

Transport Asset
Holding Entity

Annual Report

Financial Year 2023-2024

Volume 1



A photograph of three people in business attire walking outdoors. On the left, a man with dark hair and glasses is seen in profile, wearing a light-colored blazer. In the center, a woman with blonde hair is smiling, wearing a bright red short-sleeved blouse. On the right, a man with short grey hair is looking towards the camera, wearing a blue checkered blazer over a pink shirt. They are walking on a paved path in front of a modern building with large glass windows and a concrete overpass. A circular orange sign with a white 'T' is visible in the background.

WELCOME TO OUR 2023 - 2024 Annual Report

Acknowledgement of Country

Transport Asset Holding Entity of New South Wales acknowledges the Traditional Custodians and their ancestors of the lands and waters where we work, live and learn.

We celebrate the First Nations people unique cultural and spiritual relationship to Country and acknowledge the significance of their cultures in Australia. We pay our respect to Elders, past and present and acknowledge their continuing connection to land, water and community.



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To:

The Hon. Daniel Mookhey MLC

Treasurer

52 Martin Place
SYDNEY NSW 2000

The Hon. Courtney Houssos MLC

Minister for Finance

*Minister for Domestic Manufacturing
and Government Procurement
Minister for Natural Resources*

52 Martin Place
SYDNEY NSW 2000



Letter to Shareholder Ministers

Re: Report on performance for the year ended 30 June 2024.

We are pleased to submit the Annual Report of Transport Asset Holding Entity of New South Wales (**TAHE**) for the year ended 30 June, 2024, to Parliament.

Our Annual Report FY24 has been prepared according to the requirements of section 24A of the *State Owned Corporations Act 1989* (NSW) and the *Government Sector Finance Act 2018* (NSW).

The financial statements, which form part of this Annual Report, have an unmodified audit opinion from the Auditor-General of New South Wales.

As part of the Government's election commitments, during the 2024 Financial Year TAHE's legislated objectives were amended and government directions issued to commence the transition of TAHE from a State Owned Corporation (**SOC**) to a NSW Government agency in the form of a non-commercial Public Non-Financial Corporation (**PNFC**). These amendments required TAHE to change from a for-profit entity to a not-for-profit entity for accounting purposes. As a result, and consistent with AASB 13 Fair Value Measurement, TAHE's asset valuation methodology was amended from an income-based methodology to a replacement cost methodology. The change in valuation methodology resulted in a material impact on the value of TAHE's assets and on TAHE's depreciation expenses when compared to the previous year. The change also impacted the timing of the finalisation of TAHE's financial statements for inclusion in the 2024 Annual Report.

NSW Treasury granted an extension to the Annual Report deadline pursuant to paragraph 4 of Treasurer's Direction TD23-11 *Annual Reporting Requirements* to 30 November 2024.

Yours sincerely,

Erin A. M. Flaherty
Chair

29 November 2024

Lyndal Punch
Acting Chief Executive Officer

29 November 2024

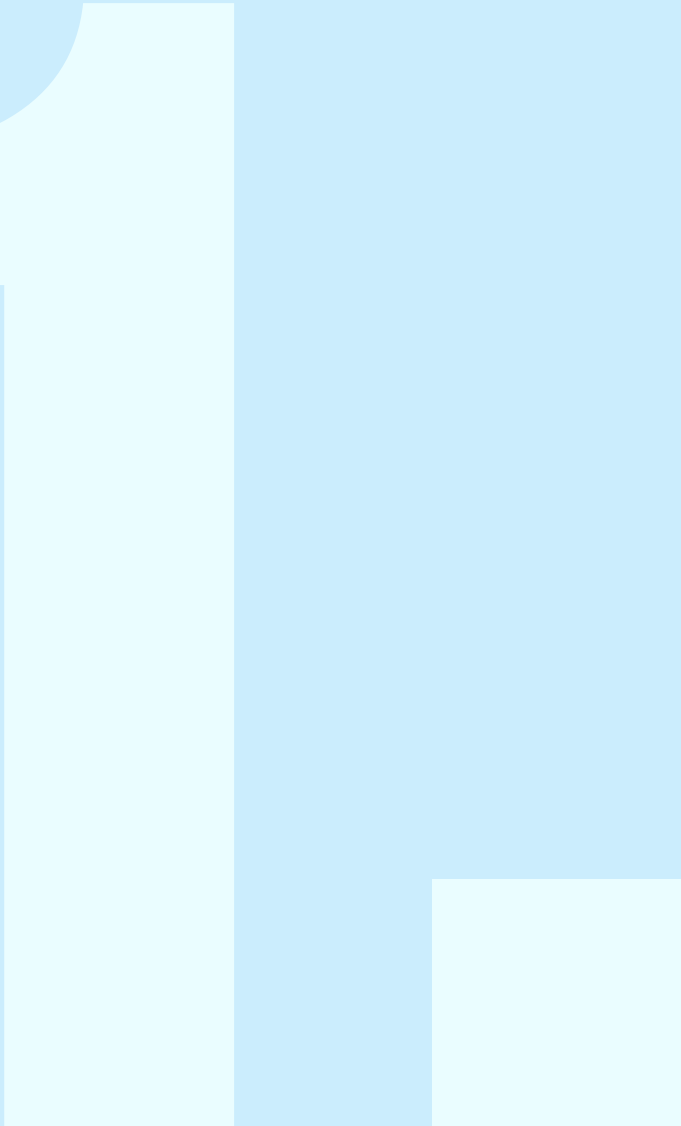
“

**Making
NSW a better
place to *live,*
*work and play.***



Section 1

Overview



Section Contents

- 1.1 Message from our Chair and CEO
- 1.2 FY23/24 Year in Review
- 1.3 About Us



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MESSAGE FROM

Our Chair & CEO

The Transport Asset Holding Entity of New South Wales (TAHE) has navigated a sustained period of change and uncertainty through the 2024 Financial Year (FY24).

TAHE has worked closely with its partners in Transport for New South Wales (TfNSW) and NSW Treasury in response to the NSW Government's revised policy on TAHE and the recommendations outlined in the Carolyn Walsh review.

There have been a number of developments in our on-going transition since the submission of the FY23 Annual Report.

Carolyn Walsh was appointed independent Chair of a working group to facilitate the transition, including representatives from TAHE, NSW Treasury and TfNSW. Six work streams covering aspects of TAHE's operating model were established, each either chaired or represented by members of TAHE's Executive Leadership Team (ELT).

The six groups are tasked with shaping the future entity, aligning decision making with the NSW Government's policy priorities, integrating TfNSW's operating structure changes and actioning the recommendations of the Carolyn Walsh review.

In December 2023, TAHE's legislation was amended to elevate safety and reliability above its four other legislated objectives. The remaining four objectives are treated equally and direct TAHE's long-term vision of delivering commercial, sustainable, and socially responsible outcomes for the people of NSW, while enhancing connectivity with regional NSW.

In June 2024, the government introduced to Parliament the Transport Administration

Amendment Bill 2024. The key aim of the Bill was to transition TAHE into a new NSW government agency to be known as the Transport Asset Manager of New South Wales (TAM).

The Transport Administration Amendment Bill 2024 was assented on 23 September 2024 and is expected to be effective 1 January 2025.

The entity will have its State-Owned Corporation (SOC) status revoked and be re-classified as a NSW Government Agency in the form of a Public Non-Financial Corporation (PNFC).

As an organisation, TAM will provide an exciting new opportunity to strategically and holistically manage NSW's diverse metropolitan and regional rail assets.

Whilst progressing with the transition to TAM, TAHE has continued delivering on its existing business priorities.

The following is a summary of TAHE's operations through FY24.

Transforming our Assets

New policies of the NSW Government to address the housing shortage have impacted the management of key housing development initiatives previously led by TAHE.

In particular, TAHE's activation of underutilised land adjacent to rail assets for the delivery of housing have been impacted - with a number of sites progressed by TAHE likely to be divested to Homes NSW or Landcom, who will then also assume management of the delivery of these projects. Sites likely to be divested include the Clothing Store Precinct in North Eveleigh

and sites under the proposed Affordable Housing Pilot Program.

Notwithstanding these changes, TAHE continues to make progress on a number of other significant projects which are re-imagining how we can use our rail assets. The re-development of the Eddy Avenue Precinct at Central Station, for example, has progressed to tender for construction. Similarly, the proposed re-development of the former locomotive precinct at Broadmeadow into a new urban, mixed used precinct has been publicly exhibited and TAHE is continuing to engage with Sydney Trains on access to the Bombo Quarry as part of its plans to transform the site into new housing opportunities.

Strategic Asset Management

In its fourth year of operation TAHE has enhanced its role as a strategic asset manager, strengthening its capabilities and systems to assure a safe, reliable, and resilient rail network for both passengers and operators.

This comes at a time when improving asset management maturity across Transport has been identified as a key recommendation in the recent Carolyn Walsh review.

TAHE has remained focused on core strategic asset management activities such as:

- » The Strategic Asset Management Plan (SAMP) – specific asset management objectives and performance measures for the asset portfolio
- » Asset Management Plan (AMP) – a comprehensive overview of the performance, condition and risks associated with TAHE assets

In addition to strengthening our existing partnerships, we have undertaken new initiatives to further enhance the efficiency and sustainability of our operations. This includes the integration of industry leading technology to improve real-time monitoring and maintenance of rail assets. By leveraging data analytics, we can proactively address potential issues, thereby minimising downtime and enhancing service reliability.

Supporting our communities

TAHE continues to invest in and conserve its substantial portfolio of non-operational heritage assets across NSW.

Eight design and construction projects are underway in Sydney and regional NSW to restore and adapt heritage station buildings for community use.

Extensive community engagement is driving project planning, enabling design solutions attuned to community needs facilitating social value.

Heritage significance and storytelling is informing sensitive restoration work – reawakening community connections and improving the condition of our much-loved heritage assets. A few examples of projects underway with our much-loved heritage assets are Berry, Bundanoon, Fairfield and many more.

Freight and the last mile logistics

TAHE has identified significant opportunities in developing or re-deploying its industrial

land and property assets to better participate in the industrial and logistics market and growing last mile delivery capabilities. Both areas of focus seek to enhance supply chain efficiencies and connectivity, unlock value in underutilised assets owned by TAHE and support the shift from road to rail freight transportation.

TAHE has commenced an Expression of Interest (**EOI**) process to partner with the private sector on a last mile logistics trial – seeking to activate a number of underutilised rail assets in inner Sydney as a last mile logistic ‘micro-hubs’ - aiming to reduce carbon emissions, support local manufacturing, and ease traffic congestion.

TAHE has also completed a strategic review of freight corridors and industrial precincts identifying strategically located underutilised sites for future investment and development in support of our last mile logistic ambitions.

St James Tunnel Visitor Experience

TAHE is bringing new life to the long disused St James Tunnels.

Safe public access will be provided to Bradfield’s visionary tunnels, creating a new guided tour and multimedia visitor experience.

Construction and installation of safety and visitor infrastructure in the disused St James Tunnels is nearing completion and scheduled to be open to the public by early 2025.

Social and cultural outcomes

TAHE continues to develop relationships and partnerships with the not-for-profit sector founded through its commitment to social responsibility in supporting the most vulnerable people in our community.

TAHE has developed a Social Legacy Strategy and Implementation Framework. This innovative initiative outlines how TAHE may consider Social Legacy as part of any outcomes during project delivery and/or when undertaking an initiative. Pilot testing of the strategy will commence in FY25.

TAHE has also completed its Homelessness Policy and Action Plan. This aligns with the Department of Communities and Justice’s Protocol for Homeless People in Public Places which TfNSW is a signatory. The policy aims to ensure that all TAHE’s assets are inclusive and address the issue of homelessness.

Placemaking and social initiatives such as the Tom Uren Place Redevelopment and the Armidale Cadets Building continue to progress and are detailed further in the Annual Report.

TAHE’s rail assets remain an important backdrop for the iconic Vivid Sydney, including the Wynyard Tunnels for the Dark Spectrum festival and Central Station for the dazzling light show. In addition, the Rainbow Tunnels in Sydney’s Inner west, an immersive light installation originally used for World Pride, is now progressing into a permanent display following positive feedback from the local community.

Building a high performance culture

TAHE’s ELT has been focused on providing the opportunities, tools, and support for its people during a prolonged period of uncertainty in FY24 leading to TAHE’s transition to TAM.

A comprehensive Learning and Development Program has been rolled out providing new opportunities for employees to manage and respond to change, along with training to expand or hone professional skills.

The Executive Leadership Team has prioritised how it communicates with its people during this period, committing to transparent, timely and specific communications as the transition progresses.

Governance

In line with legislative changes to TAHE’s operating model, TAHE’s Board will be replaced with an Advisory Board, providing advice to the Chief Executive and Minister. A Chief Executive will be appointed by the Minister for Transport.

Until that time, TAHE’s Board and ELT continue working to the existing governance frameworks and policies to support the business operations.

In August 2023, TAHE welcomed Josh Murray as Transport Secretary and TAHE Board member. Josh Murray, in his capacity as Transport Secretary, was appointed to the TAHE Board in accordance with section 6(2)(b) of the *Transport Administration Act 1988* (NSW).

On 30 June 2024, Bruce Morgan retired as Chair and Director of the TAHE Board. Bruce leaves a profound legacy at TAHE, having overseen the growth and development of the business since its inception in 2020. Bruce steered the development of TAHE as a business and was instrumental in establishing TAHE's business frameworks, including asset, governance, financial, commercial, risk and people and culture management. We thank Bruce for his lasting contribution to TAHE and wish him well with his future endeavours.

Erin Flaherty commenced as TAHE's new Chair on 1 July 2024. Erin has made a significant contribution to the Board and TAHE since her appointment as non-Executive director in January 2023, bringing her extensive experience across the rail industry in NSW and Australia.

Lyndal Punch was appointed Acting Chief Executive Officer in December 2023, following the resignation of Benedicte Colin. As TAHE's previous Chief Financial Officer, Lyndal has a deep understanding of the business' strategic priorities and, with her strong relationships across the public sector, has been a leading voice in the design of the new entity. In parallel to managing the transition of TAHE to TAM, Lyndal is also currently focused on ensuring that TAHE continues to meet its existing legislative obligations and business objectives whilst ensuring that TAHE's values and positive work culture are preserved through the transition to TAM.



Sustainability

TAHE has commenced setting its organisational sustainability strategy, using a risk-based approach to confirm sustainability priorities and ensuring

alignment with Transport's ambitious climate change and net zero agendas. TAHE continues to enhance its sustainability capabilities, embedding socially responsible and ecologically sustainable governance practices across the organisation and pursuing innovations and investments which focus on building a sustainable and resilient NSW.

TAHE is committed to fostering innovation and sustainability across all facets of our operation. We are actively exploring renewable energy sources and sustainable materials to reduce our environmental footprint. Our commitment to sustainability extends beyond operational practices to include community engagement and stakeholder collaboration, ensuring our strategies are aligned with broader societal goals.



Looking ahead

During the transition period, TAHE will continue working collaboratively with the Government, TfNSW and key stakeholders to ensure the delivery of its legislated objectives for the benefit of NSW. The operating model review work streams are continuing to develop and progress recommendations for the transition to TAM.

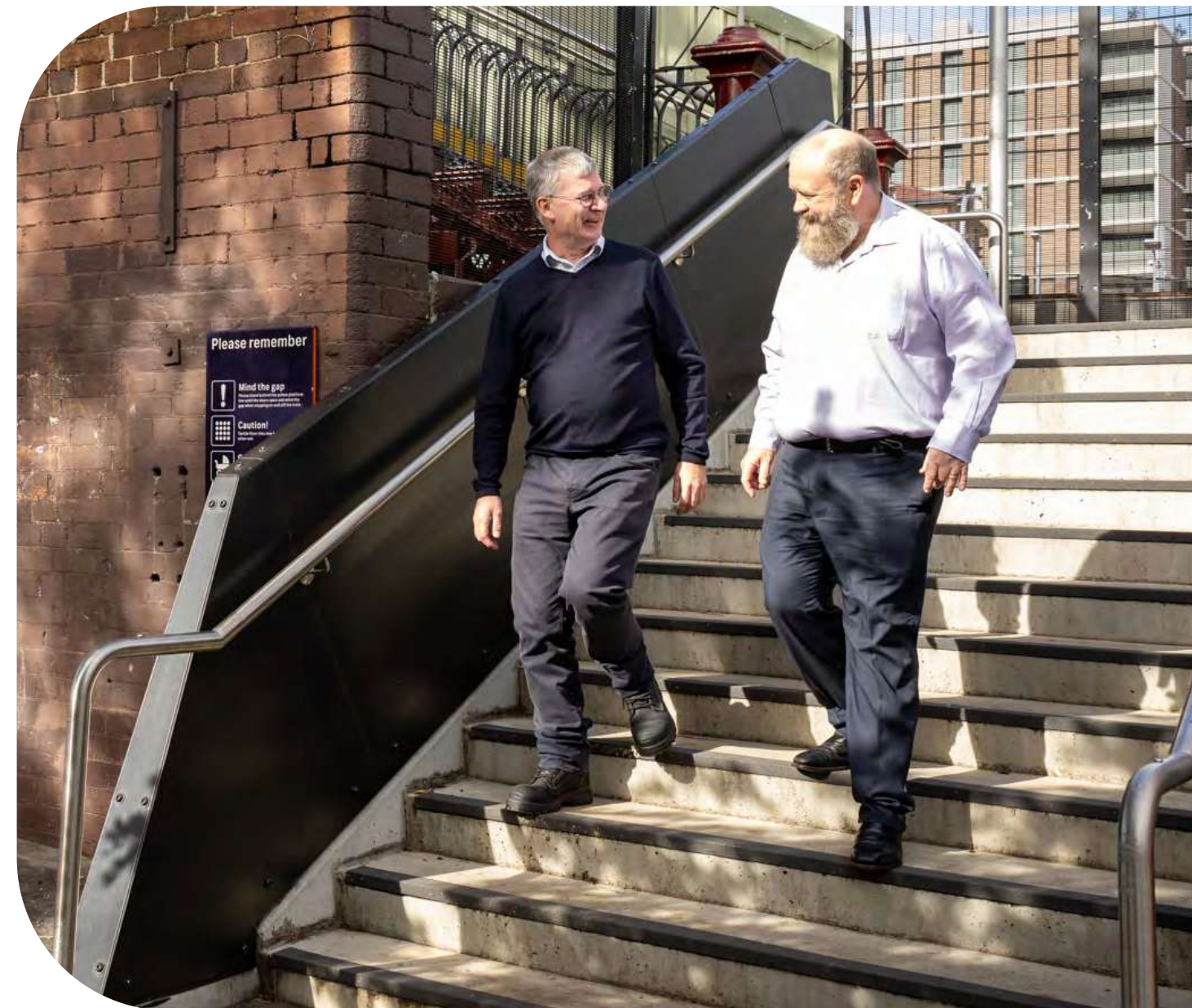
TAHE will continue to deliver against previously approved strategies and priorities, aligned with the Government's transition requirements and policies. As further detail is developed during the transition, TAHE will refine and confirm its strategy and objectives accordingly.

Ahead of the transition to TAM, TAHE will operate in accordance with the Operating Licence received in May 2024

and the Statement of Expectations received in June 2021. This includes maintaining a key priority of providing an effective assurance framework for safety, environment, and asset management.

We continue to actively explore opportunities for collaboration with industry leaders and government bodies to drive forward thinking solutions that enhance the resilience and capacity of our rail network. These efforts underscore our dedication to delivering safe, efficient and environmentally responsible transportation solutions for New South Wales.

We thank our partners and stakeholders for their collaboration, engagement and support over the past financial year. We're looking forward to continuing these strong relationships and working to make NSW a better place to live, work and play.





Transition Timeline



August 2023

- » Government approved TAHE’s transition from a SOC into a NSW Government Agency in the form of a non-commercial PNFC



November 2023

- » TAHE Board issued with Directions from the Portfolio Minister
- » Transition Steering Committee commenced



December 2023

- » *The Transport Administration Act 1988* (NSW) amendment made regarding the legislated objectives



March 2024

- » Transition Workstream Chairs meeting and five workstreams commenced



April 2024

- » Final workstream commenced
- » TAHE Board issued guidance from the Voting Shareholders



May 2024

- » TAHE’s Operating Licence extended to 31 December 2024



June 2024

- » The Transport Administration Amendment Bill 2024 introduced to the Legislative Assembly



August 2024

- » The Transport Administration Amendment Bill 2024 scheduled to be introduced to the Legislative Council



September 2024

- » The Transport Administration Amendment Bill 2024 passed

FINANCIAL YEAR 2023 - 2024

Year In Review



\$1.7 billion +
Capex



04
Community Heritage Projects completed



\$55 billion +
FY24 value of assets



60%
Female representation on TAHE Board

✓ OVERVIEW

About Us

From Bondi Junction to Broken Hill, rail is what connects our people, businesses, and communities.

Rail is an integral component of the fabric of NSW – transporting people to work, moving goods across the state or providing a gateway to our history through steam trains and heritage structures.

TAHE is proud to continue this legacy as the owner of NSW's extensive portfolio of railway assets. This portfolio includes railway tracks, trains, stations, retail spaces and property surrounding stations within Sydney and across regional NSW.

Our focus is on delivering against our legislated objectives and maximising the benefits NSW can get through rail assets, bringing in world leading practice in asset management.

We've established a number of partnerships to help unlock the value of our rail assets, working with the NSW Government, private sector, not-for-profit and local communities to deliver innovative and sustainable outcomes.

TAHE provides value in the way rail assets are managed and used:



Providing assurance that our assets are being managed and delivered in a safe and reliable manner.



Future proofing our assets against climate change impacts through influencing network resilience planning and digital upgrades.



Adaptive re-use of our property portfolio to provide communities with better public transport interchanges, business precincts and green, open spaces.



Taking a holistic approach to our freight network to understand how we can better use industrial land assets and rail infrastructure and turbo-charge the last mile delivery process.



Restoring and revitalising our heritage assets, particularly in regional areas, to deliver long term outcomes for our communities.



Investing in social programs to unlock better opportunities to help those disadvantaged in our community.

How do we work with our partners?

TAHE has a very specific role within the NSW rail system, as the strategic owner of these assets.

Safety is a key priority for TAHE and underpins how we operate. It's also a core focus for the culture we build with our workforce.

TAHE appoints and collaborates with a number of organisations who undertake end to end management and operation of assets on TAHE's behalf.

These organisations include TfNSW, Sydney Trains, NSW TrainLink, Transport Heritage NSW, UGL, JLL and Australian Rail Track Corporation (**ARTC**). These organisations are responsible for the safe operation and maintenance of TAHE's assets. These activities must ensure that assets are capable of fulfilling their optimum function in a safe and reliable application.

TAHE works with our contracted rail system operators and asset maintainers to deliver value-for-money outcomes over the whole life of our infrastructure and property.



Our Vision, Objectives and Values

Our Vision
Making NSW a better place to live, work and play.

Our Objectives
Safe and Reliable - to undertake activities in a safe and reliable manner.

Commercially successful

to be a successful business and, to this end:

- » to operate at least as efficiently as any comparable businesses, and
- » to maximise the net worth of the State's investment in TAHE.

Socially responsible

to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates.

Ecologically sustainable

where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development.

Support regional development

to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates.



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Section 2

Strategy

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- 2.1 Our Strategy
- 2.2 Strategic Asset Management
- 2.3 Placemaking
- 2.4 Freight & Connectivity
- 2.5 Sustainability

✓ STRATEGY

Our Strategy

In prior years as part of the annual corporate strategy process, TAHE has performed an in-depth review of its previous years' strategic themes.

This review may include testing, assessing, and validating the progress against targets considering changes in macroeconomic conditions, increasing focus on climate change, persistent demographic and social changes post COVID-19, and technology shift.

Until TAHE's transition to TAM is complete, it will not be possible to define any changes to the business strategy with any precision. In the meantime, TAHE will continue to deliver against previously approved strategies, objectives, and priorities, ensuring alignment with Government's policy objectives.

The ongoing work and activities at TAHE are currently centred around the following four strategic themes:

1.
Strategic Asset Management

2.
Placemaking

3.
Freight and Connectivity

4.
Sustainability



Credit: Copyright State of New South Wales (Transport for NSW)



✓ STRATEGY

Strategic Asset Management

TAHE is the owner of state significant assets, land, infrastructure, and property across NSW.

Through its partners, TAHE assures that its assets are actively managed and maintained through the implementation of a strategic asset management plan and asset management plan. TAHE also seeks to manage its portfolio of assets to optimise their safety, reliability, and preparedness for the impacts of a changing climate.

TAHE works with its contracted rail system operators, asset maintainers and retail property managers to provide value for money and to balance risk and performance

outcomes for the whole life of assets and infrastructure. In its fourth year of operation TAHE has continued its commitment to strengthen its capabilities and systems and enhancing its role as a strategic asset manager.



Key activities:

1. The SAMP and AMP
2. Asset condition monitoring
3. Asset obsolescence review
4. Asset management objectives aligned to AMP
5. Fleet oversight
6. Train Management and Control System (TMACS) Expansion
7. Regional Rail Heritage Strategy
8. Future Technology

SAFE AND RELIABLE

Credit: Copyright State of New South Wales (Transport for NSW)

CASE STUDY



Rail Technology Obsolescence Assurance Review

TAHE conducted a comprehensive review of its rail assets, in line with its assurance role. The assessment looked at the age profile, conditions, and criticality of assets, to identify risks and necessary investments to address outdated technology.

The initiative specifically evaluated critical signalling, communication, and operational technology systems to identify those at risk of becoming obsolete.

The Rail Technology Obsolescence Assurance Review also identified existing initiatives aimed at mitigating obsolescence risks, assessed the risk profiles, and evaluated the effectiveness of these programs.

Recommended investment decisions include new technologies and innovations to improve safety, enhance reliability and performance, and reduce operational disruptions.

✓ STRATEGY

Placemaking

TAHE continues to deliver a significant number of placemaking opportunities across Sydney and NSW.

TAHE is focused on the regeneration and reinvestment in underutilised land and property to create new iconic spaces, supporting the Government in responding to the housing shortage issue through the delivery of affordable housing and creating long term returns for the benefit of the people of NSW.

TAHE also recognises the value of socially responsible outcomes, community heritage and revitalising our retail assets. There is ongoing extensive work and engagement with TAHE's Transport partners to enhance its assets for local communities across NSW.

TAHE is committed to working collaboratively with a broad range of stakeholders, building deep partnerships with other Government entities, industry, and community housing providers to achieve its stated objectives.

✕ Projects in progress:

1. Redfern North Eveleigh – Paint Shop Precinct and Clothing Store*
2. Central Precinct Renewal Program
3. Broadmeadow*
4. Bombo Quarry
5. Glendale
6. Hornsby
7. Railway Tunnels
8. Community Heritage and Visitor Experiences
9. Retail asset upgrades
10. Social and Community Projects
11. Unsolicited Proposals (USP)
12. Affordable Housing Pilot Project**

*These projects may be transferred to Homes NSW or Landcom or divested to the private sector for housing delivery as part of the Government Property Audit for Housing.

