

QUESTIONS ON NOTICE

QUESTION 1.

The CHAIR: Interesting. In your annual reports you list the other category of "Contractors - maintenance related and other". So, for instance, in 2022 that was \$92.5 million. How much of that is maintenance related and how much of it is other?

LYNDAL PUNCH: I'm afraid I don't have that information in front of me at the moment so I'll have to take it on notice.

The CHAIR: That would be very useful. Can you tell me what is in the "other" category?

LYNDAL PUNCH: Again, I'll take that on notice so I can give you the correct information.

ANSWER:

In the TAHE 2021/22 Annual Report, the \$92.5 million listed as "Contractors - maintenance related and other", is comprised of \$1.7 million in professional services and \$90.8 million in relation to maintenance, including maintenance of the Country Regional Network.

QUESTION 2.

The CHAIR: You mentioned the approval processes for consulting spend in your opening statement. Can you just tell me again, at what level does the board get involved with procurement?

LYNDAL PUNCH: We have a very comprehensive delegations framework. Within that delegations framework has the required levels for individuals. So in terms of when the board gets involved – and I just got the delegation instrument now so I can tell you when, for consultants, they get involved.

The CHAIR: You did say for a variation of contract.

LYNDAL PUNCH: They also get involved for approvals. Sorry, bear with me for just one minute. To approve the expenditure to engage consultants, professional services and/or labour hire personnel, the CEO has a delegation limit of \$500,000. Anything above \$500,000 must be reported to the board for board approval.

The CHAIR: That's useful. I'm just looking at the 2022 spend on consultants as disclosed in the annual report. So only that top one, that ICA Partners at \$710,000, would have required board approval. Is that right?

LYNDAL PUNCH: Per the delegation instrument, yes. However, our board and our audit risk committee do get visibility of all consultancy spend throughout the year.

The CHAIR: But they don't have to actively approve it or get involved in the actual negotiations or signing off or anything like that?

LYNDAL PUNCH: Only for anything above \$500,000.

The CHAIR: Just above \$500,000. And the rest is delegated to the CEO, so that was Ms Colin and now –

LYNDAL PUNCH: Excuse me, would you mind if I correct that?

The CHAIR: Please.

LYNDAL PUNCH: The CEO has delegation of up to \$500,000, but there are delegation limits for our executive leadership team. In terms of our executive leadership team, myself as the CFO and my colleagues at the EGM level have a delegation of up to \$150,000.

The CHAIR: So you've got a delegation of \$150,000 yourself?

LYNDAL PUNCH: Correct.

ANSWER:

Please refer to the response provided by Mrs Punch in the hearing.

QUESTION 3.

The CHAIR: Just in terms of the management of conflict of interest, I understand that your chair, Bruce Morgan, was a PwC partner for 26 years. I think you yourself were at EY for a few years and other consultants. Mr Smith as well was also at EY for some time. Have there been any contracts with PwC that aren't classified as consulting that are above that \$500,000 limit, for instance?

LYNDAL PUNCH: Not that I'm aware, and not as reported in the annual reports. I can say that there has been consultants – I'm just having a look, sorry, on our financial year 2022. There has been those – PwC asset valuation was approximately \$138,000.

The CHAIR: Yes, and then there was one that was disclosed on eTendering – 2023, valuation of Transport Asset Holding Entity cash-generating units of \$279,400. So there have definitely been contracts with PwC but none of them at that board approval level. So, presumably, Mr Morgan didn't get involved in those contracts.

LYNDAL PUNCH: No, he would not have got involved in those contracts. But the audit and risk committee – for the appointment of a valuer, we did an independent tendering process. The recommendations did go up to the audit and risk committee for noting, from my memory, and the chairman did refrain from any comments in relation to the preferred supplier for the engagement.

ANSWER:

There have not been any individual engagements between TAHE and PwC valued above \$500,000.

QUESTION 4.

The CHAIR: Just on the \$279,400 one, which is for a contract between 8 November last year to 30 June this year – so presumably it will be captured in your 2023 annual report – it said on eTendering that that was non-tender, that it didn't go out to tender. Do you know why that is?

