



**The Hon. Matt Kean MP**  
Treasurer  
Minister for Energy and Environment

Mr Bruce Morgan  
Chair  
Transport Asset Holding Entity of NSW (TAHE)  
470 Pitt Street  
HAYMARKET NSW 2000

Dear Mr Chairman

*Bruce*

**Regarding the shareholders' expectations of returns for the Transport Asset Holding Entity**

Per section 21(5) of the State-Owned Corporations Act 1989 the shareholders write to update guidance on the Statement of Corporate Intent.

Thank you for your work to establish The Transport Asset Holding Entity. The shareholders are aware of the considerable progress made towards a long term sustainable commercial model for the business.

The government's investment in transport assets has been unprecedented in contemporary times. The creation of a dedicated entity to manage the assets under commercial disciplines is a fundamental component of the government's plans to sustainably maintain the increasingly large investment of the people of NSW.

As you are aware there has been a degree of interest in the establishment of TAHE. Following discussions between TAHE, Treasury and the Office of the Auditor General, the shareholders have determined to strengthen TAHE's trajectory of commercial returns to maximise the net worth of the State's investment in the SOC.

The shareholders' request that TAHE re-negotiate access fees to such an amount as facilitates a target average return of 2.5% on equity contributed and that the Statement of Corporate Intent be adjusted accordingly. It is recognised that smoothing adjustments may need to be made to pricing so as to maintain this target rate of return.

Consistent with this adjustment, Treasury expects the public rail operators to engage in negotiations with TAHE and will make the necessary financial arrangements with those entities to support these negotiations.

While the shareholders were satisfied the plans outlined in the previous Statement of Corporate Intent were appropriate and correct based on preliminary expectations, ongoing discussions have led to a decision to accelerate the corporation's returns in the interests of moving more quickly through establishment to a mature rate of sustainable returns.



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Any adjustments to TAHE's plans necessitated by this updated shareholder guidance should be reflected in the 2022-23 Statement of Corporate Intent.

I look forward to your confirmation of the board's agreement to modify the Statement accordingly.

Yours sincerely,

**The Hon. Matt Kean MP**  
Treasurer  
Minister for Energy and Environment

14.12.21

CC: The Hon. Damien Tudehope, Minister for Finance and Small Business