** Individual sites within the project may be transferred to Homes NSW or Landcom or divested to the private sector for housing delivery as part of the Government Property Audit for Housing.

SOCIALLY RESPONSIBLE



CASE STUDY

✕ Bundanoon Railway Station

Once a gateway to the Southern Highlands, the Bundanoon Station is a fascinating glimpse into our rail history.

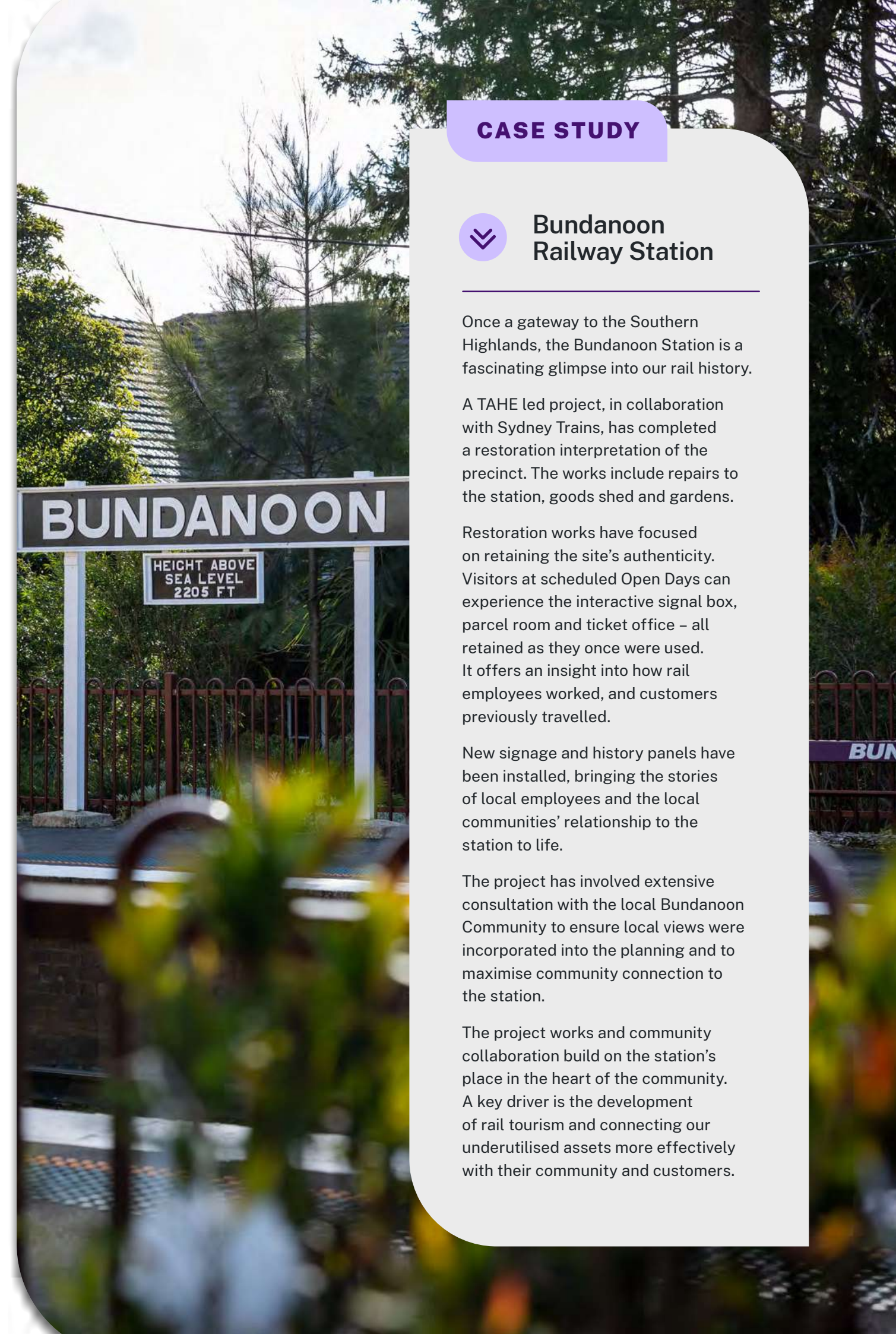
A TAHE led project, in collaboration with Sydney Trains, has completed a restoration interpretation of the precinct. The works include repairs to the station, goods shed and gardens.

Restoration works have focused on retaining the site's authenticity. Visitors at scheduled Open Days can experience the interactive signal box, parcel room and ticket office – all retained as they once were used. It offers an insight into how rail employees worked, and customers previously travelled.

New signage and history panels have been installed, bringing the stories of local employees and the local communities' relationship to the station to life.

The project has involved extensive consultation with the local Bundanoon Community to ensure local views were incorporated into the planning and to maximise community connection to the station.

The project works and community collaboration build on the station's place in the heart of the community. A key driver is the development of rail tourism and connecting our underutilised assets more effectively with their community and customers.



✓ STRATEGY

Freight & Connectivity

TAHE has identified significant opportunity in developing or re-deploying its industrial land and property assets to better participate in the industrial and logistics market and growing last mile delivery activities.

Both areas of focus will:

- » promote a more efficient and connected supply chain
- » unlock value in underutilised assets owned by TAHE
- » support the shift from road to rail

- » reduce carbon emissions
- » support local manufacturing; and
- » ease traffic congestion in both urban and rural communities.

TAHE has finalised its strategic review of 33 prioritised TAHE land and property assets, in order to identify the highest and best use in support of rail freight, intermodal terminals, industrial warehouse and logistics as well as e-commerce last mile initiatives.

Central to the review was the consideration of freight transportation flows, future corridors, key routes, port initiatives, interstate connections and developing rail infrastructure to improve capacity and network performance effectiveness.

As a result of the review, TAHE has an established industrial property pipeline with immediate, medium and long-term capital light initiatives against TAHE's commercial, freight connectivity and regional development objectives.

SUPPORT REGIONAL DEVELOPMENT



CASE STUDY

Improving pricing for Freight

TAHE supports improving freight on rail and seeks to bring positive change to freight rail access. During FY24 TAHE has:

- » Obtained Independent Pricing and Regulatory Tribunal (**IPART**) approval for and implemented a policy for managing potential annual revenue over-recovery on the TAHE Hunter Valley Coal Network.
- » Simplified pricing to charge by sectors travelled rather than origin-destination combinations, providing a consistent approach for empty wagons.
- » Improved transparency by publishing standard prices for all third-party freight operators on the Metropolitan Rail Network (**MRN**).
- » Supported TfNSW as our agent to publish a service level charter and begin publishing performance against that charter.

✓ STRATEGY

Sustainability

TAHE is committed to ensuring that its activities, investments, and innovations are focused on building a sustainable and resilient NSW.

TAHE continues in aligning its sustainability efforts with broader climate and biodiversity goals. In FY24 the TAHE Board validated the

organisation's sustainability risk profile to confirm its sustainability priorities - guiding the objectives, targets, and performance metrics to be set in the following financial year. These will be aligned with the NSW Government's net zero emission targets, the Transport cluster's climate change and no net loss biodiversity goals, and sustainability disclosure mandates. This approach will ensure that TAHE's sustainability strategy is well-integrated with both governmental and industry standards, supporting transparent and accountable progress towards ecologically sustainable outcomes.

ECOLOGICALLY SUSTAINABLE



CASE STUDY

✓ Social Legacy Strategy

TAHE recognises that social value sits at the core of its objectives to deliver socially responsible and sustainable outcomes for the people of NSW. TAHE has created an innovative approach which outlines how we may consider social legacy as part of a project's delivery outcomes and/or when undertaking an initiative, to ensure social objectives are effectively addressed.

Guided by national and international leading practice, the Social Legacy Strategy has re-defined how projects are assessed and prioritised within the Transport agency. The framework helps calculate the social value of developments, programs and projects, converting something previously identified as subjective to a tangible outcome. The outputs include a set of metrics that can be reported and measured against TAHE's strategic objectives.

Initiatives are verified based on their demonstrated social value, with targets aligned with TAHE's Environmental, Social and Governance (**ESG**) metrics. The ranking and assessment toolkit is used to demonstrate whether a project will contribute to TAHE's strategic objectives, rather than progressing projects and allocating funding without applying a social value-based rationale.

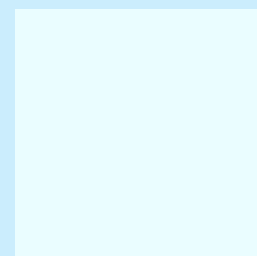
Implementation of the strategy will help to review and prioritise funding allocations, better manage the pipeline of projects, and provide greater oversight on spend, which will benefit both reporting and the evaluation of performance against targets.

The Social Legacy Strategy will enable the prioritisation of projects which create high social value throughout their entire lifecycle - not only in the planning and development phase but also generating social value during the construction, operational and demobilisation phases.

In FY24 TAHE supplemented the framework with "Implementation & Evaluation Guidelines" which TAHE will use to select, deliver, and evaluate initiatives in order to maximise social value impacts, outcomes and legacy.

Section 3

Operations and Performance



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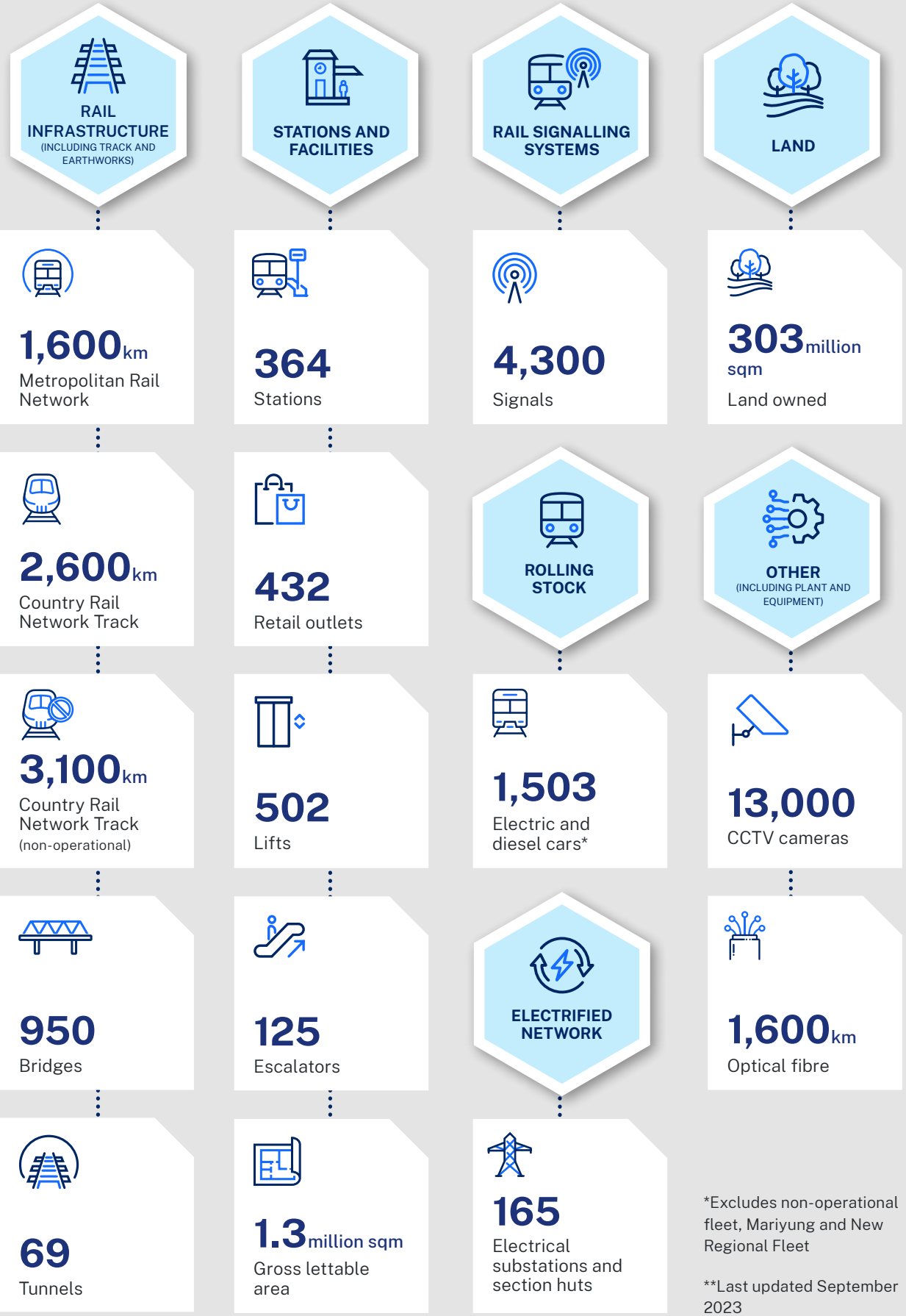
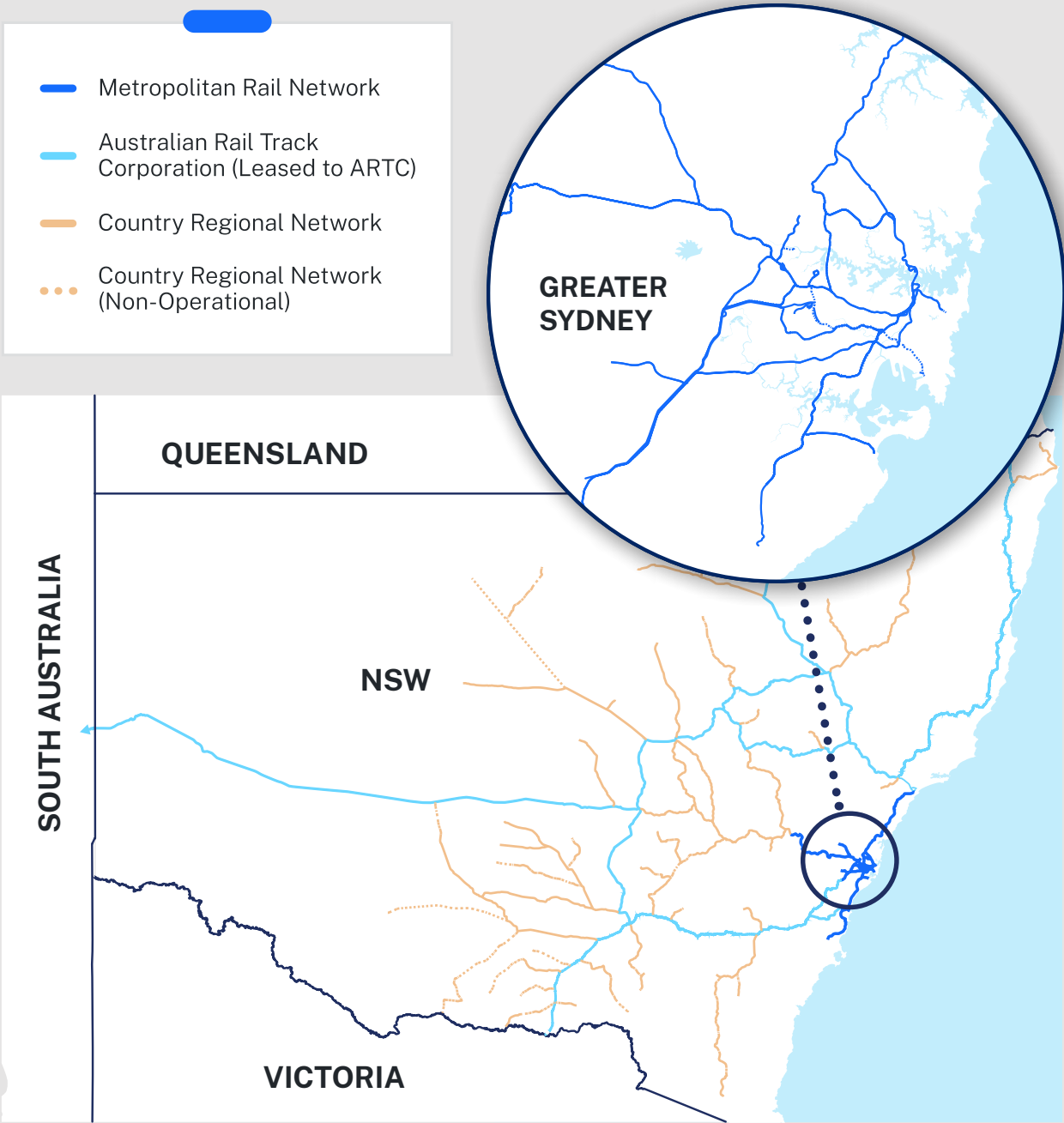
- 3.1 Our Assets
- 3.2 Performance



Credit: Copyright State of New South Wales
(Transport for NSW)

✓ OPERATIONS AND PERFORMANCE

Our Assets



Key Benefits

This can deliver a number of benefits including:

Improving

the safety of our customers and staff

Improving

the availability and reliability of TAHE assets

Reducing

the whole-of-life costs of maintaining TAHE assets

Improving

network performance

✓ KEY PROJECTS

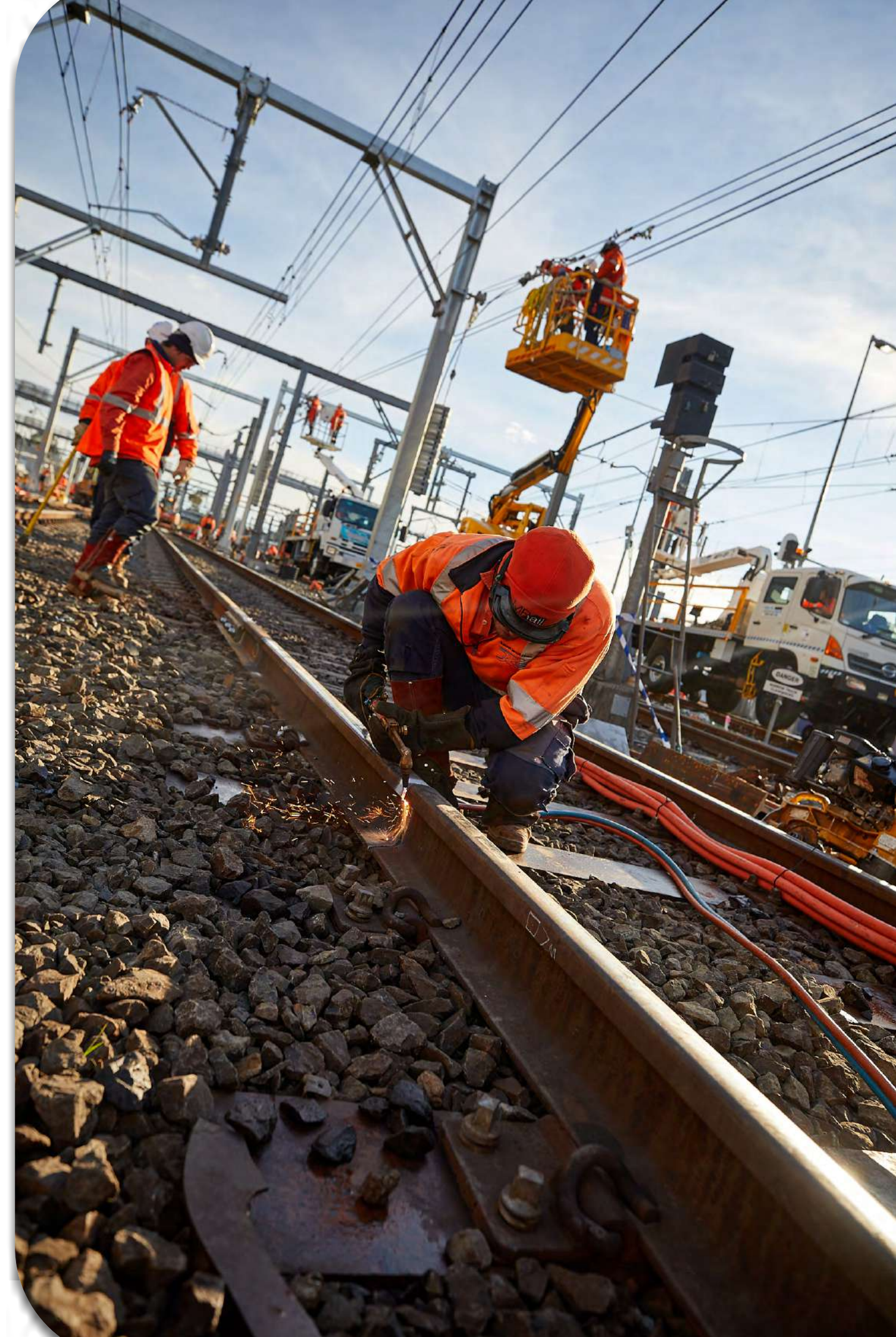
Condition Monitoring

Digital technology is providing new opportunities to assure a safe, well maintained, and sustainable rail network for our customers, supply chains and communities.

In line with TAHE's SAMP, a strategic condition monitoring program has been launched to enable the transition from reactive maintenance to a proactive and risk-based approach.

This investment is focused on accelerating the deployment of automated and remote condition monitoring equipment to enable informed decision making. This includes the accelerated rollout of Points Condition Monitoring, extending the coverage of the Bearing Acoustic Monitoring (BAM) system and the upgrade of Bearing and Brake Temperature (BBT) systems on the Sydney Trains network.

The adoption of condition monitoring will also contribute to TAHE's objective to monitor and deliver freight performance expectations by reducing the likelihood of asset-related disruptions, ensuring a robust and reliable rail network.



Key Benefits

Supporting

increased freight demand across NSW

Protecting

corridors from urban sprawl occupying industrial land

Increasing

industrial land available

Preserving

scarce well located industrial land

✓ KEY PROJECTS

Industrial Property Pipeline

New South Wales has expansive road, rail, sea and air assets that provide a strategic freight network to supply industry and communities across the state.

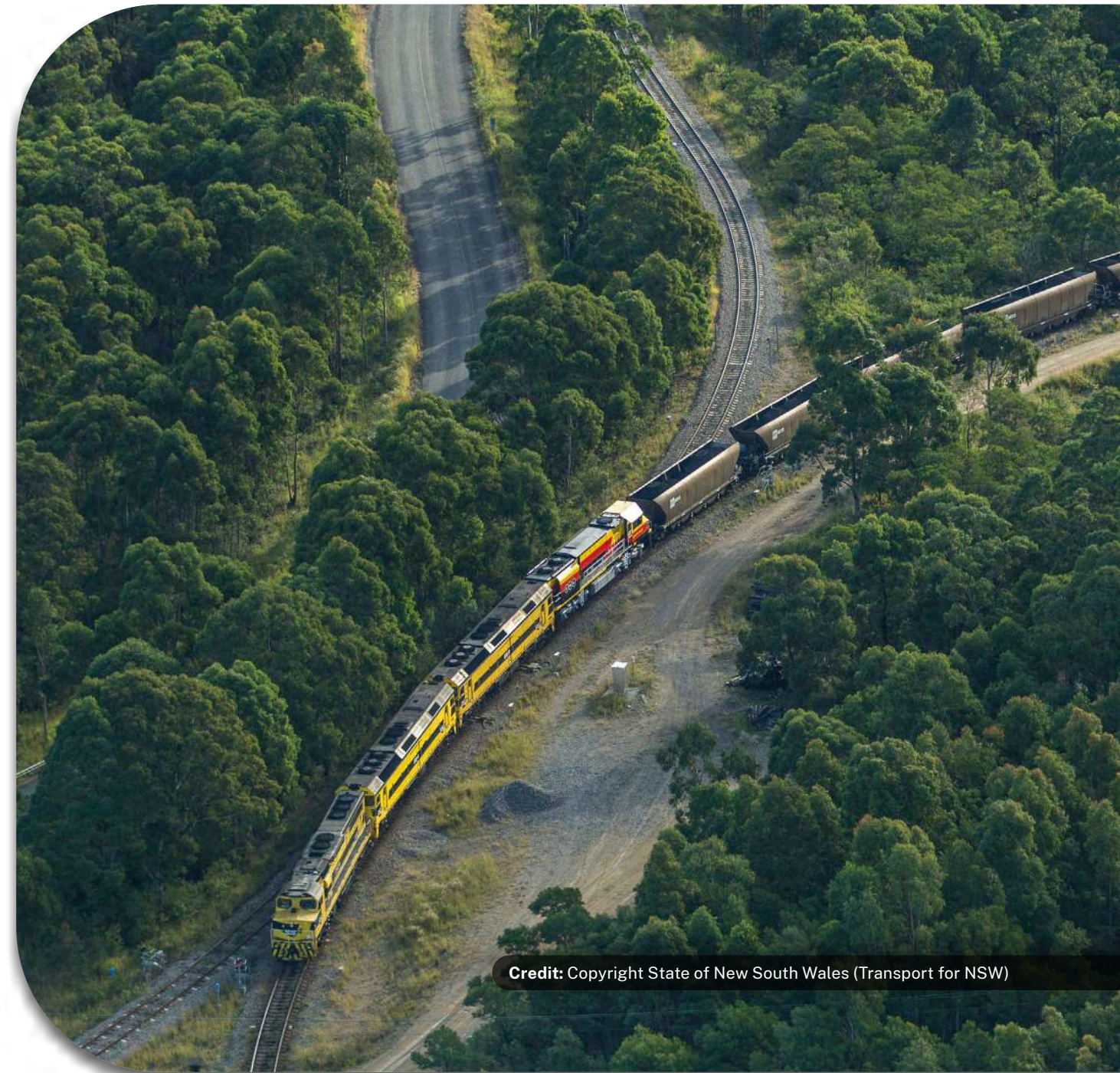
However, freight demand within NSW is forecast to grow by 99% over the next 40 years, and with urban development encroaching on well-located industrial areas, there is a critical need to identify, protect and intensify land uses around remaining industrial sites, in particular those located near major industry and freight transport nodes. Greater Sydney requires industrial land to support a variety of freight uses including port/air activity, delivery and distribution of goods and materials to businesses and homes in addition to supporting the growth of the construction and waste management industries.

Being well positioned as the asset owner of the NSW heavy rail network, TAHE has led a program to deploy its non-operational underutilised assets to unlock commercial value, improve network and supply chain efficiency and community benefits to NSW. TAHE completed a strategic review of 33 prioritised TAHE land and property assets, in order to identify the highest and best use of these assets in support of rail freight, intermodal terminals, industrial warehouses and logistics as well as e-commerce last mile initiatives.

The review focussed on strategic corridors, freight and industrial precincts, and adjacent property locations to protect land for investment and commercial development of future freight infrastructure, industrial and logistics demand, and growth opportunities in NSW.

Central to the review was the consideration of freight transportation flows, future corridors, key routes, port initiatives, interstate connections and developing rail infrastructure to improve capacity and network performance effectiveness.

As a result of the strategic review, TAHE has an established industrial property pipeline with sites prioritised for immediate, medium and long-term capital light initiatives against TAHE's commercial, freight connectivity and regional development objectives.



Credit: Copyright State of New South Wales (Transport for NSW)

Pilot Benefits

Reduced

carbon emissions

Increased

pedestrian and
road safety

Increased

last mile delivery
efficiency and
household coverage

Better

city liveability including
air quality and noise
level improvements

Repurpose

underutilised
government assets

✓ KEY PROJECTS

Last Mile Trial

Population dense cities globally are struggling with the unparalleled rise in e-commerce.