LYNDAL PUNCH: No, I will have to take that on notice. To my knowledge, we actually did go out to tender. So I will have to take that on notice to clarify.

The CHAIR: Yes, if you don't mind. Another one that came up was Frontline Strategic Services, providing asset management services for \$300,300. That one I think is a five-month contract for this year and, again, was specified to be non-tender. So maybe it's an error. But if you could come back and let us know, that would be very useful.

ANSWER:

The contract disclosure on eTendering to the value of \$279,400 with PwC was a non-tender. This procurement related to compliance with asset valuation requirements for year-end financials.

The engagement of Frontline Strategic involved a market sounding process, with TAHE receiving multiple service offerings from potential proponents. It did not progress to a formal tender process.

QUESTION 5.

The CHAIR: TAHE spent significant amounts of money on SEC Newgate for communications work, and I think we may have talked about this with TAHE in a budget estimates session. How much in total has TAHE spent with SEC Newgate?

REYNARD SMITH: I don't have that number in front of me, but I'm happy to take that on notice.

ANSWER:

TAHE has previously engaged SEC Newgate to support communications, media, and stakeholder engagement functions. This did not include any lobbying functions. TAHE has spent just over \$390,000 on SEC Newgate.

Any contract between SEC Newgate and TAHE is commercial in confidence.

QUESTION 6.

The CHAIR: Newgate is also a lobbyist, though, isn't it?

REYNARD SMITH: I'm sorry. I'm happy to provide that on notice in terms of what their full capabilities are, but I wasn't there when they were first engaged.

The CHAIR: Are you able to provide us with the terms of reference or the brief in relation to the Newgate work?

REYNARD SMITH: I would have to take that on notice and see what information we can provide.

ANSWER:

Please refer to the response to Question on Notice 5.

QUESTION 7.

The CHAIR: Thank you. That would be very useful. Just coming back to TAHE's spend on the big four. I know we have what has been disclosed in the annual reports, but are you able to tell us the total expenditure that has gone from TAHE to, for example, PwC in each of the last three financial years, whether or not it's treated as a consulting spend on whatever it is — just PwC at one end and TAHE at the other?

LYNDAL PUNCH: I can confirm that in 2022, as part of the annual report, the PwC independent asset valuation was \$138,096. At the moment I'm unable to confirm the amount for 2023 for PwC. In 2021 PwC were engaged for rail management advisory services, which was a total of \$129,100, as reported in the annual report. PwC were also engaged at the time for the independent asset valuation, which was \$60,000.

The CHAIR: But that's what is disclosed in the report as being consulting spend. My question was how much in total has TAHE paid PwC, whether or not it was acting as consultant or anything else. If you were to look at the spend — where you've put a certain amount of money to PwC, for example — how much would that be?

LYNDAL PUNCH: I'll take that on notice and provide that amount and percentage for you.

The CHAIR: Thank you — and also for EY, KPMG and Deloitte. That would be incredibly useful. One of the things that we're finding very hard is being able to actually get that figure.

The Hon. PETER PRIMROSE: May I ask, in relation to that, if you could also provide the categories — what they're actually called, whether X amount has been labelled in your budget processes as for communication, for consultants, for contracting or something else. If you could just disaggregate it that way, that would be useful as well. Thank you.

ANSWER:

Please refer to the responses to Supplementary Question 2 through 8.

QUESTION 8.

The CHAIR: That would be incredibly useful. Do you have any secondees or contractors sitting within TAHE?

LYNDAL PUNCH: Yes, we do.

The CHAIR: Can you tell me how many?

LYNDAL PUNCH: I'm so sorry, I do not have that number in front of me. But we do have a few secondees at the moment from Transport for NSW. I think there's approximately three, but again I will take that on notice just to confirm the amount.

The CHAIR: Sorry, three secondees from Transport?

LYNDAL PUNCH: Transport for NSW, from my knowledge. We also have contractors as well.

