitate a target average return to Government of 2.5% on equity contributed.

In order to give effect to and achieve the Government's objectives, TAHE is now seeking a commitment from TfNSW, ST and NSWT that the parties will work together collaboratively and use best endeavours to agree to review access fees and licence fees payable under the Operating Agreements and to make all necessary changes to the Operating Agreements by 1 July 2022.



It is acknowledged that the parties will meet in the New Year in order to negotiate the access and licence fees applicable to each of the Operating Agreements. Negotiations will be consistent with the pricing methodology set out in the NSW Rail Access Undertaking and the requirements of the Independent Pricing and Regulatory Tribunal. Additionally, we understand that access fees and licence fees will be reviewed taking into consideration key matters driving the increased requirement for a higher return including inflation forecasts and rail patronage risks. Attached to this letter is a spreadsheet setting out the proposed indicative future access and licence fees which will form the basis of the negotiations between the parties.

It is recognised that additional work will need to be undertaken by the parties in order to determine the appropriate allocation of the increased access fees and licence fees.

Could you please sign and return a copy of this letter to TAHE to confirm your agreement to work together to meet the objectives of Government.

Yours sincerely

**Bénédicte Colin**  
CEO  
Transport Asset Holding Entity of New South Wales

### **Acknowledgement**

The parties acknowledge and agree to the terms set out in this letter.

Signature	Signature	Signature
18 December 2021	18 December 2021	
Date	Date	Date
Rob Sharp Secretary Transport for NSW	Matt Longland CEO Sydney Trains	Dale Merrick CEO NSW Trains

As at 16122021 1300pc

<b>Contracted Fees (current)</b>		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Regulated</b>											
	ST										
	Existing	169.10	171.50	173.80	176.50	206.20	209.60	215.40	216.00	216.70	223.10
	New	59.10	83.90	108.90	134.60	161.90	195.60	231.30	267.60	308.80	352.30
<b>Regulated</b>											
	NSWT										
	Existing	43.60	44.20	44.90	45.50	53.20	54.10	55.60	55.70	55.90	57.60
	New	23.00	32.40	42.60	53.10	65.30	78.20	91.90	105.70	120.80	136.90
<b>Unregulated</b>											
	ST										
	Existing	135.30	137.20	139.10	141.30	165.10	167.80	172.40	172.90	173.50	178.60
	New	74.20	100.40	125.60	150.00	176.30	208.20	242.00	275.70	309.70	346.50
<b>Unregulated</b>											
	NSWT										
	Existing	152.90	155.10	157.20	159.60	186.50	189.60	194.80	195.40	196.00	201.80
	New	22.70	46.40	74.90	107.20	134.50	156.90	180.60	204.00	225.50	249.30
<b>Total</b>		<b>679.90</b>	<b>771.10</b>	<b>867.00</b>	<b>967.80</b>	<b>1,149.00</b>	<b>1,260.00</b>	<b>1,384.00</b>	<b>1,493.00</b>	<b>1,606.90</b>	<b>1,746.10</b>
<i>Proof</i>		<i>679.90</i>	<i>771.10</i>	<i>867.00</i>	<i>967.80</i>	<i>1,149.00</i>	<i>1,260.00</i>	<i>1,384.00</i>	<i>1,493.00</i>	<i>1,606.90</i>	<i>1,746.10</i>
<i>Check</i>		-	-	-	-	-	-	-	-	-	-

<b>Additional Fees</b>		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Regulated</b>											
	ST										
	Existing	-	34.07	35.03	36.00	42.59	43.59	44.62	45.66	46.72	47.80
	New	-	61.40	76.85	93.07	107.84	130.03	153.47	178.47	207.07	236.78
<b>Regulated</b>											
	NSWT										
	Existing	-	7.01	7.26	7.51	9.69	9.95	10.22	10.49	10.76	11.04
	New	-	23.71	30.06	36.72	43.50	51.98	60.98	70.49	81.00	92.01
<b>Unregulated</b>											
	ST										
	Existing	-	31.52	32.28	33.06	37.18	37.98	38.80	39.64	40.49	41.35
	New	-	73.47	88.63	103.72	117.43	138.40	160.57	183.87	207.67	232.88
<b>Unregulated</b>											
	NSWT										
	Existing	-	45.19	46.05	46.93	48.97	49.88	50.81	51.75	52.71	53.68
	New	-	33.96	52.85	74.12	89.59	104.30	119.83	136.05	151.21	167.55
<b>Total</b>		-	<b>310.32</b>	<b>369.01</b>	<b>431.12</b>	<b>496.79</b>	<b>566.13</b>	<b>639.29</b>	<b>716.41</b>	<b>797.63</b>	<b>883.10</b>
<i>Proof</i>			<i>310.32</i>	<i>369.01</i>	<i>431.12</i>	<i>496.79</i>	<i>566.13</i>	<i>639.29</i>	<i>716.41</i>	<i>797.63</i>	<i>883.10</i>
<i>Check</i>		-	-	-	-	-	-	-	-	-	-

<b>Contracted &amp; Additional Fees</b>		<i>No price change in 21/22</i>									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Regulated</b>											
	ST										
	Existing	169.1	205.6	208.8	212.5	248.8	253.2	260.0	261.7	263.4	270.9
	New	59.1	145.3	185.7	227.7	269.7	325.6	384.8	446.1	515.9	589.1
<b>Regulated</b>											
	NSWT										
	Existing	43.6	51.2	52.2	53.0	62.9	64.1	65.8	66.2	66.7	68.6
	New	23.0	56.1	72.7	89.8	108.8	130.2	152.9	176.2	201.8	228.9
<b>Unregulated</b>											
	ST										
	Existing	135.3	168.7	171.4	174.4	202.3	205.8	211.2	212.5	214.0	220.0
	New	74.2	173.9	214.2	253.7	293.7	346.6	402.6	459.6	517.4	579.4
<b>Unregulated</b>											
	NSWT										
	Existing	152.9	200.3	203.3	206.5	235.5	239.5	245.6	247.1	248.7	255.5
	New	22.7	80.4	127.8	181.3	224.1	261.2	300.4	340.0	376.7	416.9
<b>Total</b>		<b>679.90</b>	<b>1,081.42</b>	<b>1,236.01</b>	<b>1,398.92</b>	<b>1,645.79</b>	<b>1,826.13</b>	<b>2,023.29</b>	<b>2,209.41</b>	<b>2,404.53</b>	<b>2,629.20</b>
<i>Proof</i>		<i>679.9</i>	<i>1081.42</i>	<i>1236</i>	<i>1398.9</i>	<i>1645.79</i>	<i>1826.13</i>	<i>2023.3</i>	<i>2209.4</i>	<i>2404.5</i>	<i>2629.2</i>
<i>Check</i>		-	- 0.00	- 0.01	- 0.02	0.00	0.00	0.01	- 0.01	- 0.03	- 0.00