Demand for last mile delivery is expected to grow by 78% globally by 2030. This has led to a significant growth in last mile freight deliveries, traffic congestion and air pollution, less on-street space in inner urban areas for freight vehicles and a social desire for transport to have a more sustainable, reduced impact on city roads and spaces.

TAHE will leverage its land with Transport for NSW to support last mile deliveries by providing a micro-hub in Wynyard station carpark for a planned 18-month trial. The micro-hub will reduce congestion by minimising the distance between delivery points and the consumer and using sustainable modes of transport.

The trial is more than just about moving goods from A to B. It's about streamlining efficiencies and fostering sustainability. TAHE is dedicated to improving last mile freight deliveries and supporting partners to expand freight volumes and service offerings whilst improving the sustainable impact on our city roads and spaces.

These green initiatives also benefit both government and industry in meeting their decarbonisation targets. This approach is now common around the world, with private and public entities partnering to accelerate the roll-out of pilots and permanent, purpose-built commercial facilities.



Key Statistics

06

projects in the delivery phase

04

projects in the planning phase

Precinct

landscaping and heritage storytelling with significant community engagement

Enabling

community facilities – arts, cultural and creative uses – encouraging tourism and regional vibrancy

Integrated

projects improving station / customer precincts

✓ KEY PROJECTS

Community Heritage Program (CHP)

NSW's rail heritage assets are an important link to our history.

Many of these assets offer new opportunities for adaptive re-use to benefit our cities and regional communities. TAHE's Community Heritage Program continues to deliver results in restoring, preserving and revitalising our State Heritage Listed assets.

Station buildings, signal boxes and ancillary structures have been restored and adapted – creating new community facilities, accessible and connected to their local area.

TAHE's partnership with Sydney Trains and NSW TrainLink, has delivered heritage restoration and adaptation works at a number of sites across Sydney and NSW in FY24:

- » **Fairfield Station Master's Residence** – NSW's oldest railway building
- » **Katoomba Goods Shed** – the original (1881) station in Katoomba
- » **Petersham Terminus Street Station** – grand 1885 station that enabled the development of the Inner West
- » **Tarana Station** – a much loved village station and combined residence

Future works and community engagement at these sites are intended to enable new community use, driving social benefit and keeping our historic and underutilised assets in good condition for a new future.

CASE STUDY



St James Tunnels

Designed by John Bradfield as part of his visionary Sydney transport plan, the St James tunnels have remained virtually unused for over 100 years.

Now, using experienced designers and harnessing customised safety technology, TAHE is leading and funding a project to enable new public access to the tunnels.

Infrastructure and safety works nearing completion by Sydney Trains for TAHE will enable urban adventurers to safely explore 600 metres within the tunnels on guided tours.

An innovative multimedia experience will bring the story of the tunnels to life and explain the railway's fascinating role in the development of Sydney.

Tunnels tours are expected to commence in early 2025, managed by a third-party operator to be appointed by TAHE.

Project Information:

- » Tour Length - 600 metres
- » Widescreen Multimedia – 13 metres
- » Two Tunnels and Entry Platform – Built in 1926
- » Tunnels – Former aid raid shelter in WWII underneath Hyde Park
- » Historic research and curation
- » Safety and access infrastructure
- » Heritage conservation and restoration

Key Statistics

13_{ha}

TAHE site area

1,147

homes projected for development, including affordable housing

14,700_{sqm}

active open space and 12,500sqm of commercial space

Public

art that reflects Aboriginal, Country and built heritage

810

full-time equivalent jobs during construction

✓ KEY PROJECTS

Broadmeadow

TAHE is working with the Department of Planning, Housing & Infrastructure (DPHI) and the City of Newcastle Council to support their planning activities regarding the Broadmeadow Regionally Significant Growth Area (BRSQA).

The Broadmeadow Locomotive Depot has been identified as an underutilised site within TAHE's portfolio suitable for renewal and activation.

The development involves transitioning the site from a vacant rail service depot, into a thriving new residential community. It aims to deliver new jobs and housing which builds on the NSW Government's vision for the site and respects its industrial history and the site's heritage-listed built features.

Further detailed plans for the Broadmeadow Locomotive Precinct renewal will be developed by TAHE once the rezoning and Broadmeadow Place Strategy are finalised, which is anticipated to occur in late 2024. As part of the Government Property Audit for Housing, Broadmeadow has been identified as a likely site for other government agencies to deliver.



Key Statistics

58.15ha

TAHE site area

2,000

estimated homes planned including provision for affordable housing

400

estimated jobs during construction

New

active transport links

Town village

with mix of retail and services, parks, open spaces and sporting field

✓ KEY PROJECTS

Bombo

The Bombo Quarry Precinct presents a once-in-a-generation opportunity to unlock a significant site in a desirable location to support regional housing and economic development.

TAHE is collaborating and engaging with Sydney Trains to agree the prospects for the quarry. The future vision for Bombo Quarry is to create a new coastal village, once quarrying activities cease at the site.

This transformative proposal aligns with the NSW Government's commitment to addressing housing supply and affordability in regional NSW.

The long-term planning for this renewal opportunity will allow for rehabilitation works, sustainable design solutions, and the development of approximately 2,000 new homes and community spaces.



✓ KEY PROJECTS

Social Programs

TAHE has continued its social journey in FY24, progressing a number of initiatives to deliver better opportunities for our communities.

These initiatives include policies, projects and programs that are in partnership with various entities such as local councils, peak bodies, non-for-profits as well as TAHE's agents such as TfNSW and Sydney Trains.

Moving forward, we have initiated an art programme titled 'Art Moves NSW', aimed to activate underutilised surfaces of our assets. As a result of this initiative, a series of artworks are planned for temporary installation at stations, including the Sydney Metropolitan Area and one in regional NSW. These are in partnership with local council and local community organisations.

In addition, sites in Newtown and along the Country Regional Network (CRN) have been utilised to increase the habitat for native bees through installation of bee hives and ground cover. This was an initiative of the TfNSW Pitch to the Panel team, and is currently in transition from pilot to business-as-usual.

CASE STUDY



Armistide Cadets Building

TAHE and TfNSW have identified a former cadets training building in Armidale, that is being refurbished to provide services, support and temporary accommodation for those experiencing hardship.

The project is an adaptive reuse of an unused asset. It will be operated by a local social service provider that provides essential support for disadvantaged members of the community.

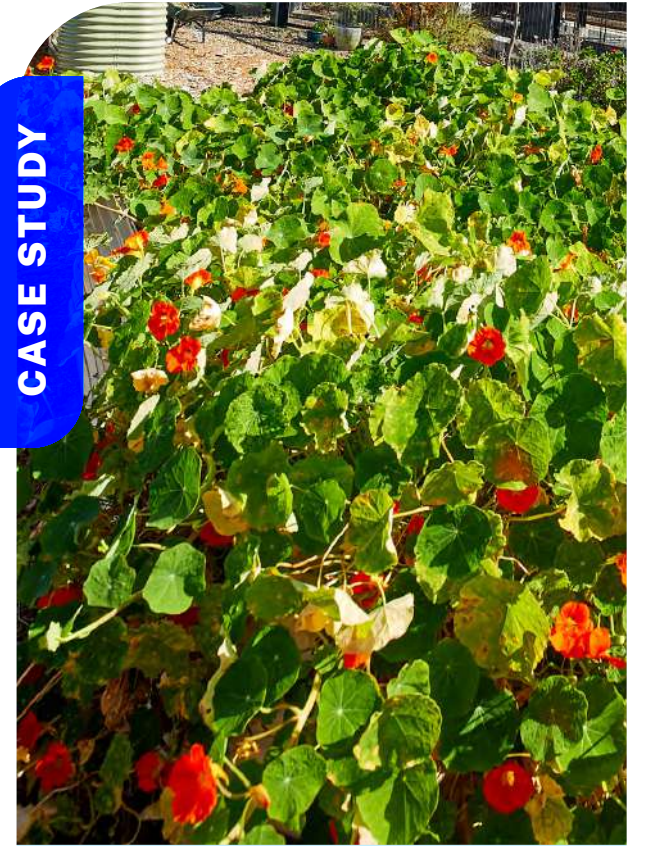
The facility includes 14 rooms offering temporary accommodation, with an internal courtyard, kitchen, lounge room, dining room and other associated amenities. Following a comprehensive tender process, the construction contract has been awarded and works are scheduled to commence in November 2024.





Credit: Copyright State of New South Wales (Transport for NSW)

CASE STUDY



Woolloomooloo Sustainability Hub

Working with St Vincent De Paul's Society and the Royal Botanic Gardens, a parcel of TAHE-owned land underneath the Eastern Railway Line viaduct in Woolloomooloo will be converted into an urban farm.

This is part of the 'Community Greening Programme' that the Royal Botanic Gardens have successfully run in other locations. The land will be licensed to St Vincent De Paul's Society to carry out the programme to benefit the local community and disadvantaged groups.

CASE STUDY



Rainbow Tunnels

Three Inner West Rail Line pedestrian tunnels, Ashfield, Newtown, and Petersham, were installed with temporary creative art and lighting as part of World Pride 2023 celebrations.

The trial was successful and received positive feedback from the local community. TAHE and TfNSW are now installing permanent creative lighting in the tunnels to raise awareness of local artists, promote safer spaces, reduce vandalism, and encourage active transport.

✓ KEY PROJECTS

Battery Storage

TAHE is investigating the potential use of underutilised or surplus industrial land for the purpose of an energy storage trial.

The project is piloting ways to reduce Transport's electricity demand from the National Electricity Market (**NEM**) during peak periods and support the NSW Government's net zero targets.

While the build out of renewable generation continues, the intermittent nature and imbalance of renewable generation supply and demand remains a significant gap to transitioning away from a NEM.

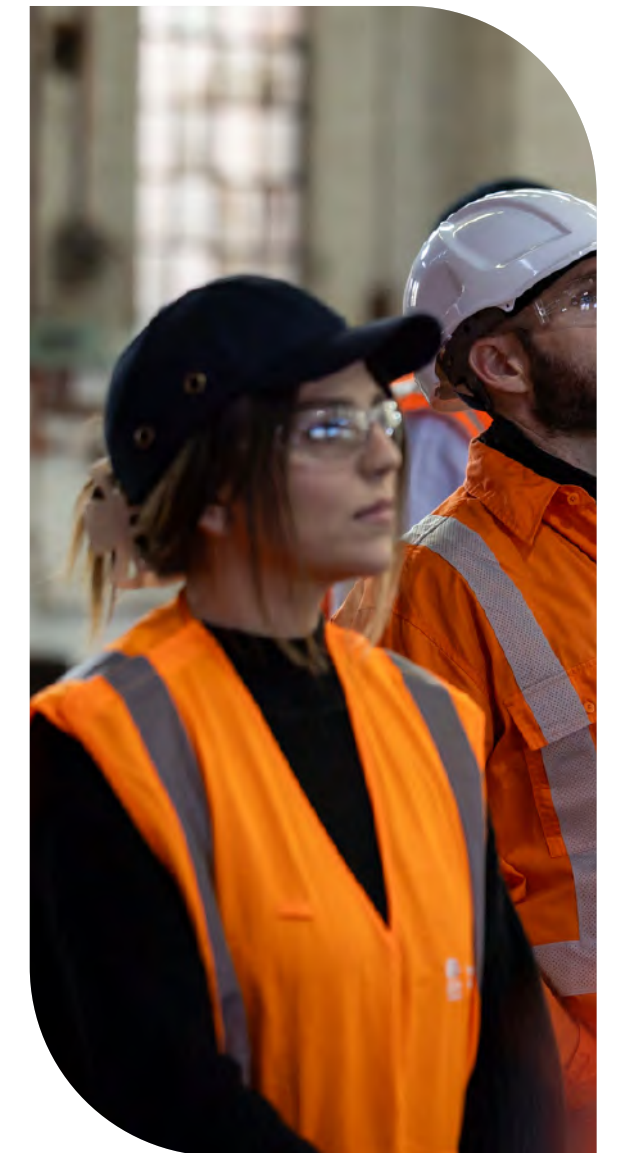
Energy storage is being built within the Renewable Energy Zones (**REZs**) across NSW however high users of electricity can further support the imbalance of the electricity generation supply and demand issue through the installation of distributed energy storage.

The identification of the best fit for energy storage option will be dependent on a range of factors including physical location, demand/load requirements, discharge profiles, scalability, degradation, safety, lifetime expectancy and end of life disposal costs.

Key factors considered for TAHE's preferred energy storage option focus on TAHE's commitment to safety, property characteristics, operating environment, and sustainability characteristics.

Following a review of must have and preferred characteristics, TAHE has sought to pursue the opportunity of battery trials utilising innovative technologies. In addition, TAHE is also partnering with TfNSW to deliver community batteries across some TAHE rail sites.

This is aligned with TfNSW's commitment to supporting the NSW Government's 2050 Net Zero targets, and TAHE's Sustainability Strategy.



✓ OPERATIONS AND PERFORMANCE

Performance

⌵ Strategic Performance Indicators

Our strategic performance measures represent our commitment to achieving our strategic theme outcomes.

Strategic Asset Management		
Strategic Indicator	Progress	Comments
Strengthen capability to become an established asset owner	FY23	» Head of Asset Management and Performance recruited. Any further recruitment requirements will be reviewed in line with the transition and new operating model.
	FY24	
Ensure assets are effectively managed to deliver safe and reliable outcomes for users	FY23	» Improved reporting suite to monitor delivery, track KPIs and visualise performance.
	FY24	
Further enhance understanding of assets, condition, and performance for capital investment	FY23	» TACP stage 1 delivering anticipated benefits. » TACP tranche 2 to be rolled out leveraging a pilot considering TAHE's contracts and/or assets.
	FY24	
Invest in innovation and technologies to grow the value of TAHE's assets and broaden our customer base	FY23	» A number of condition monitoring projects have been identified and funded by TAHE and are in the early stages of delivery. » Regular engagement underway across Transport for Battery Energy Storage System (BESS) project development.
	FY24	

Placemaking		
Strategic Indicator	Progress	Comments
Grow placemaking business by seeking out commercial partners who share TAHE's values	FY23	» Sites identified for retail opportunities. » Rezoning application under consideration for Central Precinct.
	FY24	
Initiate major public transport-oriented precinct developments in collaboration with other NSW Government landowners	FY23	» NSW Government property audit for housing identified the Clothing Store as a preferred site for affordable housing, which will likely be vested to and developed by Homes NSW.
	FY24	
Maximise the commercial and broad community benefits of TAHE's property portfolio	FY23	» Reviewing impact of transition and new operating model on property projects.
	FY24	

Freight and Connectivity		
Strategic Indicator	Progress	Comments
Drive investment and accelerate decision making to improve the efficiency, safety, and reliability of freight rail with a customer centric approach	FY23	» Recruitment is on hold and subject to the ongoing TAHE transition. » Interagency / TAHE governance arrangements implemented. » Regular contribution and engagement with IPART and regulatory public forums to provide rail infrastructure owner input and considerations.
	FY24	
Active transport and accelerated connectivity to stations	FY23	» Completed financial feasibility and due diligence of key projects.
	FY24	

Freight and Connectivity		
Strategic Indicator	Progress	Comments
Realise the full value of non-regulated assets for industrial use	FY23	» Completed a strategic review of 33 prioritised TAHE industrial land and property assets. » Established an industrial property pipeline in support of rail freight, intermodal terminals, industrial warehouses, and logistics activities as well as e-commerce last mile initiatives.
	FY24	
Drive capital program investment to improve the efficiency of the network and better mobility for passengers	FY23	» Continuous review and support to enable the delivery for all future tranches.
	FY24	

Sustainability		
Strategic Indicator	Progress	Comments
Enhance and build sustainability capability and expertise	FY23	» Recruitment and training activities complete.
	FY24	
Pursue socially responsible and sustainable governance practices across all areas of the business	FY23	» Development of Social Values Framework completed. » Sustainability strategy underway.
	FY24	
Value and strengthen the resilience of assets	FY23	» Continuing to assess climate risk and resilience across portfolio and select assets.
	FY24	
Align all future investments with social responsibility and sustainability objectives	FY23	» St James tunnels pilot site planned, funded and nearing completion with planned opening in early 2025. » Restoration phase extended for four heritage projects due to construction complexity.
	FY24	

Sustainability		
Strategic Indicator	Progress	Comments
Support long-term innovation and investment sustainability	FY23	» TAHE continues to support the Transport Asset Resilience Working Group and its Sub Working Groups.
	FY24	

Performance against the Statement of Corporate Intent

TAHE is required by legislation to submit a Statement of Corporate Intent (**SCI**) to the shareholders each year. The SCI outlines TAHE’s strategic objectives and sets out TAHE’s key financial and non-financial performance objectives as agreed between TAHE and its shareholders.

Key Performance Indicators (\$m)	FY24 SCI Target (\$m)	FY24 Actual Result (\$m)	Comments
Financial Indicators			
EBITDA	872	19,843	EBITDA was higher than the SCI target primarily due to a valuation increment of \$17.8 billion in the year, driven by a change in the asset valuation methodology from income approach to current replacement cost approach (except for land which is market approach), as TAHE transitions to a NSW government agency in the form of a non-commercial PNFC.
Capital Expenditure	2,614	1,767	Overall, capital expenditure was under the SCI target due to timing delays in the delivery of the capex program. However, capital maintenance was on budget.
Returns to Government	0	0	TAHE is no longer required to generate returns to government as per recent government policy decisions.

Compliance Performance Indicators

Our compliance performance measures represent our commitment to achieving each of our legislated objectives.

Key Performance Indicators		FY25	FY26	FY27
Compliance Indicators				
Safety	Zero material safety incidents ¹	0	0	0
Compliance	Zero material legislative breach of RSNL and WHS Act	0	0	0
Assurance	Delivery of TAHE annual asset assurance program	100%	100%	100%
DDA towards compliance ²	Successful completion on time of the TAP 4 program business case and forward compliance programs	Delivery milestones completed	Completed	Commissioning of all completed station upgrades
Heritage and environment	Zero CAT A environmental incidents	0	0	0

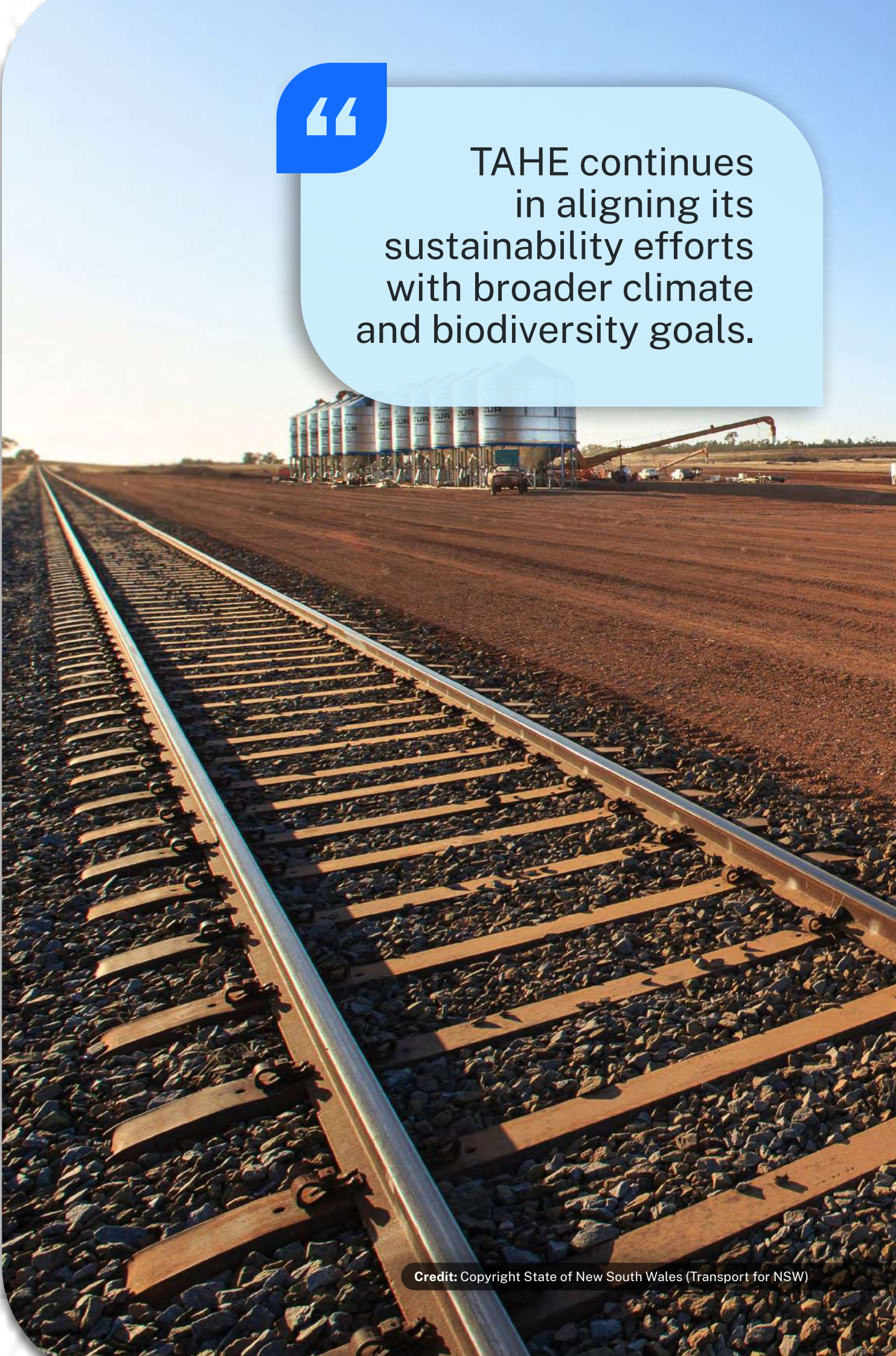
Notes:

1.

Zero material safety incidents related to asset condition or failure that result in permanent disability or fatality

2.

DDA compliance – Safe, Accessible Transport Program provides accessibility improvements to stations that meet the requirements of the *Disability Discrimination Act*





TAHE continues in aligning its sustainability efforts with broader climate and biodiversity goals.

Credit: Copyright State of New South Wales (Transport for NSW)

Section 4

Management and Accountability

Section Contents

- 4.1 Building a high performance culture
- 4.2 Board of Directors
- 4.3 Executive Team
- 4.4 Our Governance Structure

✓ MANAGEMENT AND ACCOUNTABILITY

Building a high performance culture

During the year, to support TAHE's transition to a new operating model our ELT continued to focus on Organisational Culture and Employee wellbeing, leading through change to maintain our resilient, collaborative and high performing workplace.

Responding to employee feedback, we have focussed on expanded learning and development opportunities and continued to support the team's professional growth. We have focussed on timely, open communications, increasing our avenues of communication to ensure the team remains informed of changes to TAHE's operating model as they occur.

To maintain the strong connection among our workforce and within the organisation, we have enhanced our team recognition programs and developed a comprehensive educational

program for the understanding of TAHE's wide portfolio of assets.

TAHE's Learning & Capability Strategy and Plan for FY24 successfully delivered a diverse range of mandated organisation-wide and individual learning programs, tools, and resources, aimed at enhancing capabilities and fostering growth across the business.

We implemented Leader-Led team conversations following our Thrive with Change program in FY23 to embed our change mindset and awareness as we continued to navigate change and uncertainty. This led to the implementation of our Aligned and Connected Leaders and Teams program which enhanced team connections using 360-degree feedback for the ELT and Dominance, Influence, Steadiness and Compliance (DiSC) behavioural insights for teams and individuals.

In partnership with TfNSW and the Institute of Public Administration Australia (IPAA), we introduced new professional development programs. Additionally, we strengthened our values and culture by rolling out the Speak-up Program and refreshing our knowledge of Protected Interest Disclosures, the Code of Ethics and Conduct, and Appropriate Workplace Behaviours. Safety and wellbeing programs remained a priority, ensuring our mental health first aiders and CPR certifications were up to date.

“

We have focussed on expanded learning and development opportunities



✓ MANAGEMENT AND ACCOUNTABILITY

Board of Directors

The TAHE Board operates in accordance with the *Transport Administration Act 1988 (NSW) (TAA)*, the *State Owned Corporations Act 1989 (NSW) (SOC Act)*, TAHE's Constitution, the Board and Board Committee Charters, and governance best practice.

In accordance with the TAA and the TAHE Constitution, the Board consists of a non-Executive Chair, four (4) non-Executive Directors, the TAHE Chief Executive Officer in the capacity as an Executive Director and the Transport Secretary (statutory appointment). The Board is remunerated in accordance with the *NSW Public Service Commission's Classification and Remuneration Framework for NSW Government Boards and Committees*.

Bruce Morgan and Anne McDonald were appointed for an initial term of two years. Following approval from the Voting Shareholders, both non-Executive Directors were reappointed for the following terms:

- » Mr Bruce Morgan as a non-Executive Director and Chair of TAHE for a term of three (3) years, commencing on 1 July

2022 and expiring on 30 June 2025. Bruce Morgan resigned his Directorship on 30 June 2024, after a term of two (2) years.

- » Ms Anne McDonald as a non-Executive Director of TAHE for a term of three (3) years, commencing on 1 July 2022 and expiring on 30 June 2025.

On 25 January 2023, Erin Flaherty, Guy Pahor and Deborah Spring were appointed as non-Executive Directors for a term of three (3) years, finishing on 24 January 2026.

On 22 December 2023, Ms Bénédicte Colin resigned her role as both Chief Executive Officer and Director of TAHE.

On 1 July 2024, Erin Flaherty commenced as TAHE's new Chair.

The tenure of the Board is subject to the ongoing transition from a State Owned Corporation to a NSW Government Agency in the form of a non-commercial Public Non-Financial Corporation.

Director Independence

All non-Executive Directors on the Board are independent. In keeping with governance best practice, each Director provides a Declaration of Interests to the Company Secretary. The Company Secretary maintains a register of these interests which is reviewed quarterly.

Directors have a statutory obligation to declare any conflicts of interest (perceived or actual) at the start of each Board and Committee meeting. Any disclosures are recorded in the minutes of the appropriate meeting.