The CHAIR: How many contractors?

LYNDAL PUNCH: I'll take it on notice, I'm sorry.

The CHAIR: Thank you — and at what level those contractors are sitting would be good as well.

LYNDAL PUNCH: Sure.

The CHAIR: What their position titles are.

The Hon. Dr SARAH KAINE: And where they're from.

The CHAIR: And where they're from.

LYNDAL PUNCH: Could I just confirm, was that for this financial year only?

The CHAIR: The ones you currently have.

ANSWER:

There are currently three Transport for NSW secondees within TAHE performing the roles of Community Assets Manager, Senior Procurement Officer and Government Relations Senior Manager.

There are two contractors at TAHE performing the roles of Head of Asset Management and Head of Regulated Assets as an interim measure while recruitment is undertaken.

QUESTION 9.

The CHAIR: I am just looking at a contract award that was published on 23 May. It's for transport and traffic planning evaluation, \$705,000. So that we get a flavour of what sort of consultants you're using and what for, can you tell us, firstly, would that go into the consulting spend or would that be part of other contractors?

LYNDAL PUNCH: I understand the question but I don't have the information in front of me. I will come back to you on that one.

ANSWER:

The \$705,000 contract relates to ecologist, acoustic, air quality, traffic and transport management studies conducted in relation to site investigations and planning for a future mixed use precinct at Bombo Quarry.

These studies will take place over 12 months and across all four workstreams include site assessments, concept design, supporting research material and related information.

QUESTION 10.

The Hon. Dr SARAH KAINE: That raises a question about the comms contract again. You were saying that you only had a small team and that you could in-house. You seem to be suggesting that SEC Newgate performed the work as opposed to provided advice. You were saying that you only had a small team and you have now in-housed that work. Was their role not advisory, as per the description you have just spoken about, or were there other things in that that we haven't heard about? Was it advisory or was it indeed that you didn't have the staff able to do the website or do whatever else you were doing?

REYNARD SMITH: I would say, from the best of my knowledge, there's a bit of both. But I'm happy to provide a further breakdown on notice, if required.

ANSWER:

Please refer to the response to Question on Notice 5.

QUESTION 11.

The CHAIR: I'm a bit worried you're going to have to take this on notice, but I am going to give it a whirl. There was a contract published on eTendering on 13 February in relation to computer equipment and accessories. The contractor name is Experteq and under "Particulars of goods or services" it says, "Market analysis of audiovisual equipment for meeting rooms – non-tender, \$210,000." Why are we spending \$210,000 on analysing audiovisual equipment for meeting rooms? Are you able to tell me more about that one?

REYNARD SMITH: That is actually the establishment of our meeting room. We don't have any meeting rooms in the offices we have so that is the actual purchase of TV screens and video cameras to actually establish those meeting rooms.

The CHAIR: So it includes the actual assets?

REYNARD SMITH: Yes.

The CHAIR: Why market analysis, then? Why is that the description?

REYNARD SMITH: I would have to have a look at that and take that on notice, sorry.

The CHAIR: We don't normally disclose every bit of equipment. Are you hiring that equipment rather than actually becoming the purchaser of it?

REYNARD SMITH: I don't have the details in front of me, sorry. I will have to take that on notice.

ANSWER:

The 'market analysis' services included an assessment of audio-visual requirements across a number of meeting rooms within the TAHE office. The cost included the purchase of electronic hardware identified in that assessment, including digital displays, video conferencing cameras, microphones, speakers and wi-fi connectivity across four rooms.

QUESTION 12.

The CHAIR: This is giving me flashbacks of the last time I asked TAHE representatives about eTendering. There are a bunch of very different types of approaches here. We've got one for "contingent workforce" from 30 September for \$153,000 with Hays Recruitment. Are you able to tell me anything about that one? Is that just recruitment services or is that the actual contingent workforce itself? Do you know?

LYNDAL PUNCH: I wish I did right now. I'm afraid I don't. We will take it on notice, sorry.

ANSWER:

This payment refers to an individual labour hire engagement.