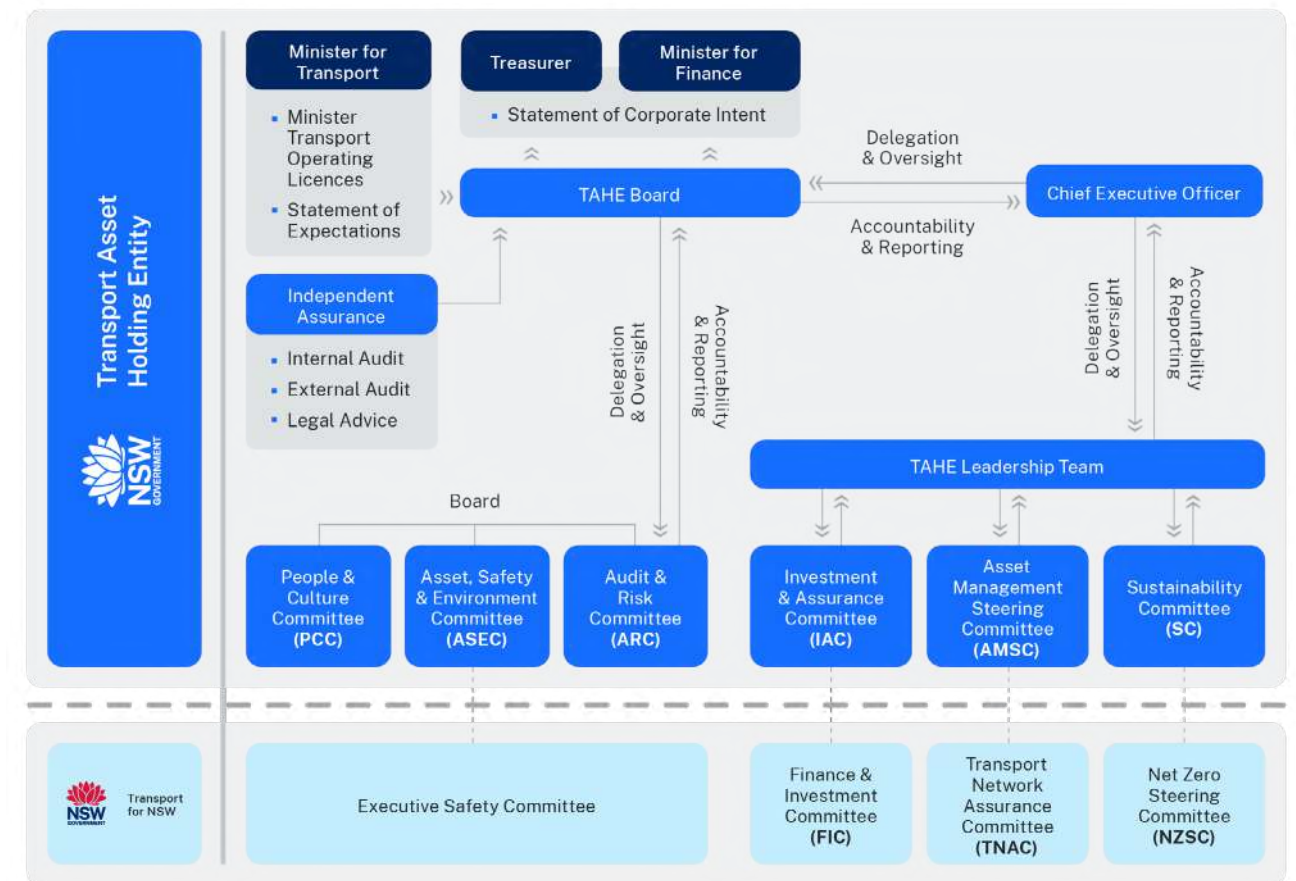


Diagram 1: TAHE Governance Structure

Indemnity and Insurance

In accordance with the SOC Act and the TAHE Constitution, all Directors have been granted indemnity with the approval of the Voting Shareholders. This is in accordance with the *NSW Treasury TPP18- 04 Directors and Officers Indemnity Policy for State Owned Corporations*.

In addition to the indemnity approved by the Voting Shareholders, TAHE holds Directors

and Officers Liability Insurance. This insurance indemnifies directors and officers for liability incurred by them in their capacity as directors and officers.

Board of Directors' skills

The TAHE Board comprises of Directors who collectively bring a broad range of skills, expertise and experience to the organisation.

Committees

Clause 5.12(a)(i) of the TAHE Constitution states’ the Directors may delegate any of their powers (other than those which by law must be dealt with by the Directors as a Board) to:

- i. a committee or committees consisting of such number of directors as they see fit

Each committee acts in accordance with a Charter approved by the Board, setting out matters relevant to the composition, responsibilities, authority and reporting of the committee.

The TAHE Board has three committees:

- » Audit & Risk Committee;
- » Asset, Safety & Environment Committee; and
- » People & Culture Committee.



Audit & Risk Committee

The Audit & Risk Committee meet at least four (4) times per year and at any other time at the request of the Board or as the Committee determines.

Objectives

The objectives of the Committee are to:

- » help the Board fulfil its responsibility to exercise due care and skill in relation to:
 - i. financial reporting;
 - ii. the application of accounting policies;
 - iii. financial management;

- iv. internal controls;
- v. business policies and practices;
- vi. the protection of the Corporation’s assets;
- vii. legal and regulatory compliance; and
- viii. risk control and management systems.
- » maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
- » monitor all risk management activities;
- » promote a culture of compliance;
- » ensure effective internal and external audit functions and communication between the Board and the external and internal auditors;
- » ensure compliance strategies and compliance functions are effective;
- » monitor fraud and corruption, and oversee management’s efforts to contain and eliminate fraudulent and corrupt behaviour.

Members

Anne McDonald (Chair), Erin Flaherty, Guy Pahor, and Bénédicte Colin¹.



Asset, Safety & Environment Committee

The Asset, Safety & Environment Committee meet at least four (4) times per year and at any other time at the request of the Board or as the Committee determines.

Objectives

The objectives of the Committee are to:

- » maintain TAHE’s Asset, Safety and Environment (**ASE**) Assurance Framework;
- » assist the Board in the effective discharge of its governance and oversight responsibilities for ASE across its assets, undertakings and third party operations;
- » assist the Board in obtaining assurance that appropriate frameworks and systems are in place to effectively manage ASE risks and comply with all legislative requirements;
- » review the performance of transport agencies and delivery partners in these areas and their compliance to those frameworks and systems; and
- » support the Board in fulfilling its responsibility to exercise due diligence in relation to ASE matters.

Members

Deborah Spring (Chair), Erin Flaherty, Guy Pahor, and Bénédicte Colin².



People & Culture Committee

The People & Culture Committee will meet at least two (2) times per year and at any other time at the request of the Board or as the Committee determines.

Objectives

The objectives of the Committee are to assist the Board to discharge its responsibilities to the Voting Shareholders and other stakeholders to ensure that TAHE:

- » has coherent people and remuneration policies and practices which:
 - i. are aligned with TAHE’s purpose, values, strategic objectives and risk appetite; and
 - ii. enable TAHE to attract, motivate and retain Directors, executives and employees who will meet TAHE’s needs and create value for the Shareholders.
- » fairly and responsibly remunerates the CEO and senior executives directly reporting to the CEO (Senior Executives) having regard to the performance of TAHE, the performance of the CEO and the Senior Executives, and the general remuneration environment; and
- » delivers on its overall people strategy, policies and practices in regard to succession planning, talent management, culture, diversity, performance management and employee relations.

Members

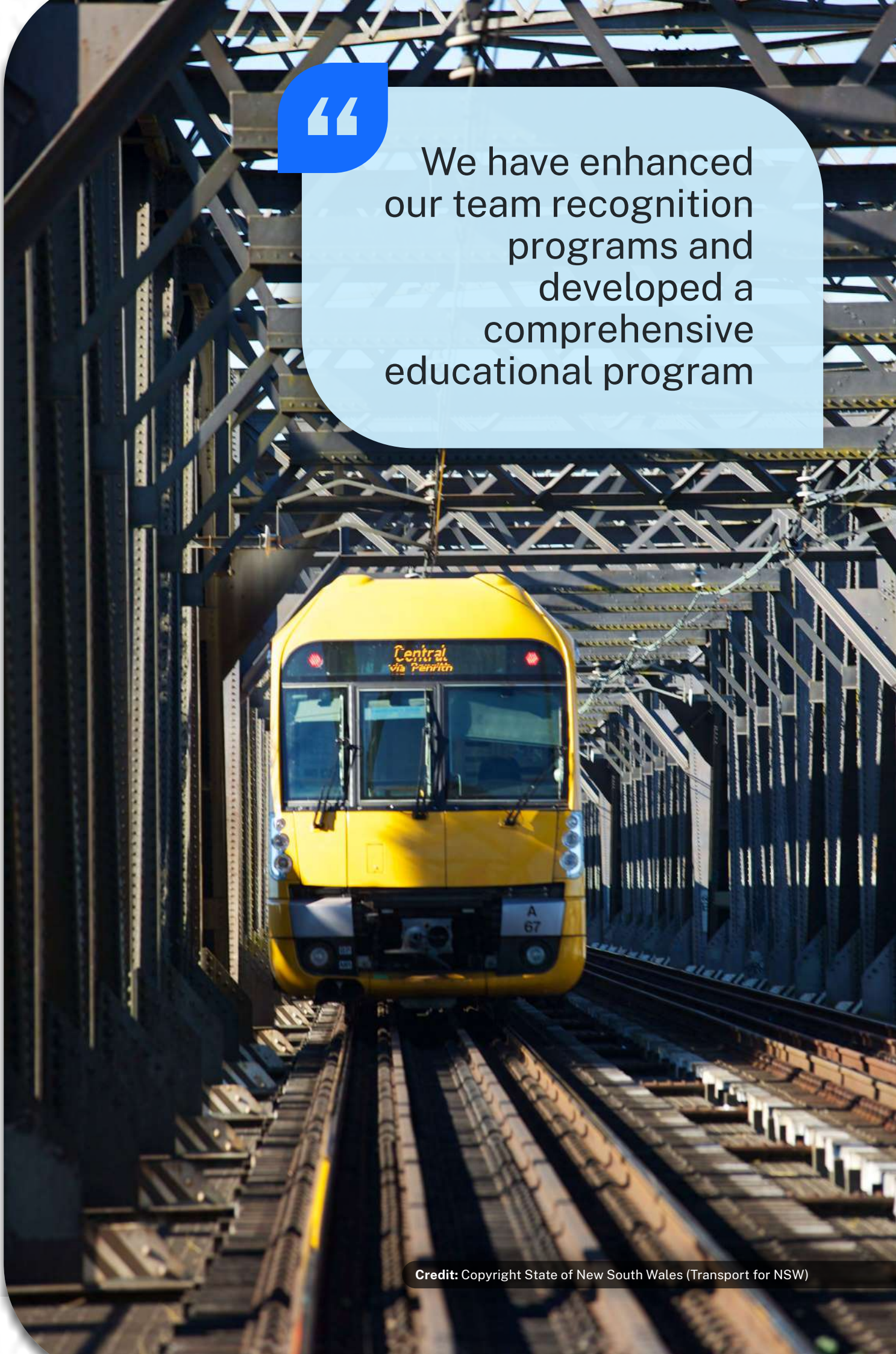
Bruce Morgan (Chair), Anne McDonald and Deborah Spring.

¹ Ms Colin concluded her Directorship of TAHE and membership of the Audit & Risk Committee on 22 December 2023.
² Ms Colin concluded her Directorship of TAHE and membership of the Asset, Safety & Environment Committee on 22 December 2023.

Board meetings and attendance

Attendee	Board		Audit & Risk Committee (ARC)		Asset, Safety & Environment Committee (ASEC)	People & Culture Committee (PCC)
	Scheduled	Special	Scheduled	Special	Scheduled	Scheduled
Bruce Morgan (Chair prior to 1 July 2024)	12/12	3/3	-	-	-	1/1
Erin Flaherty (Chair from 1 July 2024)	11/12	3/3	⁴ 3/5	4/4	3/4	1/1
Guy Pahor	12/12	3/3	4/5	4/4	4/4	1/1
Anne McDonald	12/12	3/3	5/5	4/4	-	1/1
Deborah Spring	12/12	3/3	-	-	4/4	0/1
Josh Murray ¹	7/11	1/3	-	-	-	-
Bénédicte Colin ²	6/6	2/2	-	-	-	-
Howard Collins ³	0/1	-	-	-	-	-
Total meetings held	12	3	5	4	4	1

¹ Appointed Transport Secretary 14 August 2023
² Only Director until 22 December 2023
³ Acting Transport Secretary until August 2023
⁴ Erin Flaherty not in attendance but provided feedback that was read out at the meeting



“ We have enhanced our team recognition programs and developed a comprehensive educational program

Credit: Copyright State of New South Wales (Transport for NSW)

Our Board

AS OF 30 JUNE 2024



Erin A. M. Flaherty

Chair from 1 July 2024

LLM, B.Juris, BA (Politics), GradDipApp
(CorporateGov), MAICD, CEW

Member of:

- Audit & Risk Committee
- Asset, Safety & Environment Committee

Erin's career spans over 30 years across private and government sectors, delving into corporate governance, finance, infrastructure, and law. Currently, she chairs the National Intermodal Corporation and serves on the board of the Inland Rail Company, appointed by key Ministers. Her board memberships include Venues NSW, The Infrastructure Fund, Mott MacDonald, the Australian Chamber Orchestra, and the NSW Police & Citizens Youth Clubs. Notably, she held pivotal roles in major projects like the Waratah train initiative and Sydney Metro Rail, contributing as an Advisory & Founding Board member.

E.F



Bruce Morgan

Chair prior to 1 July 2024

BComm, FAICD

Adjunct Professor University of NSW

Chair of:

- People & Culture Committee

Bruce has extensive experience as a non-Executive Director, including in water, energy and transport fuels and through his executive career in the professional services industry. Bruce was Chair of Sydney Water until September 2021 and a former director of the European Australia Business Council, Redkite, Origin Energy and Caltex Australia.

Bruce resigned his directorship of the University of NSW Foundation on 30 June 2024. He was Chair of the PwC Australia Board for seven (7) years until 2012, a member of the PwC International Board and Managing Partner of PwC's Sydney and Brisbane offices.

B.M



Anne McDonald

BEc, FCA, GAICD

Chair of:

- Audit & Risk Committee

Member of:

- People & Culture Committee

Anne has over 35 years' business experience in finance, accounting, governance and risk management. Anne is currently a non-Executive Director of St Vincent's Health and non-Executive Director of ASX listed Smartgroup. Anne is the former Chair of Water NSW and a range of ASX listed companies.

A.M



Deborah Spring

BSc (MechEng), MSc (MechEng), MBA
(Harvard Business School), FAICD

Deputy Chair of:

- Asset, Safety & Environment Committee

Member of:

- People & Culture Committee

Deborah has over 15 years' experience as a non-Executive Director of government businesses, unlisted companies and not-for-profit organisations across the infrastructure, transport, and logistics sectors. Deborah's experience includes serving as CEO and then Chair of Australia's Rail Industry Safety and Standards Board (**RISSB**), as a director of V/Line, and as Chair of the Infrastructure Sustainability Council.

D.S



Guy Pahor

BArch (Hons)

Member of:

- Audit & Risk Committee
- Asset, Safety & Environment Committee

Guy is an experienced property executive with a career spanning more than 30 years both in Australia and abroad with expertise across a diversity of asset classes – including development, investment and project management, design and construction. Guy's previous executive career includes roles as CEO of Frasers Property Australia and a number of senior executive roles over a 14-year period with Lendlease. Guy is currently a non-Executive Director of Dennis Family Corporation.

G.P



Josh Murray

BA(Com), MCIM, CompIEAust

Transport Secretary

Josh Murray is the Secretary of Transport for NSW where he leads a team of more than 30,000 people dedicated to running reliable, essential daily transport services and operations to connect people right across NSW.

Josh brings to the organisation his 20 years' experience in executive leadership and a comprehensive knowledge of the global infrastructure sector.

Josh has significant experience in NSW Government having worked in previous Premier, Deputy Premier and transport offices.

J.M



Bénédicte Colin

Former CEO

GAICD, MBA(Law&Fin) – ESSEC,
PostGradDeg Bus & Law(Tax)

Member of:

- Audit & Risk Committee
- Asset, Safety & Environment Committee

Bénédicte has over 25 years' experience in leadership and investment roles in Europe and Australia in the infrastructure sector (operations and asset management). Bénédicte led the executive team and managed the day to day operations of TAHE, its people and resources. As the CEO of TAHE until December 2023, Bénédicte was accountable for implementing TAHE's Statement of Corporate Intent and the delivery of TAHE's business plan as approved by the Board and was responsible for ensuring that TAHE's structure and processes were aligned to the strategic objectives and cultural needs of the organisation.

B.C

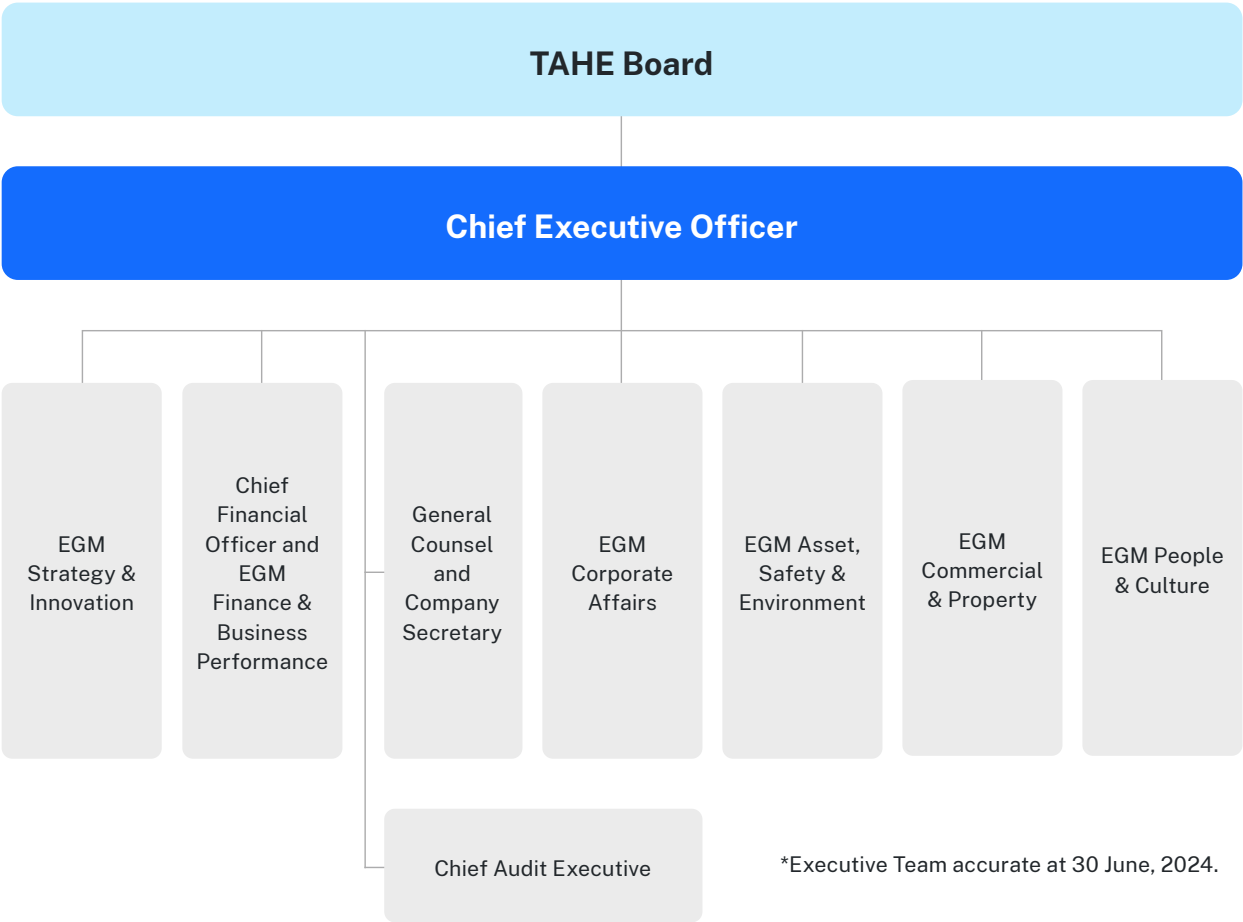
MANAGEMENT AND ACCOUNTABILITY

Executive Team

The TAHE executive leadership team underwent some changes throughout the financial year.

Lyndal Punch concluded as the Chief Financial Officer and was subsequently appointed as Acting Chief Executive Officer in December 2023.

Lynn Harrison was appointed as Acting Chief Financial Officer in January 2024.



*Executive Team accurate at 30 June, 2024.

Executive Remuneration and Diversity

*Band PSSE Equivalent	2022-2023		2023-2024		Average Remuneration**	
	Female	Male	Female	Male	2022-23	2023-24
Band 4	1	0	1	0	\$612,950	\$530,000
Band 3	2	4	1	4	\$401,690	\$398,028
Band 2	1	3	2	3	\$315,000	\$312,820
Band 1	1	8	2	6	\$248,467	\$249,851
Total	5	15	6	13		

During the FY24 year executive remuneration was 36% of total permanent employee costs representing a decline from FY23 (42%). On average, executive remuneration fell by 2%. Recruitment below executive level was constrained by uncertainty around TAHE's future operating model and resulting organisational structure.

* TAHE is not required to apply Public Sector Senior Executive (PSSE) remuneration package ranges. For 2023-24, we reported in line with remuneration equivalent to the PSSE bands.

**Average is based on the average of all incumbents, as full-time equivalents (FTE)

Human Resources

Human Resources	2022-23	2023-24
Full-time Equivalent	32	34



Lyndal Punch

CPA, GradDeg BCom (Acctg), GradDeg BSc (InvMaths)

Acting Chief Executive Officer

Lyndal has over 20 years’ experience in the financial industry, working across both private and government sectors including previous roles as the Chief Financial Officer (CFO) and Executive Director of Finance and Investment at Resilience NSW, Chief Financial Officer at Destination NSW and Chief Financial Officer and Chief of Staff to the NSW Treasury Secretary.

Lyndal joined TAHE in December 2022 as the CFO, where she led and managed the financial, procurement, business performance, and IT functions. In December 2023, she was appointed as Acting CEO. During her time at TAHE, Lyndal has been pivotal in steering the organisation through significant changes as it transitions to a new operating model.

L.P



Lynn Herisson

F CPA, BEc (Acc)

Acting Chief Finance & Business Performance

Lynn has over 35 years of financial management experience in both private and public industry and has spent 26 years within the rail sector.

Lynn is currently appointed as Acting Chief Financial Officer. Lynn leads the finance function and has responsibility for business performance and analysis and statutory reporting and financial risk management. She provides enterprise-level financial leadership, delivering strategic advice to enhance business performance and management, reporting obligations and outcomes.

L.H



George Roins

LLB (Hons), BBus (Acc), GradDip (AppCorporateGov)

General Counsel and Company Secretary

George has over 20 years’ experience in corporate and commercial law, administrative law, group restructures and services and supply arrangements in relation to government agencies and public and private corporations.

George is accountable for the provision of Legal services (including regulatory and compliance), Company Secretariat, Internal Audit and Risk Management, the strategic leadership of the Procurement and Records Management functions across the organisation to ensure business operations are conducted efficiently and effectively.

G.R



John Garrad

BEng (Hons), MRAes, CEng

Executive General Manager Asset, Safety & Environment

John Garrad has over 25 years of experience in senior leadership and safety engineering roles, operating in both the rail industry in Australia, and in the aviation sectors in the United Kingdom. John has spent his career of 13 years in Australia in the freight rail sector, employed in numerous complex and strategically significant roles.

Appointed in November 2022, John is responsible for leading and directing the strategic accountability for the Assets, Safety & Environment function at TAHE, executing appropriate assurance and risk driven reviews to ensure legislative compliance and licence obligations are met.

J.G



Nancy Ilacqua

BBus (HR & IR)

Executive General Manager
People & Culture

Nancy has over 20 years’ experience across a broad range of HR, Change Management, Transformations, Organisational Design, Industrial Relations, Talent Management and Learning & Development.

Nancy joined TAHE in 2021 and leads TAHE’s People and Culture function, responsible for the overarching direction and implementation of the People Strategy, workforce capability and performance, talent management, culture and internal communications.

N.I



Chris McCluskey

BComm, BA

Executive General Manager
Commercial & Property

Chris is a property professional with over 30 years’ experience in Australian markets including in institutional funds management, property investment, development and advisory fields. Chris was previously Group Executive Development Services at ISPT, Australia’s largest wholesale real estate fund manager where he oversaw a \$10.0Bn multi region diversified pipeline of projects.

Having worked across all sectors of the property spectrum in creating investment grade assets, Chris joined TAHE in May 2023 and is responsible for delivering property development and investment solutions at the intersection between major transport infrastructure and real estate.

C.M



Reynard Smith

BBus, GradDip (AppFin), GAICD

Executive General Manager
Strategy & Innovation

Reynard brings over 20 years’ experience in driving commercial outcomes in unregulated listed and private energy infrastructure companies. Having held senior commercial roles at Epic Energy, AusNet Services, GasNet Australia Group and Duke Energy International, Reynard commenced his career in Corporate Finance and Restructuring with Ernst & Young. Appointed in May 2022, Reynard is responsible for the corporate strategy, freight, sustainability, innovation & business planning functions at TAHE. Reynard is a Graduate Member of the Australian Institute of Company Directors and has completed the General Management Program at Harvard Business School, USA.

R.S



Russell King

BSc, MBA, PGCE

Acting Executive General Manager
Corporate Affairs

Russell has over 20 years’ experience in public policy, communications, government relations and stakeholder management in both the UK and Australia, focusing on Strategic Planning, Infrastructure and Transportation.

Russell brings extensive experience in the NSW Government, having worked for a Minister for Transport and Premier and has been involved in getting many new capital projects approved, including multiple new rail lines, multiple fleet procurements and various rail upgrades.

R.K

Our Governance Structure

TAHE is a statutory State Owned Corporation established on 1 July 2020 under Part 2 of the TAA.

TAHE is the legal owner of an extensive portfolio of railway network assets, including rail embankments, cuttings and tunnels, track, signals, power systems, rolling stock, stations, and significant land holdings around stations within metropolitan and regional NSW. TAHE operates in accordance with its specific legislative functions and objectives that are set out in the *Transport Administration Act 1988 (NSW) (TAA)*.

Under the TAA, TAHE’s functions include:

- » to hold, manage, operate and maintain transport assets vested in or owned by it, or to be vested in or owned by it;
- » to establish, finance, acquire, construct and develop transport assets to be vested in or owned by it;
- » to promote and facilitate access to the part of the NSW rail network vested in or owned by TAHE in accordance with any current NSW rail access undertaking or

otherwise lease or make available transport assets vested in or owned by TAHE to other persons or bodies; and

- » to acquire and develop land for the purpose of enabling TAHE to carry out its functions.

Within the last financial year, TAHE’s legislative objectives have been amended, such that TAHE now has a principal objective to undertake its activities in a safe and reliable way. The other objectives of TAHE remain the same and are of equal importance. These other objectives are:

- a. to be a successful business and, to that end—
 - ii. to operate at least as efficiently as any comparable business, and
 - iii. to maximise the net worth of the State’s investment in TAHE,
- b. to exhibit a sense of social responsibility by having regard to the interests of the community in which TAHE operates,
- c. if TAHE’s activities affect the environment—to conduct its operations in compliance with the principles of ecologically sustainable development contained in the Protection of the Environment Administration Act 1991, section 6(2), and

- d. to exhibit a sense of responsibility towards regional development and decentralisation in the way in which TAHE operates.

Whilst TAHE has various functions under the TAA, TAHE’s functions may only be exercised under the authority of and in accordance with the Operating License issued by its Portfolio Minister.

In addition, TAHE’s Portfolio Minister and Shareholding Ministers jointly sign TAHE’s Statement of Expectations, which provide TAHE with clarity around relevant Government policies and priorities and ensures TAHE’s strategic direction and operations align with broader NSW Government expectations.

In addition to it legislated objectives, Operating Licence and Statement of Expectations, during the FY24 period the TAHE Board was required to act on and in accordance with the following Government directions and guidelines:

- » 20 November 2023 - Directions received from the Minister for Transport to:
 - Amend TAHE’s 10-year capital program including deferring \$495.1 million of capital from forward estimates up to 2026-27, into 2027-28 and beyond.
 - For each financial year use a portion of the cash balances held by TAHE as agreed with NSW Treasury for the investment in approved heavy rail infrastructure projects on the NSW rail network owned by TAHE.
 - Subject to obtaining the necessary approvals under the Government Sector Finance Act 2018, TAHE is to

take on additional borrowings of up to \$782 million or such other amount as approved to fund the conditional debt paydown related to the Regional Rail Fleet Program Public Private Partnership and to partially fund TAHE’s commercial projects across the budget and forward estimates.

- Renegotiate TAHE’s Access and Licence Fees.
- » 28 March 2024 - Shareholder Expectations received from Voting Shareholders providing additional guidance on general forecast assumptions, property and land divestments, commercial property projects and unclaimed capital injection claims.

Application for extension of time

TAHE was granted an extension to prepare its FY24 Annual Report until 30 November 2024 as outlined in the *Treasurer’s Direction TD 23-11 Annual reporting requirements made under paragraph 4*.

The extension was granted due to the extensive valuation of TAHE’s assets from an income based to a replacement cost required as part of the transition from a State-Owned Corporation into a NSW Government Agency in the form of a non-commercial Public Non-Financial Corporation. This extension will allow TAHE to include replacement cost valuations in its 2023-24 financial statements and have these audited by the Audit Office for inclusion in the annual report.

Consultants

Division	Vendor	Value	Description
Commercial and Property	LOCATION IQ PTY LTD	167,532	Retail Strategy development for TAHE’s retail portfolio
Finance	DELOITTE TOUCHE TOHMATSU	158,880	Financial and accounting advice on TAHE’s transition
Commercial and Property	RPS AAP CONSULTING PTY LTD	95,850	Development of Social Impact Strategy
Commercial and Property	PAXON GROUP	84,363	Financial modelling for the Affordable Housing Pilot Project
Finance	PRICEWATERHOUSECOOPERS	80,000	Independent valuation services relating to year end 30 June 2023
Access and Regulatory	HOUSTON KEMP PTY LTD	79,594	Economic and regulatory advice for Freight Reform
-	Expenditure below \$50,000 (8 contracts)	65,330	
Total:		731,548	

Promotion

TAHE had no overseas visits by officers and employees to promote investments in NSW.

Requirements arising from employment arrangements

TAHE is not required to report on requirements arising from employee arrangements.

Legal change

Anti-Discrimination Amendment (Religious Vilification) Act 2023 (NSW) – amended the *Anti-Discrimination Act 1977 (Religious Vilification) Act 2023* (NSW) and commenced on 11 November 2023.

Environmental Planning and Assessment Amendment (Transport Oriented Development) Regulation 2024 (NSW) – amended the *Environmental Planning and Assessment Regulation 2021* (NSW) and commenced on 13 May 2024.

Environmental Protection Legislation Amendment (Stronger Regulation and Penalties) Act 2024 (NSW) – amended the *Contaminated*

Land Management Act 1997 (NSW) and the *Protection of the Environment Operations Act 1997* (NSW) and commenced on 1 July 2024.

Fair Work Amendment (Employee Authorised Deductions) Regulations 2023 (Cth) - amended the *Fair Work Regulations 2009* (Cth) and commenced on 30 December 2023.

Fair Work and Other Legislation Amendment (Secure Jobs, Better Pay) Regulations 2023 (Cth) - commenced on 1 July 2023 and amended the *Fair Work Regulations 2009* (Cth).

Fair Work Legislation Amendment (Closing Loopholes) Act 2023 (Cth) - provisions commenced on 15 December 2023, 1 January 2024, 1 July 2024 and a remaining provision will commence on 1 January 2025.

Fair Work Legislation Amendment (Closing Loopholes) Act 2023 (Cth) - received royal assent on 14 December 2023 and amended the *Fair Work Act 2009* (Cth).

Fair Work Legislation Amendment (Closing Loopholes No. 2) Act 2024 (Cth) – received royal assent on 26 February 2024 with provisions commencing variously on 27 February 2024 and 26 August 2024.

Fair Work Legislation Amendment (Protecting Worker Entitlements) Act 2023 (Cth) – commenced on 1 January 2024 and amended the *Fair Work Act 2009* (Cth).

Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022 (Cth) – amended the *Fair Work Act 2009* (Cth) and commenced on 6 December 2023.

Government Sector Finance Amendment (Deemed Appropriations) Regulation 2023 (NSW) – amended the *Government Sector Finance Regulation 2018* (NSW) and commenced on 16 June 2023.

Inclosed Lands Protection Regulation 2023 (NSW) – repealed the *Inclosed Lands Protection Act 1989* (NSW) and commenced on 21 July 2023.

Industrial Relations Amendment Act 2023 (NSW) – amended the *Industrial Relations Act Amendment Act 2023* (NSW), effective on 15 December 2023.

Paid Parental Leave Amendment (More Support for Working Families) Act 2024 (Cth) – amended the *Paid Parental Leave Act 2010* (Cth) and commencing variously on 26 March 2024, 1 July 2025 and 1 July 2026.

Penalties Fair Work Amendment (Employee Authorised Deductions) Regulations 2023 (Cth) - amended the *Fair Work Regulations 2009* (Cth), effective 30 December 2023.

Privacy and Personal Information Protection Amendment Act 2022 (NSW) – amended the *Privacy and Personal Information Protection Act 1998* (NSW).

Nature Repair Act 2023 (Cth) – commenced on 14 December 2023.

Transport Administration Amendment (TAHE) Act 2023 (NSW) – amended the *Transport Administration Act 1988* (NSW) effective on 12 December 2023.

Transport Administration (General) Amendment (State Tax Exemption) Regulation 2023 (NSW) - effective on 23 June 2023 and postponed a provision of the *Transport Administration (General) Regulation 2018* (NSW).

Treasury Laws Amendment (2022 Measures No. 4) Act 2023 (Cth) – commenced on 1 July 2023 and amended the *Fringe Benefit Tax Assessment Act 1986* (Cth).

Work Health and Safety Amendment Act 2023 (NSW) – amended the *Work Health and Safety Act 2011* (NSW), effective on 24 April 2024.



Risk Management and Insurance Activities

TAHE continues to embed the integrated risk management approach into its core business operations and activities. There has been a focus over the past year to instil risk awareness throughout the organisation and provide additional guidance on the framework, process, and policies.

The core activities conducted as part of the adopted Enterprise Risk Management Framework include:

- » Continuously review and improve risk mitigation strategies, risk appetite and controls dependent on trends, government priorities, operating model changes and key data points
- » Periodically conduct risk reviews with TAHE management and update the risk register
- » Identify and report risks outside of TAHE's defined risk appetite to the Board, senior management, and ARC
- » Preparation and presentation of risk reports for the TAHE ARC on a quarterly basis
- » Instil a risk management culture across the business via the Enterprise Risk Management Framework

The periodic risks reviews have considered the impact of the transition, leading to an increased focus on certain risks, mitigations, and controls. The key risks reviewed and updated for the organisation include:

- » Contingent or unknown liabilities
- » Transition to the New Operating Model
- » Information Security (Cyber)

- » Human Resource Management
- » Adequacy of Asset Information
- » Project Delivery
- » Public profile and inter-agency relationships
- » Environmental Contamination
- » Climate Change & Climate Resilience
- » Alignment and clarity on TAHE Operating Model
- » Procurement fraud and/or corruption

Insurance Activities

TAHE is party to a comprehensive customised insurance program which is a key component of its risk management strategy. This insurance program is annually reviewed in collaboration with their designated insurance brokers and iCare to mitigate against insurable risks. TAHE manages insurable risks by obtaining insurance either through the commercial insurance market or iCare, partnering with established and financially secure insurers.

The NSW Treasury mandates that all NSW Government agencies must adhere to Principal Arranged Insurance (**PAI**) iCare NSW (**iCare**) for all government capital projects with an estimated cost of \$10 million or greater. Contractors take out Contractor Arranged Insurance (**CAI**) to shield themselves from potential risks and liabilities that may arise from the services rendered under the contract. TAHE requires all contractors engaged to provide a current certificate of insurance.

Internal Audit and Risk Management Policy Attestation

The Internal Audit function has continued maturing as an important pillar of TAHE's governance and risk assurance framework.

Internal Audit delivers independent, objective, assurance and consulting activity providing value add and improving the organisation's operations. It supports TAHE in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

It provides assurance to the Board, the Audit and Risk Committee and the CEO that TAHE's financial and operational controls, designed to manage the organisation's risks for achieving the entity's objectives, are operating in an efficient, effective and ethical manner. It also assists in improving TAHE's business performance.

Since TPP20-08 (Internal Audit and Risk Management Policy) is not applicable to SOCs, TAHE has not been publishing an attestation statement in its Annual Report (as per templated at Annexure C of the TPP) in the past years.

Compliance with the Privacy and Personal Information Act 1998

On 28 November 2023, the ambit of the *Privacy and Personal Information Protection Act 1998 (PPIPA)* was expanded to include obligations on state owned corporations. This included an obligation to have a privacy management plan and provide notifications on data breaches.

TAHE has complied with the PPIPA by preparing:

1. A privacy management plan;
2. A data breach policy; and
3. A mandatory notification of data breach procedure

TAHE pursues compliance with the new PPIPA obligations through the:

- » Provision of annual training to all TAHE staff to effectively and efficiently identify incidents of data and incident breaches;
- » Management of contractual relationships between TAHE and third party service providers to ensure all data breaches are reported to TAHE in a timely manner; and
- » Routine review, testing and updating of TAHE's data procedures.

TAHE has an internal register of suspected and actual data breaches and a public notification register for all notifications which fall under section 29N(2) of PIPPA.

The internal register does not have any entries, as TAHE has not encountered any data breaches. The register is intended to include the following information as:

- » Who notified of the breach
- » When the breach occurred
- » The nature of the breach
- » Steps taken by TAHE to mitigate the harm caused
- » Preventative measures implemented by TAHE
- » The estimated cost associated with the data breach.



Government Information (Public Access) Act 2009

Review of the proactive release program

The *Government Information (Public Access) Act 2009 (GIPA)* provides an open and transparent process for giving the public access to information from NSW public sector agencies, and to encourage the proactive public release of government information.

TAHE supports TfNSW by releasing information about current and planned transport projects and initiatives on our website. This ranges from media releases to detailed information about contracts and projects.

Transport also actively considers how to be more proactive and ensure greater access to information. The Proactive Disclosure Committee has representatives from agencies within Transport. The Committee meets quarterly to consider information for proactive release and to update the proactive disclosure program.

Further information about TAHE’s GIPA processes and the types of information held by the agency is available through the TAHE Agency Information Guide.

Number of access applications received and number of refused applications for Schedule 1 information

TAHE received no access applications during 2023-2024, and accordingly refused no access applications.

Table A: Number of applications by type of applicant and outcome, 2023-24

Type of information requested	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm /deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not-for- profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

Note: More than one decision can be made in respect to a particular access application. If so, a recording must be made in relation to each decision.

Table B: Number of applications by type of applicant and outcome, 2023-24

Type of information requested	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm /deny whether information is held	Application withdrawn
Personal information applications	0	0	0	0	0	0	0	0
Access application (other than personal information applications)	0	0	0	0	0	0	0	0
Access application that are partly personal information application and partly other	0	0	0	0	0	0	0	0

Note: More than one decision can be made in a particular access application. If this occurs, each decision must be recorded.

A ‘personal information application’ is an access application for personal information (as defined in clause 4 Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications 2023-24

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Applications is for excluded information of the agency (section 43 of the Act)	0
Applications contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table D: Conclusive presumptions of overriding public interest against disclosures: matters listed in Schedule 1 of the Act

Consideration category/type	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environment heritage	0
Privilege generally – Sch 1(5A)	0
Information provided to the High Risk Offenders Assessment Committee	0

*More than one public interest consideration may apply in relation to a particular access application and, if so, each consideration is to be recorded (but only once per application).

Table E: Other public interest consideration against disclosure: matters listed in table to section 14 of the Act, 2023-24

Consideration category/type	Number of occasions when application was not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

More than one public interest consideration may apply in relation to a particular access application and, if so, each consideration is to be recorded (but only once per application).

Table F: Timeliness 2023-24

Timeliness of decision	Number of applications
Decided within the statutory timeframes (20 days plus any extensions)	0
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	0

More than one public interest consideration may apply in relation to a particular access application and, if so, each consideration is to be recorded (but only once per application).

Table G: Number of applications reviewed under Part 5 of the Act (by type or review and outcome), 2023-24

Type of review	Decisions varied	Decisions upheld	Total
Internal review	0	0	0
Review by Information Commissioner	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by NCAT	0	0	0
Total	0	0	0

The Information Commissioner does not have the authority to vary decisions but can make recommendations to the original decision maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

Type of applicant	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information on the subject of access application relates (see section 54 of the Act)	0

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

Type of transport	Number of applications transferred
Agency-initiated transfer	0
Applicant-initiated transfer	0

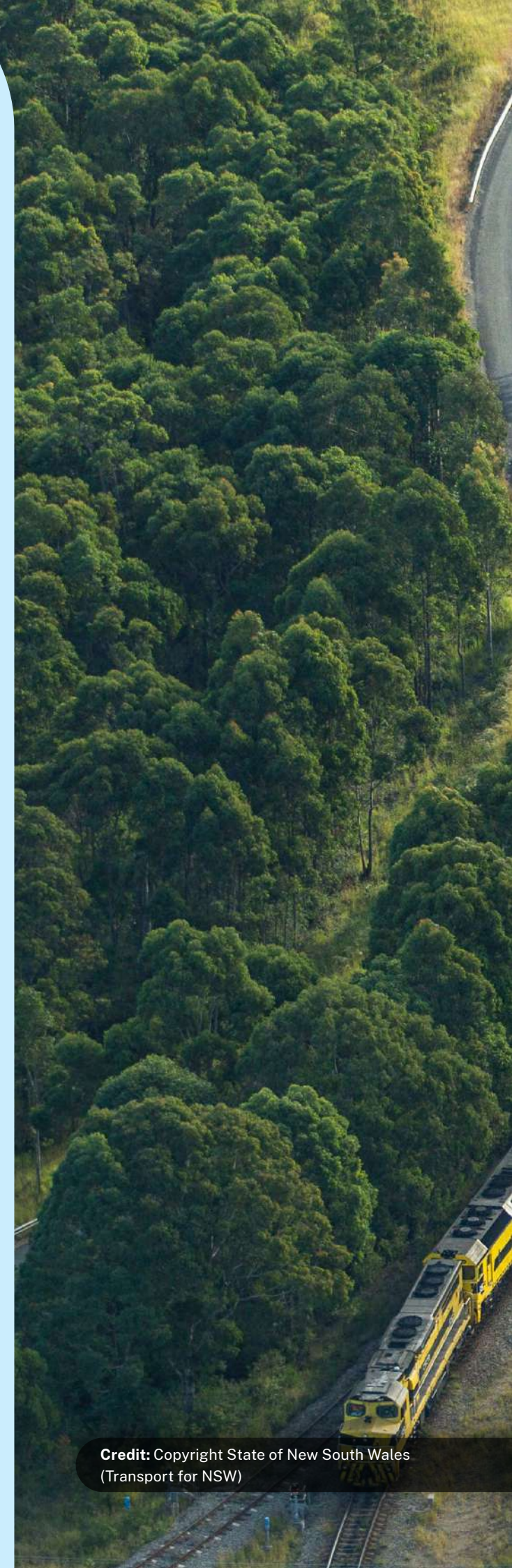
Section 5

Sustainability



Section Contents

- 5.1 Environmental, Social and Governance



✓ SUSTAINABILITY

Environment, Social and Governance

TAHE continues to mature its sustainability governance, strategies and risk management.

In late FY24 the TAHE Board validated the business’ sustainability risk profile. This exercise confirmed TAHE’s sustainability priorities, which will direct the establishment of objectives, targets, and performance indicators in FY25. These will be aligned with the NSW Government’s net zero emission targets and TfNSW’s climate change and no net loss biodiversity goals. In FY24 TAHE participated in climate risk workshops to inform the first Transport Enterprise Climate Risk Assessment (CRA), delivering on the NSW Climate Change Adaptation Strategy commitment for all NSW Government agencies to identify their climate change risks in alignment with the Climate Risk Ready NSW Guide by the end of 2023. The CRA provides a starting point for making informed decisions regarding climate risks.

As part of the ongoing development and roll out of its sustainability strategy in FY25, TAHE will develop reporting practices for sustainability requirements including climate-related financial disclosure mandates. The on-going work is focused on integrating sustainability principles into TAHE business-as-usual practices through cross-functional engagement across each division within the organisation.

Work, Health & Safety

TAHE has not recorded any injuries, and or serious incidents in the past twelve months. We continue to improve the induction and safety systems available to our staff, while enhancing the governance and assurance programs to validate the operational aspects of the asset portfolio.

- » TAHE has recorded no personal injuries in FY24
- » TAHE has nil prosecutions known and/or pending

Workforce Diversity

In Financial year 2023, TAHE adopted diversity targets for our workforce including:

- » 50% representation of Women
- » 6% employees with disability
- » 3% of employees identifying as Aboriginal or Torres Islander.

TAHE’s permanent headcount has not grown significantly over the FY24, although through targeted recruitment we have increased the representation of women in the workplace by 8% over the financial year to 44% while maintaining our overall staffing levels.

Throughout the year, the TAHE Board comprised 60% Women.

We have continued the implementation of our Diversity and Inclusion Strategy and incorporated innovative diversity focussed engagement activities events for Mardi Gras, Harmony Day, International Women’s Day, R U OK Day? and Wear it Purple Day.

While the majority of our workforce identified as Australian, 40% of our team were born overseas, identifying with 23 different nationalities. The team also identified with 8 different religious affiliations (including no religion) and listed 12 languages other than English regularly spoken.

Table 1a. Agency and Division

Headcount during the year	FY24
Headcount at census	34
Female	15 (44%)
Male	19 (56%)
Not Aboriginal or Torres Strait Islander	27
Prefer not to say (Aboriginal or Torres Strait Islander)	7
No disability	27
Prefer not to say (disability)	7
Person from a Racial, Ethnic, or Ethno-religious minority group	*
Person not from a Racial, Ethnic, or Ethno-religious minority group	*
Prefer not to say/no response (ethnicity)	3

*No employees self-identified as being from a Racial, Ethnic, or Ethno-religious minority group

Modern Slavery Statement

TAHE has not received any recommendations by the Anti-Slavery Commissioner during FY24.

TAHE is committed to respecting human rights and taking meaningful action to prevent, mitigate and where appropriate, remedy modern slavery risks in its operations, supply chains and investments. Our Modern Slavery statement articulates measures that are in place to identify, assess and reduce modern slavery. The statement for FY23 is publicly available on our website as well as within the Attorney-General's Department's Modern Slavery statement register and similarly, the Statement for FY24 will be made publicly available within reporting timeframes set out in relevant Modern Slavery legislation.

Disability Inclusion Action Plans

TAHE is not required to report an Action Plan.



“

We continue to improve the induction and safety systems available to our staff



Credit: Copyright State of New South Wales (Transport for NSW)

Section 6

Financial Performance



Events arising after the end of the annual reporting period

On 23 September 2024, the Transport Administration Amendment Bill 2024 was assented. The legislation will convert TAHE from a SOC to a NSW Government agency called TAM.

TAM will carry forward the operations of TAHE according to the government's revised objectives. The legislation is expected to be effective from 1 January 2025. TAM will integrate closely with the Transport portfolio, to ensure the delivery of the government's policy objectives, including enhancing the safety, reliability and efficiency of the rail network.

Section Contents

| 6.1 Overview



✓ FINANCIAL PERFORMANCE

Overview

During FY24, the Government made the decision to transition TAHE from a SOC into a Government agency in the form of a non-commercial Public Non-Financial Corporation.

In December 2023 an amendment to the *Transport Administration Act 1988* changed commerciality from TAHE’s primary objective to a secondary objective in line with the government policy. The legislation for the transition is expected to be effective from 1 January 2025. As a result, TAHE is a not-for-profit entity for accounting purposes for the year ended 30 June 2024. TAHE was a for profit entity for accounting purposes for the year ended 30 June 2023.

As a not-for-profit entity for accounting purposes, TAHE's basis of fixed asset valuation needed to change from an income-based approach to the current replacement cost approach (except for land which is valued under market approach). This revision in the valuation technique resulted in an increase of \$31.2 billion in the asset value in FY24, of which \$17.8 billion was recognised in the statement of comprehensive income and \$13.4 billion was recognised through an

increase in the asset revaluation reserve. This change in valuation approach also resulted in an increase in the depreciation, amortisation and de-recognition of assets to \$1,334.6 million (FY23 \$770.0 million).

TAHE has also revised its recognition criteria for grants and contributions in FY24, in accordance with the relevant accounting standard for not-for-profit entities. Previously as a for-profit entity, TAHE deferred grants when received and then released to revenue on a systematic basis over the period that the associated costs were recognised as an expense. In FY24, TAHE recognised grants when it obtained control of cash, which resulted in \$472.7 million in grants deferred from the previous years released to the statement of comprehensive income. TAHE also received grants of \$797.1 million during FY24 to fund capital programs (\$699.6 million) and Country Regional Network operations (\$97.5 million). The total grants and contributions recognised in FY24 amount to \$1,269.8 million. From FY24, TAHE's capital programs are funded partially via grants from Transport for NSW and partially via its own cash reserve. In previous years, TAHE's capital programs were primarily funded through equity injection from NSW Treasury.

The net result from operations for the year was a surplus of \$18,421.9 million (FY23 deficit of \$1,356.2 million).

Financial Performance Summary Table

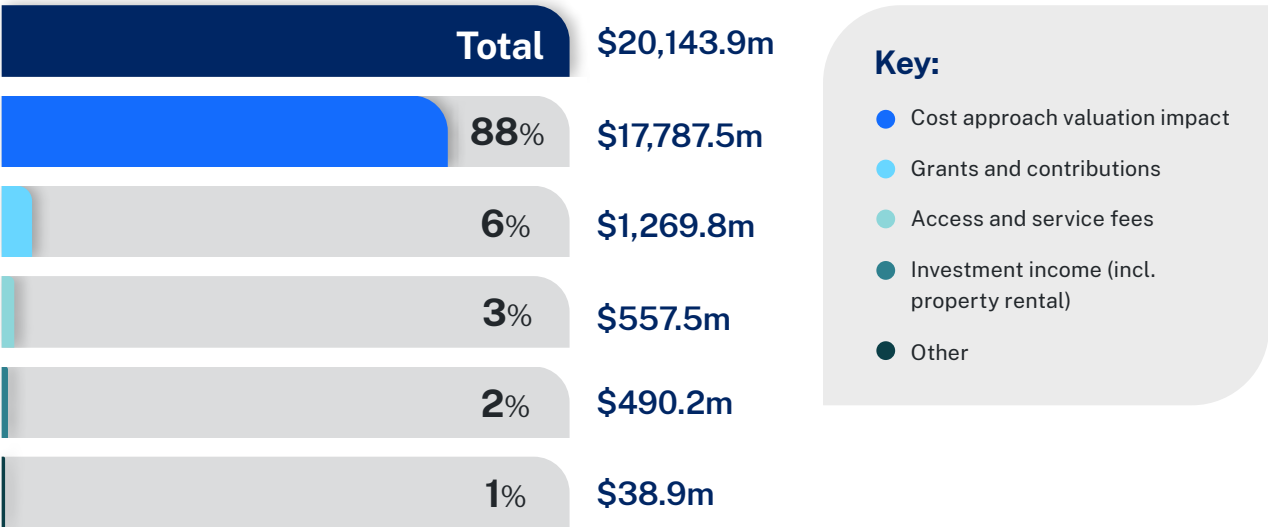
	2024 \$'000	2023 \$'000
Revenue		
Revenue from contracts with customers	557,518	623,513
Investment revenue	490,176	535,466
Grants and contributions	1,269,799	113,856
Valuation increment of property, plant and equipment and intangible assets	17,787,495	-
Other income	38,952	17,014
Total Revenue	20,143,940	1,289,849
Expenses		
Employee-related expenses	10,507	11,012
Other operating expenses	240,007	203,749
Valuation decrement of property, plant and equipment and intangible assets	-	1,528,272
Other expenses	50,072	71,554
Depreciation, amortisation and de-recognition	1,334,576	770,039
Finance costs	86,884	61,399
Total expenses	1,722,046	2,646,025
Net result	18,421,894	(1,356,176)

Performance Against Budget

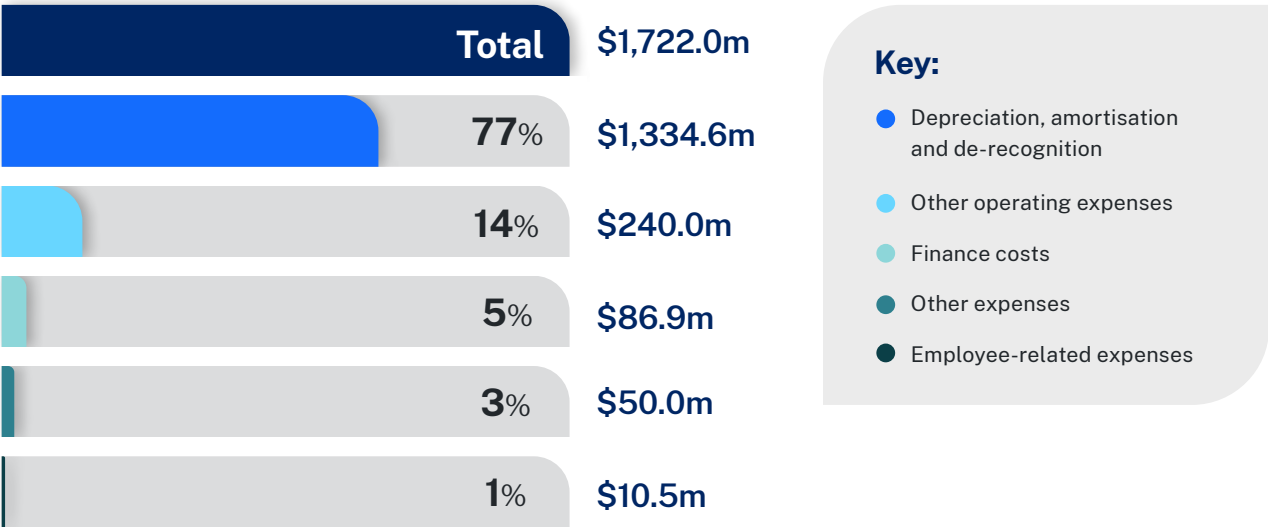
TAHE’s net result was \$18,421.9 million compared to the budgeted deficit of (\$1,099.0 million). The variance was primarily driven by the change in valuation technique from the income-based approach to the current replacement cost approach (except for land which was market approach), and also the change from equity injections to grants to fund the capital programs.

Key revenue streams include access and licence fees with the public rail operators underpinned by the ten-year agreements. The agreements were re-negotiated with the operators in June 2024. Other revenue streams include private operator access fees, rent revenue from the rental portfolio and airport line revenue.

FY 23-24 Total Income



FY 23-24 Total Expenses



Capital Investment

Capital expenditure in the year was \$1,391.6 million (FY23: \$1,745.6 million) as set out in the table below. A further \$375.7 million (FY23: 345.5 million) was invested in capitalised major periodic maintenance. Total capital investment for FY24 was \$1,767.3 million (FY23: \$2,091.1 million). The NSW Government provided \$699.6 million of grants in the year to fund capital investment. TAHE also funded the capital investment through its cash reserve.

Financial Performance Summary Table

2023-24 Capital Investment by program	\$ million
Rail Service Improvement Program	544.2
Mariyung Fleet (New Intercity Fleet)	359.8
Regional Rail Fleet Program	174.3
Minor Works	160.2
Safe, Accessible Transport Program	148.2
Fixing Country Rail	3.8
Rail Fleet Upgrade	1.1
Capital Expenditure	1,391.6
Capital Maintenance	375.7
Total TAHE Capital Investment	1,767.3

Capital Expenditure

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Capital Investment	1,502.2	2,343.3	2,252.5	1,745.6	1,391.6
Capitalised Maintenance	393.2	392.4	295.1	345.5	375.7
Total Capital Expenditure	1,895.4	2,735.7	2,547.6	2,091.1	1,767.3

Investment Performance

Treasury policy mandates TAHE to maintain all cash with Westpac Banking Corporation under the Treasury Banking System. Interest income is in line with the return of the mandated account at a rate of 4.27% for the year.

Implementation of Price Determination

On 9 May 2024, IPART published its final decision on TAHE’s compliance with the NSW Rail Access Undertaking. Consistent with TAHE’s compliance report, IPART found TAHE compliant with all elements other than the ceiling test for the TAHE Hunter Valley Coal Network. IPART further recognised that TAHE developed and submitted an Unders and Overs Policy consistent with its request for TAHE to do so by 31 May 2023. IPART approved the policy on 9 May 2024.

IPART indicated they expect this policy to address the current Overs Account balance and ensure that there are no persistent over or under recovery balances in the future.

Liability Management Performance

In the year ended 30 June 2024, TAHE’s cost of funds was 2.76% against the benchmark of 4.39%. TAHE’s debt comprised a portfolio that has a greater than 90% weighting of long-term debt in accordance with policy, which resulted in a lower cost of funds than the neutral benchmark.

Land Disposal

In the year ended 30 June 2024, TAHE did not sell any land with a value greater than \$5 million and not sold by public auction or tender.

Exemptions

TAHE has not sought exemptions from reporting information.

Other Information

External costs associated with the printing of this report are estimated to be \$900 including GST.

Payment of Accounts

Outstanding invoices by age at the end of each quarter

Quarter	Current (i.e, within due date) \$m	Less than 30 days overdue \$m	Between 31 and 60 days overdue \$m	Between 61 and 90 days overdue \$m	More than 90 days overdue \$m
Suppliers (exclude credit payments) \$ millions					
September	724.31	0	0	0	0
December	398.36	0	0	0	0
March	147.23	0	0	0	0
June	149.80	0	0	0	0

Accounts paid on time within each quarter

Quarter	September	December	March	June
All suppliers				
Number of accounts due for payment	384	630	567	721
Number of accounts paid on time	382	623	564	716
Actual percentage of accounts paid on time (based on number of accounts)	99.48%	98.89%	99.47%	99.31%
Dollar amount of accounts due for payment (\$ million)	55.45	892.45	736.92	640.93
Dollar amount of accounts paid on time (\$ million)	55.44	892.38	736.89	640.78
Actual percentage of accounts paid on time (based on \$)	99.98%	99.99%	100.00%	99.98%
Small business suppliers				
Number of accounts due for payment to small businesses	57	70	79	92
Number of accounts due to small businesses paid on time	57	70	79	92
Actual percentage of small business accounts paid on time (based on number of accounts)	100.00%	100.00%	100.00%	100.00%
Dollar amount of accounts due for payment to small businesses (\$ million)	0.79	0.67	0.94	0.93
Dollar amount of accounts due to small businesses paid on time (\$ million)	0.79	0.67	0.94	0.93
Actual percentage of small business accounts paid on time (based on \$)	100.00%	100.00%	100.00%	100.00%

TAHE was charged no interest by suppliers to in the current financial year.



INDEPENDENT AUDITOR'S REPORT

Transport Asset Holding Entity of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Transport Asset Holding Entity of New South Wales (TAHE), which comprise the Directors' Declaration, the Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy Information, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly TAHE's financial position, financial performance and cash flows.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of TAHE in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2024. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon. I

do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

Key Audit Matter	How my audit addressed the matter
Fair value of property, plant and equipment At 30 June 2024, TAHE reported \$54.0 billion in property, plant and equipment measured at fair value. The closing balance of property, plant and equipment includes a net revaluation increment of \$31.1 billion recorded during the year ended 30 June 2024. I considered this to be a key audit matter because of the: - financial significance of the property, plant and equipment balances - extent of significant judgements underpinning key assumptions used in the valuation process - specialised and unique nature of the assets impacting on judgement and complexities with applying AASB 13 'Fair Value Measurement' requirements. Details on the valuation techniques, inputs and processes for property, plant and equipment are disclosed in Notes 6 and 9.	Key audit procedures included the following: - obtained an understanding of TAHE's approach to estimating the fair value of property, plant and equipment - assessed the competence, capability and objectivity of experts engaged by TAHE - assessed the accuracy and completeness of assets included in the revaluation - assessed significant judgements underpinning key assumptions used in valuing unique and specialised assets - reviewed the reasonableness of all key assumptions - obtained an understanding of the process used to assess the assets' condition and useful lives - agreed valuation amounts to the reported financial statement balances - assessed whether the valuation methodology met the requirements of Australian Accounting Standards and NSW Treasurer's Directions - assessed the sufficiency and appropriateness of the financial statement disclosures against the requirements of applicable Australian Accounting Standards and Treasurer's Directions.

The Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Directors' responsibilities also include such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing TAHE's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar6.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that TAHE carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Reiky Jiang
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

22 November 2024
SYDNEY



Transport Asset Holding Entity of New South Wales

Annual Financial Statements

For the year ended 30 June 2024

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(Start of audited financial statements)

Directors' Declaration

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018*, we declare that the accompanying financial statements and the notes thereto:

- (a) present fairly the financial position of Transport Asset Holding Entity of New South Wales (TAHE) as at 30 June 2024 and of its financial performance and cash flows for the year ended 30 June 2024.
- (b) have been prepared in accordance with the provisions of the *Government Sector Finance Act 2018*, the *Government Sector Finance Regulation 2024*, Australian Accounting Standards, which includes Australian Accounting Interpretations and the Treasurer's Directions.

We are not aware, as at the date of this statement, of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

At the date of signing this statement, there are reasonable grounds to believe that TAHE will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Erin Flaherty
Chair
Transport Asset Holding Entity of
New South Wales



Anne McDonald
Director
Transport Asset Holding Entity of
New South Wales

21 November 2024

Transport Asset Holding Entity of New South Wales
Statement of comprehensive income
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Revenue			
Revenue from contracts with customers	2.1	557,518	623,513
Investment revenue	2.2	490,176	535,466
Grants and contributions	2.3	1,269,799	113,856
Valuation increment of property, plant and equipment and intangible assets	6.1,8.2	17,787,495	-
Other income	2.4	38,952	17,014
Total revenue		20,143,940	1,289,849
Expenses			
Employee-related expenses	3.1	10,507	11,012
Other operating expenses	3.2	240,007	203,749
Valuation decrement of property, plant and equipment and intangible assets	6.1,8.2	-	1,528,272
Other expenses	1.13.5	50,072	71,554
Depreciation, amortisation and de-recognition	6.1,8.2,7.1	1,334,576	770,039
Finance costs	3.4	86,884	61,399
Total expenses		1,722,046	2,646,025
Net result		18,421,894	(1,356,176)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to net result</i>			
Changes in revaluation surplus of property, plant and equipment and intangible assets	9.3	13,442,514	(1,255,678)
Total other comprehensive income		13,442,514	(1,255,678)
Total comprehensive income		31,864,408	(2,611,854)

The accompanying notes form part of these financial statements.

Transport Asset Holding Entity of New South Wales
Statement of financial position
as at 30 June 2024

	Note	2024 \$'000	2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4.1	1,211,367	1,519,361
Receivables	5	70,283	58,868
Non-current assets held for sale		-	761
Total current assets		1,281,650	1,578,990
Non-current assets			
Receivables	5	54,243	54,150
Property, plant and equipment	6.1	53,970,867	22,355,989
Right-of-use assets	7.1	542	1,279
Intangible assets	8.1	163,699	112,420
Total non-current assets		54,189,351	22,523,838
Total assets		55,471,001	24,102,828
LIABILITIES			
Current liabilities			
Payables	10	203,633	302,088
Contract liabilities	11	7,479	8,033
Borrowings	12	341,485	358,751
Provisions	13	36,647	14,130
Dividend payable	14	-	77,700
Other liabilities	15	-	71,590
Total current liabilities		589,244	832,292
Non-current liabilities			
Contract liabilities	11	1,382	2,765
Borrowings	12	3,132,940	2,971,696
Provisions	13	30,492	38,649
Other liabilities	15	-	401,104
Total non-current liabilities		3,164,814	3,414,214
Total liabilities		3,754,058	4,246,506
Net assets		51,716,943	19,856,322
EQUITY			
Contributed equity	16.1	28,356,436	28,360,223
Accumulated funds		2,998,373	(15,462,157)
Reserves		20,362,134	6,958,256
Total equity		51,716,943	19,856,322

The accompanying notes form part of these financial statements.

Transport Asset Holding Entity of New South Wales
Statement of changes in equity
for the year ended 30 June 2024

	Note	Contributed equity \$'000	Accumulated funds \$'000	Asset revaluation \$'000	Total \$'000
Balance at 1 July 2023		28,360,223	(15,462,157)	6,958,256	19,856,322
Net result		-	18,421,894	-	18,421,894
Other comprehensive income					
Net change in revaluation surplus of property, plant and equipment and intangible assets	6.1	-	-	13,442,514	13,442,514
Total other comprehensive income		-	-	13,442,514	13,442,514
Total comprehensive income		-	18,421,894	13,442,514	31,864,408
Reserves transferred to/(from) accumulated funds		-	38,636	(38,636)	-
Transaction with owners in their capacity as owners					
Increase/(decrease) in net assets from equity transfers	16.1	(3,787)	-	-	(3,787)
Balance at 30 June 2024		28,356,436	2,998,373	20,362,134	51,716,943
Balance at 1 July 2022		26,766,837	(14,064,758)	8,250,411	20,952,490
Net result		-	(1,356,176)	-	(1,356,176)
Other comprehensive income					
Net change in revaluation surplus of property, plant and equipment and intangible assets	6.1	-	-	(1,255,678)	(1,255,678)
Total other comprehensive income		-	-	(1,255,678)	(1,255,678)
Total comprehensive income		-	(1,356,176)	(1,255,678)	(2,611,854)
Reserves transferred to/(from) accumulated funds		-	36,477	(36,477)	-
Transaction with owners in their capacity as owners					
Dividend payable		-	(77,700)	-	(77,700)
Increase/(decrease) in net assets from equity transfers	16.1	1,593,386	-	-	1,593,386
Balance at 30 June 2023		28,360,223	(15,462,157)	6,958,256	19,856,322

The accompanying notes form part of these financial statements.

Transport Asset Holding Entity of New South Wales
Statement of cash flows
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts			
Receipts from customers and others		1,279,198	1,434,654
Interest received		67,151	35,507
Grants and contributions		797,105	515,526
Total receipts		2,143,454	1,985,687
Payments			
Payments to employees		(16,061)	(14,017)
Payments to suppliers and others		(516,703)	(551,331)
Finance costs		(82,281)	(83,430)
Total payments		(615,045)	(648,778)
Net cash flows from operating activities	4.2	1,528,409	1,336,909
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets		19,852	14,524
Purchases of property, plant and equipment and intangible assets		(1,741,131)	(2,063,298)
Net cash flows from investing activities		(1,721,279)	(2,048,774)
Cash flows from financing activities			
Contributed equity		-	1,595,803
Repayment of borrowings		(36,709)	(29,149)
Dividend payment		(77,700)	(71,200)
Payment of principal portion of lease liabilities		(715)	(594)
Net cash flows from financing activities		(115,124)	1,494,860
Net increase/(decrease) in cash and cash equivalents		(307,994)	782,995
Opening cash and cash equivalents		1,519,361	736,366
Closing cash and cash equivalents	4.1	1,211,367	1,519,361

The accompanying notes form part of these financial statements.

Transport Asset Holding Entity of New South Wales

Notes to the financial statements

for the year ended 30 June 2024

1. Statement of material accounting policy information

1.1 Reporting entity

Transport Asset Holding Entity of New South Wales (TAHE) is a NSW Statutory State Owned Corporation (SOC) constituted under the *Transport Administration Act 1988* and the *State Owned Corporations Act 1989*. The former Rail Corporation New South Wales converted to TAHE on 1 July 2020. TAHE is controlled by the State of New South Wales, which is the ultimate parent.

On 19 August 2023 the Government made the decision to transition TAHE from a SOC into a non-commercial Public Non-Financial Corporation (PNFC). In December 2023 an amendment to the *Transport Administration Act 1988* changed commerciality from TAHE's primary objective to a secondary objective in line with the government policy. As a result, TAHE is a not-for-profit entity for accounting purposes for the year ended 30 June 2024. TAHE was a for-profit entity for accounting purposes for the year ended 30 June 2023.

TAHE is the owner of the metropolitan and Country Regional Network (CRN). In addition to these networks, TAHE also owns the stations on the Australian Rail Track Corporation (ARTC) leased network, land and rolling stock. The assets are made available to the operators through access and licence agreements.

TAHE's functions are set out in section 11 of the *Transport Administration Act 1988* and are exercisable under the authority of, and in accordance with, an operating licence issued by the Minister for Transport. TAHE's activities include:

- to manage and maintain assets through agreements with operators
- establish, finance, acquire, construct and develop transport assets
- promote and facilitate access to the part of the NSW rail network in accordance with any current NSW rail access undertaking
- lease or make available assets owned by TAHE to other persons or bodies
- acquire and develop land for the purpose of enabling TAHE to carry out its other functions.

The financial statements were authorised for issue by the Directors on the date on which the accompanying Directors' Declaration was signed.

1.2 Basis of preparation

The financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards, which includes Australian Accounting Interpretations, the *Government Sector Finance Act 2018*, the Government Sector Finance Regulation 2024, the *State Owned Corporations Act 1989* and the Treasurer's Directions.

Generally, the historical cost basis of accounting has been adopted and these financial statements do not take into account changing money values or current valuations. However, property, plant and equipment are measured at fair value. Intangible assets were measured at fair value under the income approach in the prior year. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs of disposal. Refer note 1.13.2 and note 1.14.2. Certain liabilities are calculated on a present value basis such as certain provisions.

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

1. Statement of material accounting policy information (continued)

1.3 Going concern

The financial statements have been prepared on a going concern basis which assumes that TAHE is expected to be able to pay its debts as and when they fall due and continue in operation without any intention or necessity to liquidate or otherwise wind up their operations. It is the NSW Government's intention to provide TAHE grant funding consistent with the projections in the 2025 Budget. On 4 June 2024 the Government introduced the *Transport Administration Amendment Bill 2024* to the NSW Parliament. This legislation will convert TAHE from a SOC into a NSW Government agency called Transport Asset Manager of New South Wales (TAM) at a future date to be determined. Refer to note 21 for further details. TAHE has a letter of shareholder's support from the Shareholding Ministers until the earlier of 12 months from the signing of TAHE's 2024 financial statements, or until the commencement of Schedule 1.2 of the *Transport Administration Amendment Act 2024*.

1.4 Critical accounting estimates, judgments and assumptions

Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular refer note 1.13.2, note 9 and note 13.

1.5 Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

1.6 Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous periods for all amounts reported in the financial statements.

Where required, comparative information has been reclassified to align with the current year.

Prior year comparatives relating to the employee-related expenses of \$11.0 million have been reclassified from 'other operating expenses' to align with the current year presentation. Refer note 3.1 and 3.2. Prior year payments to employees of \$14.0 million have also been reclassified in the statement of cash flows.

1.7 Impact of transition to a not-for-profit entity in 2024

1.7.1 AASB 120 Accounting for Government Grants and Disclosure of Government Assistance (AASB 120) and AASB 1058 Income of Not-for-Profit Entities (AASB 1058)

AASB 120 applies to for-profit entities and requires government grants to be recognised as deferred when received and then released to revenue on a systematic basis over the period that the associated costs are recognised as an expense. TAHE had applied AASB 120 from 2021 to 2023. As TAHE transitioned to a non-commercial entity in 2024 and is now considered a not-for-profit entity for accounting purposes, TAHE recognises grants in accordance with AASB 1058. As a result, \$472.7 million grants deferred as at 30 June 2023 have been released to the statement of comprehensive income in 2024. Refer note 1.9.2.

1. Statement of material accounting policy information (continued)

1.7 Impact of transition to a not-for-profit entity in 2024 (continued)

1.7.2 AASB 116 Property, Plant and Equipment (AASB 116)

From 2024, TAHE will offset asset revaluation increments and decrements at an asset class level in accordance with the not-for-profit requirements under AASB 116. Revaluation adjustments were previously offset at an asset level when TAHE was a for-profit entity.

1.7.3 Change in tax status

TAHE was registered under the Tax Equivalent Regime commencing on 1 July 2020. TAHE's transition to a not-for-profit entity in the current year has resulted in TAHE being de-registered under the Tax Equivalent Regime in February 2024. The *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* exempts TAHE from liability for Commonwealth income tax.

1.8 Change in estimates

TAHE applied the income valuation approach as at 30 June 2021 for property, plant and equipment and intangible assets given it was a for-profit entity. TAHE has revised the valuation approach for the year ended 30 June 2024 to the cost approach on the basis of its transition to a not-for-profit entity. The revision in the valuation technique is accounted for as a change in accounting estimate, adjusted prospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The impact of the change in estimate in the current year is an adjustment of \$31.2 billion of which \$17.8 billion is recognised in the statement of comprehensive income.

1.9 Revenue

1.9.1 Revenue from contracts with customers

Access fees

Access fees include the fees for services provided to third parties and for granting operators access to the rail network including Sydney Trains and NSW Trains. Revenue is recognised over the terms of the contracts as TAHE provides the services. The payments are typically within one month of the service being performed.

The revenue is measured at the transaction price agreed under contract. The transaction price is allocated to distinct performance obligations based on the agreed prices. No element of financing is deemed present as payments are due when service is provided.

Rendering of services

Revenue from rendering of services is recognised when TAHE satisfies its performance obligation by transferring the promised services to the customer over time. The payments are typically due within one month of the service being performed or as agreed with the customer.

The revenue is measured at the transaction price agreed under contract. The transaction price is allocated to distinct performance obligations based on the agreed prices. No element of financing is deemed present as payments are due when service is provided.

1. Statement of material accounting policy information (continued)

1.9 Revenue (continued)

1.9.2 Grants and contributions

AASB 1058 (For the year ended 30 June 2024)

Operating grants

TAHE receives operating grants without sufficiently specific performance obligations from the NSW Government related to the CRN operation and maintenance. The grants are recognised as income when TAHE obtains control of the cash (i.e. upon receipt).

Capital grants

Income from contributions to acquire/ construct a recognisable non-financial asset to be controlled by TAHE is recognised when TAHE obtains control of the cash (i.e. upon receipt) as there is no enforceable agreement in place.

AASB 120 (For the year ended 30 June 2023)

Operating grants

Operating grants are recognised as income on a systematic basis over the periods in which TAHE recognises the related costs for which the grants are intended to compensate.

Capital grants

Capital grants related to the construction of assets are initially recognised as deferred revenue on receipt. Upon completion of the asset, the deferred revenue is recognised in the net result on a systematic basis over the useful life of the asset in accordance with AASB 120.

1.9.3 Investment revenue

Licence fee income from Sydney Trains and NSW Trains

TAHE provides Sydney Trains and NSW Trains with licence rights to the assets. The licence agreement is considered an operating lease arrangement in substance. The licence fee income is recognised over the term of the agreement in accordance with the fee schedule.

Property rental income

Property rental income is recognised on a straight-line basis over the lease term.

Interest revenue

Interest revenue includes all earnings from deposits with Westpac Banking Corporation.

1.10 Depreciation and amortisation

1.10.1 Depreciation

Each item of property, plant and equipment (except land) is depreciated on a straight-line basis over its estimated useful life commencing when the item is available for use. A capital spare is depreciated over the useful life of the asset or class of assets to which it relates.

Transport Asset Holding Entity of New South Wales

Notes to the financial statements

for the year ended 30 June 2024

1. Statement of material accounting policy information (continued)

1.10 Depreciation and amortisation (continued)

1.10.1 Depreciation (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately, except for rolling stock which is depreciated as a discrete asset.

In determining an asset's useful life consideration is given to its expected usage, its expected wear and tear, technical or commercial obsolescence and legal or similar limits on its use.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the asset's useful life.

The expected useful lives of items of property, plant and equipment and right-of-use assets are as follows:

	Years
Stations and buildings	15-100
Station services and facilities	15-25
Track, including sleepers and ballast	15-100
Turnouts	15-75
Bridges and tunnels	100
Electrical overhead wiring and structures	15-100
Substations	10-50
Signalling equipment	20-50
Rolling stock	30-35
Plant and machinery	3-30
Heavy plant and machinery	10-40
Earthworks	100
Leased building	3

Each asset's useful life, residual value and depreciation method are reviewed each year and any resulting adjustments are accounted for as a change in accounting estimate (2023: \$4.6 million decrease).

In the current year, TAHE has reviewed the useful lives of the assets in conjunction with the comprehensive valuation.

1.10.2 Amortisation

Each intangible asset is amortised on a straight-line basis over its estimated useful life commencing when the item is available for use. The useful lives of all intangible assets are finite with the exception of easement assets. Residual values are assumed to be zero, due to the absence of active markets for disposing of the assets.

In determining an asset's useful life, consideration is given to its expected usage; technical, technological, commercial or other types of obsolescence; legal or similar limits on its use; and whether its life is dependent on the useful life of other assets.

The expected useful life of an item of software is 5-10 years.

Each intangible asset's useful life and amortisation method are reviewed each year and any resulting adjustments are accounted for as a change in accounting estimate.

1. Statement of material accounting policy information (continued)

1.10 Depreciation and amortisation (continued)

1.10.2 Amortisation (continued)

The amortisation charge for each year is recognised in the statement of comprehensive income as depreciation and amortisation expense unless it is included in the carrying amount of another asset.

1.11 Finance costs

Borrowing costs are capitalised in respect of constructed property, plant and equipment that meet the criteria of qualifying assets. Other finance costs are recognised as an expense in the period in which they are incurred.

Refer note 3.4.

1.12 Receivables

A financial asset or financial liability is recognised when TAHE becomes a party to the contractual provisions of the instrument. To determine when TAHE becomes a party to the contractual provisions of the instrument, TAHE considers:

- whether TAHE has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- whether at least one of the parties has performed under the agreement.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

TAHE holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment.

For trade and other receivables, TAHE applies a simplified approach in calculating the allowance for expected credit losses (ECLs). TAHE recognises a loss allowance based on lifetime ECLs at each reporting date. TAHE has established a provision matrix based on its historical credit loss experience for trade and other receivables, adjusted for forward-looking factors specific to the receivable.

Refer note 5 and 17.5.

1.13 Property, plant and equipment

1.13.1 Recognition

An item of property, plant and equipment is recognised as an asset if it has service potential controlled by TAHE, is expected at acquisition to be used for more than one year, has a cost or value that can be measured reliably and exceeds the capitalisation threshold.

A component is accounted for separately if it:

- has a useful life materially different from that of the prime asset and therefore requires separate replacement during the life of the prime asset,
- is significant enough to justify separate tracking, and
- is capable of having a reliable value attributed to it.

1. Statement of material accounting policy information (continued)

1.13 Property, plant and equipment (continued)

1.13.1 Recognition (continued)

A dedicated spare part does not normally have a useful life of its own. Dedicated spares purchased specifically for a particular asset, or class of assets, and which would become redundant if that asset or class were retired or use of that asset or class were discontinued, are considered to form part of the historical cost of that asset or class.

Expenditure on the acquisition, replacement or enhancement of property, plant and equipment is capitalised, provided it exceeds the capitalisation threshold or qualifies for recognition as a capital spare.

The capitalisation threshold for a network of property, plant and equipment items or for an individual (non-networked) item (other than a capital spare) is \$5,000. A capital spare is only capitalised if it is part of a pool of rotatable spares, primarily held for the overhaul of the asset to which it relates, and significant enough to warrant it being individually tracked. Expenditure below the capitalisation threshold or not qualifying for recognition as a capital spare is charged to the statement of comprehensive income.

For arrangements within the scope of AASB 1059 *Service Concession Arrangements: Grantors* (AASB 1059), TAHE recognises a service concession asset when it controls the asset. Where the asset is provided by the operator, or is an upgrade to or a major component replacement of an existing asset of TAHE, the asset is recognised at current replacement cost based on AASB 13 *Fair Value Measurement* (AASB 13) principles. Where the asset is an existing asset of TAHE, the asset is reclassified as a service concession asset and remeasured at current replacement cost at the date of reclassification. Any difference between the previous carrying amount and current replacement cost is recognised as if it is a revaluation of the asset.

1.13.2 Measurement

An item of property, plant and equipment purchased or constructed is initially measured at its cost, which is its fair value on acquisition and subsequently carried at fair value less accumulated depreciation and impairment.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of acquisition or construction or where applicable the amount attributed to that asset when initially recognised. The cost includes the purchase price and any costs directly attributable to bringing it to the location and condition necessary for it to be capable of operating as intended.

TAHE's property, plant and equipment is valued in accordance with TPP 21-09 *Valuation of Physical Non-Current Assets at Fair Value* (TPP 21-09) and AASB 13. Fair value is defined as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.'

There are three approaches to estimating fair value:

- the market approach, where fair value is determined using prices and other relevant information generated by market transactions involving identical or comparable assets or groups of assets;
- the income approach, where fair value is determined by converting future cash flows to a single current (discounted) amount; and
- the cost approach, where fair value is determined by calculating the current replacement cost of an asset, which represents the amount that would be required currently to replace the service capacity of an asset.

An item of property, plant and equipment acquired at no cost, or for a nominal cost, is initially measured at its fair value.

1. Statement of material accounting policy information (continued)

1.13 Property, plant and equipment (continued)

1.13.2 Measurement (continued)

As at 30 June 2024

TAHE values its assets at the current replacement cost due to its transitioning to a not-for-profit entity for accounting purposes. Land is valued using the market approach.

Property, plant and equipment (including service concession assets) is revalued, at least once every 5 years with the exception of land which is revalued every 3 years where the market approach is used having regard to its highest and best use. As existing natural, legal, financial or socio-political restrictions on asset use or disposal generally prevent any alternative use being feasible within the next 5 years, highest and best use is taken to be existing use. An interim revaluation in accordance with TPP 21-09 will be undertaken as appropriate where a cumulative movement is material.

Specialised assets are measured at current replacement cost. Current replacement cost is based on the incremental optimised replacement cost. Optimised replacement cost is the minimum cost in the normal course of business to replace the existing asset with a technologically modern equivalent asset with the same economic benefits after adjusting for over design, over capacity and redundant components.

Non-specialised assets with short useful lives such as minor plant and equipment are measured at depreciated historical cost as a proxy for fair value.

Service concession assets are measured at current replacement cost and accounted for in accordance with the depreciation and impairment requirements of AASB 116 and AASB 136 *Impairment of Assets* (AASB 136).

If an item of property, plant and equipment is revalued, the entire class to which it belongs is revalued.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Any accumulated depreciation at the date of a revaluation is restated proportionately with the change in the gross carrying amount of the related asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Revaluation increments are credited directly to revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the statement of comprehensive income, in which case the increment is recognised immediately as revenue in the statement of comprehensive income.

Revaluation decrements are recognised immediately as expenses in the statement of comprehensive income, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited directly to the revaluation reserve.

As a not-for-profit entity for accounting purposes, revaluation increments and decrements are offset against one another within a class of non-current assets.

Capital work in progress is carried at cost. The cost is reviewed on an annual basis to ensure it's a proxy for fair value.

1. Statement of material accounting policy information (continued)

1.13 Property, plant and equipment (continued)

1.13.2 Measurement (continued)

Prior policy

In the prior year, TAHE was a for-profit entity for accounting purposes and estimated the fair value of the majority of property, plant and equipment using the income approach at a cash generating unit (CGU) level. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

TAHE had a total of three cash generating units comprising of:

- metropolitan regulated assets
- metropolitan and regional unregulated assets; and
- Country Regional Network (CRN).

The CGUs represented the lowest level at which the assets worked together to provide services to customers and to generate cash flows. From a market participant's perspective, the existing use of TAHE's CGUs represented their highest and best use. The 'regulated assets' comprised of tracks, tunnels, bridges, corridor land, network control and signalling assets. The 'unregulated assets' comprised of rolling stock, unregulated land and station assets.

Management adopted an expected cash flow approach when assessing future cash flows in accordance with accounting standards. Under this approach, the fair value was estimated using the future net cash flows (discounted to their present value) from the CGUs. Determining fair value under this approach was dependent on management assumptions and judgements used to estimate the future net cash flows.

TAHE undertook a valuation of all asset classes at 30 June 2023 using the income valuation approach and market value for land held for alternative use.

Land held for alternative use related to certain non-operational land subject to alternative use such as future redevelopment.

Service concession assets were measured at the current replacement cost consistent with the current year.

Where an item of property, plant and equipment was revalued, any accumulated depreciation was eliminated against the gross carrying amount of the asset and the net amount was restated to the revalued amount of the asset accordingly.

Valuation increments were credited directly to revaluation reserve, except that, to the extent that an increment reversed a revaluation decrement in respect of the same CGU previously recognised as an expense in the statement of comprehensive income, in which case the increment was recognised immediately as revenue in the statement of comprehensive income.

Valuation decrements were recognised immediately as expenses in the statement of comprehensive income, except that, to the extent that a credit balance existed in the revaluation reserve in respect of that CGU in which case the decrement was debited directly to the revaluation reserve.

Valuation increments and decrements were offset against one another on an individual asset basis.

Capital work in progress was carried at cost. Cost was a proxy for fair value as work in progress did not form part of the CGU until assets were available for use and charged to the operators as income.

1. Statement of material accounting policy information (continued)

1.13 Property, plant and equipment (continued)

1.13.3 Derecognition

An item of property, plant and equipment is derecognised either on disposal or when its service potential ceases and it is not expected to have any disposal value.

On derecognition of an item of property, plant and equipment, any gain or loss or any related compensation receivable is recognised in the statement of comprehensive income. Any revaluation increase remaining in the asset revaluation reserve in respect of a derecognised asset is transferred to accumulated funds.

Where an asset relates to a service concession arrangement, TAHE accounts for the asset in accordance with other Australian Accounting Standards and reclassifies the asset based on its nature or function when the arrangement has ended. Any reference to fair value reverts from the mandated current replacement cost under AASB 1059 to the appropriate approach under AASB 13 and the asset is only derecognised when TAHE loses control of the asset in accordance with AASB 116.

Refer note 6.

1.13.4 Impairment of property, plant and equipment

TAHE assesses at each reporting date for any indication that an asset may be impaired under AASB 136. If an indication exists, TAHE assesses the asset's recoverable amount.

As at 30 June 2024

As TAHE is a not-for-profit entity for accounting purpose with no cash generating units, impairment under AASB 136 is unlikely to arise given that the recoverable amount test for non-cash generating assets is the higher of fair value less costs of disposal and depreciated replacement cost (where depreciated replacement cost is also the fair value).

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

An impairment loss is recognised in the statement of comprehensive income to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in other comprehensive income and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in the statement of comprehensive income, a reversal of that impairment loss is also recognised in the statement of comprehensive income.

There is no indicator of impairment for TAHE's property, plant and equipment as at 30 June 2024.

1. Statement of material accounting policy information (continued)

1.13 Property, plant and equipment (continued)

1.13.4 Impairment of property, plant and equipment (continued)

Prior policy

An impairment loss was recognised in the statement of comprehensive income to the extent the impairment loss exceeded the amount in the revaluation surplus for the asset or CGU. After an impairment loss had been recognised, it would be reversed only if there had been a change in the assumptions used to determine the asset's recoverable amount. The reversal was limited so that the carrying amount of the asset or CGU would not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss for a CGU should be allocated to the assets of the unit, pro rata with the carrying amounts of those assets. These increases in carrying amounts should be treated as reversals of impairment losses for individual assets and recognised in other comprehensive income as a revaluation increase. However, to the extent that an impairment loss on the same asset or CGU was previously recognised in the statement of comprehensive income, a reversal of that impairment loss was also recognised in the statement of comprehensive income.

1.13.5 Service concession arrangements

Service concession arrangements are arrangements between an operator and a grantor where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services. TAHE has a service concession arrangement with the Airport Link Company (ALC) and has applied AASB 1059 from 1 July 2020. Under the arrangement:

- ALC has a concession to build, operate and maintain four stations on the Airport Line until 2030.
- TAHE will take over operation of the stations in 2030. The arrangement commenced in May 2000.
- In October 2005, TAHE entered into a Restated Stations Agreement (RSA) as part of the overall restructuring of the ALC operations and related debt. The revised agreement included amended terms in respect of various matters including revenue sharing, fee arrangements and TAHE's various performance obligations which are now mainly fulfilled by Sydney Trains as the provider of train services and Transport for NSW (TfNSW) for ticketing.
- In March 2011, the RSA was varied to remove the station access fee for passengers using Mascot and Green Square stations with TAHE instead paying ALC a shadow station access fee. The present value of the future estimated shadow station access fee has been recognised as the service concession financial liabilities. The financial liabilities have been reassessed as at June 2024 and an increase of \$50.1 million has been recognised due to the higher than expected shadow station access fee as a result of patronage growth (2023: an increase of \$71.6 million).
- In August 2014, the RSA was varied further as a result of the impact of the introduction of Opal ticketing.
- On 1 July 2021 the Licence, Agency and Maintenance Deed continued the previous arrangement to transfer the annual train service fees net of shadow station access fees and other costs to Sydney Trains to fund the provision of train services for the future years. Refer note 3.2 Sydney Trains rebate.
- On 15 December 2023, the RSA was varied to enable ALC to operate and maintain the new Mascot station western entrance. All other financial and contractual arrangement within the RSA remained unchanged.

1. Statement of material accounting policy information (continued)

1.14 Intangible assets

1.14.1 Recognition

An intangible asset is recognised if it is probable that future economic benefits will flow to TAHE, the cost of the asset can be measured reliably and the asset exceeds the capitalisation threshold of \$5,000.

The service potential is assessed using reasonable and supportable assumptions relating to the estimated conditions likely to exist over the useful life of the asset.

An intangible asset arising from development (or from the development phase of an internal project) is only recognised if it is likely to be completed and actually used and the development expenditure can be measured reliably. Expenditure on research (or on the research phase of an internal project) is not recognised as an intangible asset.

An intangible asset in the course of development is classified as intangible capital work in progress.

1.14.2 Measurement

Due to the absence of active markets for intangible assets, they are not subsequently revalued but continue to be carried at cost less any accumulated amortisation. In the prior year, intangible assets were revalued using the income approach at a CGU level, together with the majority of the property, plant and equipment. Refer note 1.13.2.

1.14.3 Impairment

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. There is no indicator of impairment as at 30 June 2024 as the intangible assets are held for continuing use of their service capacity.

Refer note 8.

1.15 Payables

Payables represent liabilities for goods and services provided to TAHE and other amounts. A payable is recognised in the statement of financial position when a present obligation arises under a contract.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using effective interest method. A payable is measured at original invoice amount, which is not materially different from amortised cost due to the short-term nature of trade payables.

Payables are derecognised when the obligation expires or is discharged, cancelled or substituted. Any gain or loss arising when a payable is settled or transferred is recognised in the statement of comprehensive income.

Trade payables are unsecured and, unless otherwise agreed with the creditor, are due for settlement by the end of the month following the month in which the invoice is received.

Refer note 10.

1. Statement of material accounting policy information (continued)

1.16 Borrowings

A borrowing is recognised when a present obligation arises under a debt instrument. It is classified as a current liability if settlement is due within twelve months after the reporting date. Otherwise it is classified as non-current. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A borrowing is initially measured at its fair value and subsequently measured at amortised cost, being its face value less unamortised discount or plus unamortised premium.

Discount or premium is amortised over the term of the borrowing on an effective interest rate basis and recognised as a loss or gain in the statement of comprehensive income. Any difference between the carrying amount and the consideration paid on repayment or transfer of a borrowing is also recognised as a gain or loss.

As part of NSW government policy TPG 22-20 *Government Guarantee Fee Policy for Government Businesses*, commencing 1 July 2021 TAHE pays NSW Treasury a government guarantee fee to ensure competitive neutrality for government businesses with respect to their cost of debt.

Refer note 12.

1.17 Contributed equity and share capital

Contributed equity comprises of assets and liabilities transferred to/from other NSW public sector entities. TAHE accounts for the transaction as a contribution by or distribution to the Government in accordance with TPP 21-08 *Accounting Policy: Contributions by owners made to wholly-owned public sector entities*. In the prior year, contributed equity also included cash transfers from NSW Treasury to fund capital constructions. In the current year, given TAHE's transition to a not-for-profit entity, the contributions from NSW Treasury to fund capital constructions are no longer recognised as equity injections but rather as grants and contributions in the statement of comprehensive income.

TAHE has two voting Shareholding Ministers with an equal number of shares under the *State Owned Corporations Act 1989*. The ordinary shares are classified as equity and valued at one dollar each.

Refer note 16.

1.18 Taxes

1.18.1 Income tax equivalents

TAHE is not subject to tax equivalent payments to the New South Wales Government due to changes in government policy this financial year as disclosed in note 1.7.3.

1.18.2 State taxes

TAHE pays taxes on all land that is not used for railway purposes including land that is leased or licensed to a third party (Schedule 7, Part 30, clause 227 of the *Transport Administration Act 1988* and associated Regulations).

1. Statement of material accounting policy information (continued)

1.19 Fair value hierarchy

A number of the TAHE accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, TAHE categorises, for disclosure purposes, the valuation techniques based on the inputs as follows:

- Level 1 - Derived from quoted market prices in active markets for identical assets/liabilities. Quoted market price represents the fair value determined based on the quoted prices on active markets as at the reporting date without any deduction of transaction costs.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable directly or indirectly.
- Level 3 – Inputs that are not based on observable market data (unobservable inputs).

Refer note 9 and note 17.

1.20 Dividends

A dividend is only payable in a financial year if it is agreed by the TAHE Board and the relevant Ministers. A provision for the full amount of the dividend is recognised in the statement of financial position to the extent that TAHE has a present obligation for a future payment. The provision for dividend is calculated in accordance with requirements of TPG 21-10 *Capital Structure and Financial Distribution Policy for Government Businesses*. In accordance with the Government's policy decision to transition TAHE from a SOC into a non-commercial entity, TAHE is not required to pay a dividend in the year ended 30 June 2024 (2023: \$77.7 million).

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
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1. Statement of material accounting policy information (continued)

1.21 Changes in accounting policy, including new or revised Australian Accounting Standards

1.21.1 Effective for the first time in 2024

The accounting policies applied in 2024 are consistent with those of the previous financial year. The financial statements have adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to TAHE effective for the annual reporting period beginning on 1 July 2023. As a result of the application of the amended AASB 101 *Presentation of Financial Statements* (AASB 101), management performed an assessment and removed accounting policy information that is considered not material under the amendment. The adoption of the other new and revised Standards and Interpretations has not resulted in any material changes to TAHE's accounting policies.

1.21.2 Issued but not yet effective

TAHE did not early adopt any new Australian Accounting Standards and Interpretations that are not yet effective in accordance with NSW Treasury mandates.

The following new Australian Accounting Standards and Interpretations apply to TAHE and have not been adopted and are not effective as at 30 June 2024. The standards are effective for annual reporting periods commencing on or after 1 January 2024.

AASB/Amendment	Title	Issue Date	Application date of Standard
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	Mar 2020	1 Jan 2024
AASB 2022-5	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	Nov 2022	1 Jan 2024
AASB 2022-6	Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	Dec 2022	1 Jan 2024
AASB 17	Insurance Contracts	Dec 2022	1 Jan 2026
AASB 2022-9	Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	Dec 2022	1 Jul 2026
AASB 2022-10	Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	Dec 2022	1 Jan 2024
AASB 2023-1	Amendments to Australian Accounting Standards – Supplier Finance Arrangements	Jun 2023	1 Jan 2024
AASB 18	Presentation and Disclosure in Financial Statements	Jun 2024	1 Jan 2028

1. Statement of material accounting policy information (continued)

1.21 Changes in accounting policy, including new or revised Australian Accounting Standards (continued)

1.21.2 Issued but not yet effective (continued)

The possible impact of these standards and amendments in the period of initial application includes:

- *AASB 17 Insurance Contracts (AASB 17) and AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector (AASB 2022-9)*

AASB 17 replaces AASB 4 *Insurance Contracts* (AASB 4), AASB 1023 *General Insurance Contracts* (AASB 1023) and AASB 1038 *Life Insurance Contracts* (AASB 1038). AASB 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The standard introduces specific scoping criteria to determine if an arrangement is an insurance contract which may result in arrangements previously accounted for under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (AASB 137) to be captured under AASB 17. AASB 2022-9 amends AASB 17 to prescribe specific public sector requirements. The standards apply to public sector entities for annual reporting periods beginning on or after 1 July 2026. The impact at this stage is yet to be determined by TAHE.

- *AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities (AASB 2022-10)*

AASB 2022-10 amends AASB 13 *Fair Value Measurement* for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. For these assets, AASB 2022-10 clarifies when an entity is required to consider whether the asset's highest and best use differs from its current use, under what circumstances the asset's use is considered 'financially feasible', and when an entity should use its own assumptions as a starting point in developing unobservable inputs. AASB 2022-10 also provides guidance on how the cost approach is to be applied to measure the asset's fair value. The standard applies prospectively to annual periods beginning on or after 1 January 2024. The impact of the standard is yet to be determined by TAHE.

The impact of the other standards and amendments are not anticipated to be material.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
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2. Revenue

2.1 Revenue from contracts with customers

	2024 \$'000	2023 \$'000
Access fees - public operators	356,127	449,530
Access fees - private operators	74,850	73,974
Service fees	109,380	84,491
Other	17,161	15,518
Revenue from contracts with customers	557,518	623,513

2.2 Investment revenue

	2024 \$'000	2023 \$'000
License fees from unregulated assets	387,015	462,222
Property rental	33,598	33,660
Interest	66,368	36,237
Operating lease contingent rents	1,849	1,995
Finance income on the net investment in the lease	1,346	1,352
Investment revenue	490,176	535,466

2.3 Grants and contributions

	2024 \$'000	2023 \$'000
Capital	1,128,777	32,911
Operating	141,022	80,945
Grants and contributions	1,269,799	113,856

2.4 Other income

	2024 \$'000	2023 \$'000
Asset recognition	6,621	-
Gain on disposal of land and other assets	19,229	13,759
Other services	13,102	3,255
Other income	38,952	17,014

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

3. Expenses

3.1 Employee-related expenses

	2024 \$'000	2023 \$'000
Salaries and wages (including leave)	8,133	8,548
Other employee expenses	2,374	2,464
Employee-related expenses	10,507	11,012

Employee-related costs of \$1.3 million (2023: nil) have been capitalised in property, plant and equipment and are excluded from the above.

3.2 Other operating expenses

	2024 \$'000	2023 \$'000
Contractors - maintenance related and other	102,473	86,773
Management and property services	39,508	36,141
Auditor's remuneration - audit of the financial statements ¹	500	510
Consultants	732	2,376
Impairment losses/(reversal) on financial assets	(2,093)	(45)
Sydney Trains rebate	63,618	45,687
Other	35,269	32,307
Other operating expenses	240,007	203,749

¹The remuneration in the current year includes \$0.5 million for the audit of the 2024 financial statements and \$0.02 million additional fees for the audit of the 2023 financial statements.

3.3 Maintenance expenses

TAHE incurred recurrent maintenance expenditure of \$91.2 million (2023: \$79.9 million) in relation to the CRN assets. In addition, TAHE incurred capital maintenance expenditure related to the metropolitan network of \$316.2 million (2023: \$265.0 million), and \$36.4 million related to CRN (2023: \$35.4 million).

Sydney Trains is responsible for the maintenance of the metropolitan rail network.

3.4 Finance costs

	2024 \$'000	2023 \$'000
Borrowing and interest charges	119,349	89,174
Less: amount capitalised ¹	(32,806)	(27,041)
Discounting of provisions	341	(734)
Finance costs	86,884	61,399

¹TAHE capitalised borrowing costs of \$32.8 million in the current year (2023: \$27.0 million) relating to the Regional Rail contract.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

4. Cash and cash equivalents

4.1 Cash and cash equivalents

	2024 \$'000	2023 \$'000
Cash at bank	1,211,367	1,519,361
Cash and cash equivalents	1,211,367	1,519,361

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

	2024 \$'000	2023 \$'000
Cash and cash equivalents (per statement of financial position)	1,211,367	1,519,361
Cash and cash equivalents (per statement of cash flows)	1,211,367	1,519,361

Refer note 17 for details regarding credit risk and market risk arising from financial instruments.

4.2 Reconciliation of net result with net cash flows from operating activities

	2024 \$'000	2023 \$'000
Net result	18,421,894	(1,356,176)
Net (gain)/loss on asset disposal	85,395	15,315
Depreciation and amortisation	1,230,115	725,078
Non-cash capital grants	(40,551)	15,113
Impairment of assets	(163)	-
Non-cash financing activities	52,938	64,101
Termination of finance lease	-	(107)
Asset recognition	(6,621)	-
Revaluation decrement/(increment) of property, plant and equipment and intangible assets	(17,787,495)	1,528,272
Discounting of provisions	341	(734)
Net movements in assets and liabilities applicable to operating activities:		
(Increase)/decrease in receivables	(4,570)	37,590
Increase/(decrease) in payables, provisions and other liabilities	(420,937)	344,251
Increase/(decrease) in contract liabilities	(1,937)	(35,794)
Net cash flows from operating activities	1,528,409	1,336,909

4.3 Non-cash investing activities

In the current year, TAHE recognised a net equity decrease of \$3.8 million (2023: \$2.4 million decrease) as a result of assets transferred to and from other entities. Refer note 16.2.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

4. Cash and cash equivalents (continued)

4.4 Changes in liabilities arising from financing activities (from cash flows and non-cash flows)

	Tcorp borrowings \$'000	Service concession liabilities \$'000	Lease liabilities \$'000	Other financial liabilities \$'000	Dividend payable \$'000	Total \$'000
Balance at 1 July 2023	2,472,672	265,969	1,500	590,306	77,700	3,408,147
Cash flows	-	(36,709)	(715)	-	(77,700)	(115,124)
Additions	-	-	-	128,614	-	128,614
Premium/discount	2,867	-	-	-	-	2,867
Other movements	-	50,071	(150)	-	-	49,921
Balance at 30 June 2024	2,475,539	279,331	635	718,920	-	3,474,425
	Tcorp borrowings \$'000	Service concession liabilities \$'000	Lease liabilities \$'000	Other financial liabilities \$'000	Dividend payable \$'000	Total \$'000
Balance at 1 July 2022	2,480,124	223,564	2,098	491,926	71,200	3,268,912
Cash flows	-	(29,149)	(594)	-	(71,200)	(100,943)
Additions	-	-	-	98,380	77,700	176,080
Premium/discount	(7,452)	-	-	-	-	(7,452)
Other movements	-	71,554	(4)	-	-	71,550
Balance at 30 June 2023	2,472,672	265,969	1,500	590,306	77,700	3,408,147

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

5. Receivables

	Note	2024 \$'000	2023 \$'000
Current receivables			
Trade receivables from contracts with customers		23,378	22,568
Retained taxes		13,213	12,699
Other receivables		14,145	12,994
Finance lease - minimum payments	7.2	142	131
Less: allowance for expected credit losses ¹	17.5	(4,537)	(6,837)
Prepayments		23,942	17,313
Current receivables		70,283	58,868
Non-current receivables			
Other receivables		29,493	29,258
Finance lease - minimum payments	7.2	24,750	24,892
Non-current receivables		54,243	54,150
Receivables		124,526	113,018

¹The allowance for trade receivables from contracts with customers is \$0.3 million in the current year (2023: \$0.3 million).

Movements in the allowance for expected credit loss balances are as follows:

Balance at 1 July	(6,837)	(6,890)
Amounts written off	664	4,289
GST movement	149	(385)
Allowance recognised in net result ²	1,487	(3,851)
Balance at 30 June	(4,537)	(6,837)

²The impairment losses/gains for contracts with customers is a loss of \$0.01 million in the current year (2023: \$0.04 million gain).

Details regarding credit risk of trade receivables that are either past due or impaired, are disclosed in note 17.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

6. Property, plant and equipment

6.1 Total property, plant and equipment

	Land \$'000	Buildings \$'000	Rolling stock \$'000	Plant and machinery \$'000	Trackwork and infrastructure \$'000	Capital work in progress \$'000	Total ¹ \$'000
At 1 July 2023							
Gross carrying amount	2,921,226	5,321,346	1,315,588	87,640	7,439,303	5,471,914	22,557,017
Accumulated depreciation	-	(201,028)	-	-	-	-	(201,028)
Net carrying amount	2,921,226	5,120,318	1,315,588	87,640	7,439,303	5,471,914	22,355,989
At 30 June 2024							
Gross carrying amount	8,732,452	18,645,368	5,811,174	559,480	69,364,106	5,822,918	108,935,498
Accumulated depreciation	-	(7,480,074)	(3,433,937)	(340,129)	(43,710,491)	-	(54,964,631)
Net carrying amount	8,732,452	11,165,294	2,377,237	219,351	25,653,615	5,822,918	53,970,867
At 1 July 2022							
Gross carrying amount	3,243,211	4,521,572	1,456,874	101,741	9,268,394	5,371,417	23,963,209
Accumulated depreciation	-	(178,490)	-	-	-	-	(178,490)
Net carrying amount	3,243,211	4,343,082	1,456,874	101,741	9,268,394	5,371,417	23,784,719
At 30 June 2023							
Gross carrying amount	2,921,226	5,321,346	1,315,588	87,640	7,439,303	5,471,914	22,557,017
Accumulated depreciation	-	(201,028)	-	-	-	-	(201,028)
Net carrying amount	2,921,226	5,120,318	1,315,588	87,640	7,439,303	5,471,914	22,355,989

¹The net carrying amount of service concession assets included in property, plant and equipment at 30 June 2024 is \$171.2 million (2023: \$172.0 million) which relates to buildings. TAHE reclassified \$8.9m existing assets to service concession assets during the current financial year (2023: nil).

Further details regarding the fair value measurement of property, plant and equipment are disclosed in note 9.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

6. Property, plant and equipment (continued)

6.1 Total property, plant and equipment (continued)

	Land	Buildings	Rolling stock	Plant and machinery	Trackwork and infrastructure	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2024							
Net carrying amount at the beginning of the year	2,921,226	5,120,318	1,315,588	87,640	7,439,303	5,471,914	22,355,989
Additions	265	-	6,155	201	-	1,764,296	1,770,917
Completed capital work	5,126	920,501	216,230	1,550	630,028	(1,773,435)	-
Disposals/derecognition/write-offs	-	(804)	(468)	32	(10,727)	(92,467)	(104,434)
Transfers to other entities	(18,335)	(7,772)	-	-	(707)	(2,445)	(29,259)
Transfers from other entities	-	5,967	-	64	19,468	-	25,499
Valuation - reserves	4,746,809	1,963,638	(79,134)	42,306	6,768,895	-	13,442,514
Valuation - net result	1,077,361	3,490,446	1,472,057	102,638	11,552,472	10,074	17,705,048
Depreciation expense	-	(248,091)	(111,811)	(16,142)	(822,963)	-	(1,199,007)
Impairment loss reversal	-	-	163	-	-	-	163
Other movements	-	(78,909)	(441,543)	1,062	77,846	444,981	3,437
Net carrying amount at the end of the year	8,732,452	11,165,294	2,377,237	219,351	25,653,615	5,822,918	53,970,867
Year ended 30 June 2023							
Net carrying amount at the beginning of year	3,243,211	4,343,082	1,456,874	101,741	9,268,394	5,371,417	23,784,719
Additions	107	-	-	468	-	2,076,135	2,076,710
Completed capital work	70,833	1,454,911	49,051	5,667	372,017	(1,952,479)	-
Assets held for sale	(623)	-	-	-	-	-	(623)
Disposals/derecognition/write-offs	(684)	(10,472)	(212)	(562)	(12,111)	(5,176)	(29,217)
Transfers to other entities	(3,952)	-	(38)	-	(14,826)	-	(18,816)
Transfers from other entities	594	3,565	-	-	7,626	-	11,785
Valuation - reserves	(282,710)	(163,839)	(2,281)	(1,239)	(805,609)	-	(1,255,678)
Valuation - net result	(105,550)	(342,372)	(119,470)	(6,873)	(916,618)	(29,975)	(1,520,858)
Depreciation expense	-	(154,593)	(68,374)	(9,244)	(471,814)	-	(704,025)
Other movements	-	(9,964)	38	(2,318)	12,244	11,992	11,992
Net carrying amount at the end of the year	2,921,226	5,120,318	1,315,588	87,640	7,439,303	5,471,914	22,355,989

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

6. Property, plant and equipment (continued)

6.2 Property, plant and equipment held by TAHE and not subject to operating leases

	Land \$'000	Buildings \$'000	Rolling stock \$'000	Plant and machinery \$'000	Trackwork and infrastructure \$'000	Capital work in progress \$'000	Total \$'000
At 1 July 2023							
Gross carrying amount	1,889,394	728,073	-	-	7,017,731	5,471,914	15,107,112
Accumulated depreciation	-	(201,028)	-	-	-	-	(201,028)
Net carrying amount	1,889,394	527,045	-	-	7,017,731	5,471,914	14,906,084
At 30 June 2024							
Gross carrying amount	5,382,624	-	-	-	69,364,106	5,822,918	80,569,648
Accumulated depreciation	-	-	-	-	(43,710,491)	-	(43,710,491)
Net carrying amount	5,382,624	-	-	-	25,653,615	5,822,918	36,859,157
At 1 July 2022							
Gross carrying amount	2,150,844	768,552	-	-	8,771,759	5,371,417	17,062,572
Accumulated depreciation	-	(178,490)	-	-	-	-	(178,490)
Net carrying amount	2,150,844	590,062	-	-	8,771,759	5,371,417	16,884,082
At 30 June 2023							
Gross carrying amount	1,889,394	728,073	-	-	7,017,731	5,471,914	15,107,112
Accumulated depreciation	-	(201,028)	-	-	-	-	(201,028)
Net carrying amount	1,889,394	527,045	-	-	7,017,731	5,471,914	14,906,084

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

6. Property, plant and equipment (continued)

6.2 Property, plant and equipment held by TAHE and not subject to operating leases (continued)

	Land \$'000	Buildings \$'000	Rolling stock \$'000	Plant and machinery \$'000	Trackwork and infrastructure \$'000	Capital work in progress \$'000	Total \$'000
Year ended 30 June 2024							
Net carrying amount at the beginning of the year	1,889,394	527,045	-	-	7,017,731	5,471,914	14,906,084
Additions	265	-	-	-	-	1,764,296	1,764,561
Completed capital work	96	-	-	-	630,028	(1,773,435)	(1,143,311)
Disposals/derecognition/write-offs	-	-	-	-	(10,727)	(92,467)	(103,194)
Transfers	(9,605)	-	-	-	18,761	(2,445)	6,711
Valuation	3,723,045	-	-	-	18,321,367	10,074	22,054,486
Depreciation expense	-	-	-	-	(822,963)	-	(822,963)
Other movements	-	-	-	-	77,846	444,981	522,827
Reclassification from/(to) property, plant & equipment subject to operating leases	(220,571)	(527,045)	-	-	421,572	-	(326,044)
Net carrying amount at the end of the year	5,382,624	-	-	-	25,653,615	5,822,918	36,859,157
Year ended 30 June 2023							
Net carrying amount at the beginning of the year	2,150,844	590,062	-	-	8,771,759	5,371,417	16,884,082
Additions	107	-	-	-	-	2,076,135	2,076,242
Completed capital work	34,991	47,202	-	-	342,133	(1,952,479)	(1,528,153)
Asset held for sale	(623)	-	-	-	-	-	(623)
Disposals/derecognition/write-offs	(684)	1,413	-	-	(9,985)	(5,176)	(14,432)
Transfers	(3,211)	-	-	-	7,626	-	4,415
Valuation	(292,030)	(81,129)	-	-	(1,682,103)	(29,975)	(2,085,237)
Depreciation expense	-	(19,441)	-	-	(423,943)	-	(443,384)
Other movements	-	(11,062)	-	-	12,244	11,992	13,174
Net carrying amount at the end of the year	1,889,394	527,045	-	-	7,017,731	5,471,914	14,906,084

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

6. Property, plant and equipment (continued)

6.3 Property, plant and equipment under operating leases where TAHE is the lessor

	Land \$'000	Buildings \$'000	Rolling stock \$'000	Plant and machinery \$'000	Trackwork and infrastructure \$'000	Total \$'000
At 1 July 2023						
Gross carrying amount	1,031,832	4,593,273	1,315,588	87,640	421,572	7,449,905
Accumulated depreciation	-	-	-	-	-	-
Net carrying amount	1,031,832	4,593,273	1,315,588	87,640	421,572	7,449,905
At 30 June 2024						
Gross carrying amount	3,349,828	18,645,368	5,811,174	559,480	-	28,365,850
Accumulated depreciation	-	(7,480,074)	(3,433,937)	(340,129)	-	(11,254,140)
Net carrying amount	3,349,828	11,165,294	2,377,237	219,351	-	17,111,710
At 1 July 2022						
Gross carrying amount	1,092,367	3,753,020	1,456,874	101,741	496,635	6,900,637
Accumulated depreciation	-	-	-	-	-	-
Net carrying amount	1,092,367	3,753,020	1,456,874	101,741	496,635	6,900,637
At 30 June 2023						
Gross carrying amount	1,031,832	4,593,273	1,315,588	87,640	421,572	7,449,905
Accumulated depreciation	-	-	-	-	-	-
Net carrying amount	1,031,832	4,593,273	1,315,588	87,640	421,572	7,449,905

Note: Refer to note 7.2 Licence agreement with Sydney Trains and NSW Trains.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

6. Property, plant and equipment (continued)

6.3 Property, plant and equipment under operating leases where TAHE is the lessor (continued)

	Land \$'000	Buildings \$'000	Rolling stock \$'000	Plant and machinery \$'000	Trackwork and infrastructure \$'000	Total \$'000
Year ended 30 June 2024						
Net carrying amount at the beginning of the year	1,031,832	4,593,273	1,315,588	87,640	421,572	7,449,905
Additions	-	-	6,155	201	-	6,356
Completed capital work	5,030	920,501	216,230	1,550	-	1,143,311
Disposals/derecognition/write-offs	-	(804)	(468)	32	-	(1,240)
Transfers	(8,730)	(1,805)	-	64	-	(10,471)
Valuation	2,101,125	5,454,084	1,392,923	144,944	-	9,093,076
Depreciation expense	-	(248,091)	(111,811)	(16,142)	-	(376,044)
Impairment loss reversal	-	-	163	-	-	163
Other movements	-	(78,909)	(441,543)	1,062	-	(519,390)
Reclassification from/(to) property, plant & equipment not subject to operating leases	220,571	527,045	-	-	(421,572)	326,044
Net carrying amount at the end of the year	3,349,828	11,165,294	2,377,237	219,351	-	17,111,710
Year ended 30 June 2023						
Net carrying amount at the beginning of the year	1,092,367	3,753,020	1,456,874	101,741	496,635	6,900,637
Additions	-	-	-	468	-	468
Completed capital work	35,842	1,407,709	49,051	5,667	29,884	1,528,153
Disposals/derecognition/write-offs	-	(11,885)	(212)	(562)	(2,126)	(14,785)
Transfers	(147)	3,565	(38)	-	(14,826)	(11,446)
Valuation	(96,230)	(425,082)	(121,751)	(8,112)	(40,124)	(691,299)
Depreciation expense	-	(135,152)	(68,374)	(9,244)	(47,871)	(260,641)
Other movements	-	1,098	38	(2,318)	-	(1,182)
Net carrying amount at the end of the year	1,031,832	4,593,273	1,315,588	87,640	421,572	7,449,905

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

6. Property, plant and equipment (continued)

6.4 Valuation of property, plant and equipment

The following table details information on the revaluation activities undertaken:

Category	Valuer	Valuation technique	Date of revaluation	Valuation increment / (decrement)
Land	Colliers International and Preston Rowe Paterson	Market approach	1 Jan 2024	\$5,810.9 m
Buildings ¹	Internal - indices	Cost approach ²	1 Jan 2024	\$5,453.7 m ³
Rolling stock	WSP	Cost approach ²	1 Jan 2024	\$1,392.9 m
Plant & machinery	E3 Advisory	Cost approach ²	1 Jan 2024	\$144.9 m
Trackwork & infrastructure	E3 Advisory	Cost approach ²	1 Jan 2024	\$18,320.8 m

¹ Buildings include service concession assets.

² The cost approach refers to current replacement cost.

³ The last comprehensive revaluation of buildings was performed by Marsh in 2020.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

7. Leases

7.1 As lessee

7.1.1 Right-of-use assets under leases

The following table presents right-of-use assets as at 30 June:

	2024 \$'000	2023 \$'000
Balance at 1 July	1,279	1,948
Depreciation expense	(587)	(665)
Other movements	(150)	(4)
Balance at 30 June	542	1,279

7.1.2 Lease liabilities

The following table presents the liabilities under the lease as at 30 June:

	2024 \$'000	2023 \$'000
Balance at 1 July	1,500	2,098
Interest expense	16	29
Payments	(731)	(623)
Other movements	(150)	(4)
Balance at 30 June	635	1,500

Future cash outflows not included in the lease liabilities due to uncertainties with regards to lease extensions is \$2.7 million (2023: \$2.7 million). The financial effect of revising lease terms to reflect the effect of exercising extension and termination options during the currently year is nil (2023: nil).

There is no variable payment associated with the lease.

7.1.3 Lease expenses

The following amounts were recognised in the statement of comprehensive income in respect of the lease:

	2024 \$'000	2023 \$'000
Depreciation expense on right-of-use assets	587	665
Interest expense on lease liabilities	16	29
Total amount recognised in the statement of comprehensive income	603	694

TAHE had cash outflows of \$0.7 million relating to the lease in the current year (2023: \$0.6 million).

7.1.4 Leases at significantly below-market terms and conditions

TAHE is a lessee under a number peppercorn lease arrangements with various local councils. The leased premises are primarily for the use of commuter car parks. The lease contracts specify lease payments of \$1 per annum and the lease terms range from 10 years to 99 years. They are not material to TAHE's operations.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

7. Leases (continued)

7.2 As lessor

Licence agreement with Sydney Trains and NSW Trains

TAHE has ten-year commercial agreements with Sydney Trains and NSW Trains commencing 1 July 2021. These agreements were subsequently varied in June 2022 and June 2024. The agreements set out the terms by which TAHE's assets are accessed and licensed. The licence fee agreement is assessed as an operating lease arrangement. The assets under licence arrangement are the unregulated assets leased to Sydney Trains and NSW Trains.

Property leases

TAHE's properties are leased to tenants under finance leases and operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate.

TAHE's finance leases are long-term land leases which transfer to the lessee substantially all the risks and rewards incidental to ownership of the land. This will typically be the case where the lease term is 50 years or more and at the inception of the lease, the present value of:

- the lease payments amounts to at least substantially all of the fair value of the leased land (except for leases that have significant below-market terms and conditions principally to enable the entity to further its objectives), and
- TAHE's residual risks and rewards after the end of the lease term is not significant.

Although TAHE is exposed to changes in the residual value at the end of current leases, TAHE typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

7.2.1 Lessor for finance leases

Future minimum rentals receivable (undiscounted) under non-cancellable finance lease as at 30 June are, as follows:

	2024 \$'000	2023 \$'000
Within one year	1,477	1,477
One to two years	1,477	1,477
Two to three years	1,477	1,477
Three to four years	1,475	1,477
Four to five years	1,469	1,475
Later than five years	66,239	67,708
Total (excluding GST)	73,614	75,091

7.2.2 Reconciliation of net investment in leases

	2024 \$'000	2023 \$'000
Future undiscounted rentals receivable	73,614	75,091
Less: unearned finance income	(48,722)	(50,068)
Net investment in finance leases	24,892	25,023

There was no significant change to the carrying amount of net investment in finance leases from the prior year.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

7. Leases (continued)

7.2 As lessor (continued)

7.2.3 Accounting treatment for prepaid rentals

Prepaid rentals where the initial lease term exceeds 50 years are treated as sales in accordance with NSW Treasury policy, TPP 21-06 *Accounting Policy: Lessor classification of long-term land leases*.

8. Intangible assets

8.1 Total intangible assets

	Software/licences \$'000	Work in progress \$'000	Total \$'000
At 1 July 2023			
Gross carrying amount	80,114	32,306	112,420
Accumulated amortisation and impairment	-	-	-
Net carrying amount	80,114	32,306	112,420
At 30 June 2024			
Gross carrying amount	422,588	27,036	449,624
Accumulated amortisation and impairment	(285,925)	-	(285,925)
Net carrying amount	136,663	27,036	163,699
At 1 July 2022			
Gross carrying amount	99,362	38,278	137,640
Accumulated amortisation and impairment	-	-	-
Net carrying amount	99,362	38,278	137,640
At 30 June 2023			
Gross carrying amount	80,114	32,306	112,420
Accumulated amortisation and impairment	-	-	-
Net carrying amount	80,114	32,306	112,420

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
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8. Intangible assets (continued)

8.2 Movements during the year

	Software/licences \$'000	Work in progress \$'000	Total \$'000
Year ended 30 June 2024			
Net carrying amount at the beginning of the year	80,114	32,306	112,420
Additions	-	3,007	3,007
Completed capital work	2,429	(2,429)	-
Disposals/derecognition/write-offs	-	(190)	(190)
Transfers to other entities	-	(2,221)	(2,221)
Transfers from other entities	2,194	-	2,194
Amortisation expense	(30,521)	-	(30,521)
Impairment reversal	82,447	-	82,447
Other movements	-	(3,437)	(3,437)
Net carrying amount at the end of the year	136,663	27,036	163,699
Year ended 30 June 2023			
Net carrying amount at the beginning of the year	99,362	38,278	137,640
Additions	-	15,195	15,195
Completed capital work	8,554	(8,554)	-
Disposals/derecognition/write-offs	-	(621)	(621)
Amortisation expense	(20,388)	-	(20,388)
Impairment losses	(7,414)	-	(7,414)
Other movements	-	(11,992)	(11,992)
Net carrying amount at the end of the year	80,114	32,306	112,420

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
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9. Fair value measurements of non-financial assets

9.1 Fair value measurements of non-financial assets

TAHE measures and recognises the following assets at fair value on a recurring basis:

- Land
- Buildings
- Rolling stock
- Plant and machinery
- Trackwork and infrastructure

In the prior year, TAHE has also measured assets of \$0.8 million at fair value on a non-recurring basis as a result of classifying the assets as held for sale.

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 30 June.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
2024				
Land	-	-	8,732,452	8,732,452
Buildings	-	-	11,165,294	11,165,294
Rolling stock	-	-	2,377,237	2,377,237
Plant and machinery	-	-	219,351	219,351
Trackwork and infrastructure	-	-	25,653,615	25,653,615
Recurring fair value measurements	-	-	48,147,949	48,147,949
2023				
Land	-	-	2,921,226	2,921,226
Buildings	-	-	5,120,318	5,120,318
Rolling stock	-	-	1,315,588	1,315,588
Plant and machinery	-	-	87,640	87,640
Trackwork and infrastructure	-	-	7,439,303	7,439,303
Intangible assets	-	-	80,114	80,114
Recurring fair value measurements	-	-	16,964,189	16,964,189

As at 30 June 2024, TAHE valued its assets using the cost approach (except for land) given its transition to a not-for-profit entity for accounting purposes. Previously, TAHE used the income approach to value the majority of property, plant and equipment, except for land held for alternative use (market approach) and the service concession assets (cost approach).

Cost approach (as at 30 June 2024)

From 1 January 2024, TAHE valued its assets using the cost approach (except for land which is market approach) given its transition to a not-for-profit entity for accounting purposes.

Level 2 fair value inputs include inputs other than quoted prices being known sales of comparable items to those assessed on a market evidence basis.

Level 3 fair value inputs include prices observed for recent transactions adjusted for market participant assumptions such as optimisation and obsolescence using the cost approach.

9. Fair value measurements of non-financial assets (continued)

9.1 Fair value measurements of non-financial assets (continued)

TAHE's policy is to recognise transfers into and transfers out of the fair value hierarchy as at the end of the reporting period. There were no transfers between the fair value hierarchy levels for recurring fair value measurements during the year.

For recurring and non-recurring fair value measurements, the highest and best use of non-financial assets is its current use.

Income approach (prior policy)

In the prior year, TAHE valued most of its assets using the income approach given its status as a for-profit entity for accounting purposes.

A discounted cash flow (DCF) model was used to determine the total fair value of CGUs being metropolitan regulated assets, metropolitan and regional unregulated assets and the CRN. Fair value was calculated based on discounting the future cash flows for these CGUs. The valuation sensitivities were related to the discount rate, CPI rate for future years, period of discounting, asset specific risk premium, revenue cash inflows, and operating expenditure cash outflows.

Land held for alternative use was valued under the market approach and the service concession assets were valued under the current replacement cost approach.

9.2 Valuation techniques and inputs

Valuation technique	Valuation input
Land	
Market evidence with level 3 input adjustments to reflect the shape, topography, zoning, rezoning prospects, limited market segment, potential purchasers and restricted use which are represented in the discount rates.	Comparable sales in the market to determine an appropriate market rate and applied to each land area.
The discount rates for CRN are generally less than those for the metropolitan network due to the similarity to the adjoining land in rural areas hence greater marketability.	Discount factor applied to the appropriate market rate.
	CRN land is discounted at 25 per cent and 30 per cent based on land type.
	Metropolitan network land is discounted at 50 per cent and 60 per cent based on land type.
	Metropolitan maintenance facility is discounted at 20 per cent due to greater usability.

9. Fair value measurements of non-financial assets (continued)

9.2 Valuation techniques and inputs (continued)

Valuation technique	Valuation input
Buildings (including service concession assets)	
Current replacement cost of a modern engineering equivalent replacement asset with level 3 inputs, such as indirect costs.	Current replacement cost is based on the costs of replicating a modern equivalent asset. This is developed through a build-up of observable rates, either market, direct or indirect rates where applicable. Indirect costs consist mainly of contractor's indirect cost mark-ups (preliminaries, profit and overheads, and professional fees) and client costs (possession/out of hours costs). The interim assessment is based on the relevant producer price indices from the Australian Bureau of Statistics (ABS), which are weighted to determine the fair value.
Rolling stock	
Current replacement cost of a modern engineering equivalent replacement asset with level 3 inputs, such as indexation using producer price indices sourced from the ABS, qualitative attractiveness, and technological/functional obsolescence.	Reference prices from sources for similar fleet types to arrive at the current replacement cost, adjusted for indexation, qualitative attractiveness, and technological/functional obsolescence.
Heritage rolling stock is based on replication cost to a required service level.	Qualitative attractiveness is a discount to the replacement cost of passenger fleet based on the fleet age. Fleet aged 10 years or more are discounted at a range between 5 per cent and 20 per cent. Technological and functional obsolescence generally occurs when a new and better system or product has been created, replacing the existing version. In the context of this valuation, this is treated as a discount (obsolescence cost) to the replacement value of the existing passenger fleet to reflect their lower service level. Heritage rolling stock replication costs with adjustments for indexation and discounts for functional status, icon status and condition. The discount range is from 0 per cent to 99 per cent.

9. Fair value measurements of non-financial assets (continued)

9.2 Valuation techniques and inputs (continued)

Valuation technique	Valuation input
Trackwork and infrastructure	
Current replacement cost of a modern engineering equivalent replacement asset with level 3 inputs, such as optimisation and indirect mark-ups.	Current replacement cost is based on the costs of replicating a modern equivalent asset. This is developed through a build-up of observable rates, either market, direct or indirect rates where applicable. Optimisation is the equivalent of physical, functional, and economic obsolescence. Indirect mark-ups consist of contractor's indirect costs (preliminaries, design, overhead and profit margin), client costs (delivery, insurance, corporate, and possessions) and unmeasurable items such as contingency. The magnitude of the indirect cost mark-up varies between the asset types due to the difference in the nature, size and complexity of the works involved. Asset categories were assessed and estimations of asset lives and the remaining useful lives were determined based on the condition data of the assets if available. Where condition data was not available, remaining useful lives were determined based on the assets' design lives and age by assuming assets are maintained in a sufficient and appropriate manner such that they would service their assumed design lives on 30 June 2024.
Major plant	
Current replacement cost of a modern engineering equivalent replacement asset with level 3 inputs, such as optimisation and indirect costs.	Current replacement cost established by researching current market prices where appropriate or utilising a combination of vendor quotes, catalogue prices and industry database. Optimisation is the equivalent of physical, functional, and economic obsolescence. Indirect costs consist of client management, owner's insurance, and corporate costs.

The determination of market rates or current replacement costs for valuations is carried out at least every three to five years by independent qualified valuers.

Fair value is assessed at interim periods between comprehensive valuations based on appropriate producer price indices from the ABS or reviews performed by independent qualified valuers.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
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9. Fair value measurements of non-financial assets (continued)

9.3 Fair value measurements using significant unobservable inputs (level 3)

The following table is a reconciliation of level 3 items:

	Land \$'000	Buildings \$'000	Rolling stock \$'000	Plant and machinery \$'000	Trackwork and infrastructure \$'000	Intangible assets ¹ \$'000	Total \$'000
Fair value at 1 July 2023	2,921,226	5,120,318	1,315,588	87,640	7,439,303	80,114	16,964,189
Additions/transfers in	5,391	926,468	222,385	2,877	727,342	-	1,884,463
Disposals/transfers out	(18,335)	(87,485)	(442,011)	32	(11,434)	(70,745)	(629,978)
Gains/(losses) recognised in the statement of comprehensive income							
Depreciation, amortisation and impairment	-	(248,091)	(111,648)	(16,142)	(822,963)	(9,369)	(1,208,213)
Asset revaluation	1,077,361	3,490,446	1,472,057	102,638	11,552,472	-	17,694,974
Gains/(losses) recognised in other comprehensive income ²	4,746,809	1,963,638	(79,134)	42,306	6,768,895	-	13,442,514
Fair value at 30 June 2024	8,732,452	11,165,294	2,377,237	219,351	25,653,615	-	48,147,949
Fair value at 1 July 2022	3,243,211	4,343,082	1,456,874	101,741	9,268,394	99,362	18,512,664
Assets held for Sale	(623)	-	-	-	-	-	(623)
Additions/transfers in	71,534	1,458,476	49,089	6,135	391,887	8,554	1,985,675
Disposals/transfers out	(4,636)	(20,436)	(250)	(2,880)	(26,937)	-	(55,139)
Gains/(losses) recognised in the statement of comprehensive income							
Depreciation, amortisation and impairment	-	(154,593)	(68,374)	(9,244)	(471,814)	(20,388)	(724,413)
Asset revaluation	(105,550)	(342,372)	(119,470)	(6,873)	(916,618)	(7,414)	(1,498,297)
Gains/(losses) recognised in other comprehensive income ²	(282,710)	(163,839)	(2,281)	(1,239)	(805,609)	-	(1,255,678)
Fair value at 30 June 2023	2,921,226	5,120,318	1,315,588	87,640	7,439,303	80,114	16,964,189

¹ Intangible assets were measured at fair value under the income approach in the prior year. In the current year, from 1 January 2024 intangible assets are measured at the amortised historical costs and not subject to fair value.

² Gains/losses recognised in other comprehensive income relates to the asset revaluation reserve.

For recurring level 3 fair value measurements, the change in unrealised gains/losses for the period included in the net result for the year for assets held at the end of the reporting period is nil in the current and prior year.

Transport Asset Holding Entity of New South Wales
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for the year ended 30 June 2024

10. Payables

	2024 \$'000	2023 \$'000
Current payables		
Trade creditors	914	81
Transport agencies payables	6,013	4,053
Capital expenditure accruals	147,707	252,911
Other payables and accruals	41,956	35,487
Deferred revenue	7,043	9,556
Current payables	203,633	302,088

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in note 17.

11. Contract liabilities

	2024 \$'000	2023 \$'000
Contract liabilities - current	7,479	8,033
Contract liabilities - non-current	1,382	2,765
Contract liabilities	8,861	10,798

TAHE's contract liabilities relate to consideration received in advance from customers. The contract liability balance has decreased during the year due to revenue recognised related to income received in advance in the prior year.

The effect on the contract balances is outlined below:

	2024 \$'000	2023 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	3,638	41,791
Transaction price allocated to the remaining performance obligations from contracts with customers	8,861	10,798

The transaction price allocated to the remaining performance obligations of \$8.9 million is expected to be recognised as revenue in the next two years.

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12. Borrowings

	2024 \$'000	2023 \$'000
Current		
TCorp borrowings	302,173	327,846
Service concession financial liabilities ¹	38,677	30,103
Lease liabilities	635	802
Current borrowings	341,485	358,751
Non-current		
TCorp borrowings	2,173,366	2,144,826
Service concession financial liabilities ¹	240,654	235,866
Lease liabilities	-	698
Other financial liabilities ²	718,920	590,306
Non-current borrowings	3,132,940	2,971,696
Borrowings	3,474,425	3,330,447

¹The service concession financial liabilities relate to TAHE's contractual obligations under the Airport Link contract.

² Other financial liabilities relate to TAHE's contractual obligations to TfNSW under a Public Private Partnership contract.

Details regarding market risk and liquidity risk, including a maturity analysis of above borrowings are disclosed in note 17.

TAHE's TCorp borrowings are approved under the *Government Sector Finance Act 2018* and have an associated Government guarantee fee. The current borrowings are due to mature in the next 12 months and are expected to be refinanced on maturity. The liability is current as TAHE does not have an unconditional right to defer settlement for at least 12 months.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
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13. Provisions

13.1 Provisions

	Note	2024 \$'000	2023 \$'000
Current Provisions			
Employee leave provisions ¹		639	627
Workers' compensation	13.3	4,403	3,681
Employee benefits and related on-costs		5,042	4,308
Land and building remediation	13.5	7,948	9,822
Public liability claims	13.6	285	-
Contractual claims	13.7	18,500	-
Other	13.8	4,872	-
Other provisions		31,605	9,822
Current provisions		36,647	14,130
Non-current provisions			
Employee leave provisions ¹		228	126
Workers' compensation	13.3	9,403	15,896
Employee benefits and related on-costs		9,631	16,022
Quarry restoration	13.4	2,370	2,217
Land and building remediation	13.5	15,204	13,766
Other	13.8	3,287	6,644
Other provisions		20,861	22,627
Non-current provisions		30,492	38,649
Total provisions			
Employee leave provisions ¹		867	753
Workers' compensation	13.3	13,806	19,577
Employee benefits and related on-costs		14,673	20,330
Quarry restoration	13.4	2,370	2,217
Land and building remediation	13.5	23,152	23,588
Public liability claims	13.6	285	-
Contractual claims	13.7	18,500	-
Other	13.8	8,159	6,644
Other provisions		52,466	32,449
Total provisions		67,139	52,779

¹ In accordance with Australian Accounting Standards all annual leave and unconditional long service leave is classified as a current liability in the statement of financial position because TAHE does not have an unconditional right to defer settlement. Only conditional long service leave is shown as a non-current liability. The liability for long service leave was assessed by Mercer. The actuary assumed an interest rate of 4.44% (2023: 5.58%) and a salary growth rate ranging from 0% to 2.5% (2023: from 0% to 2.5%) per annum. The current employee leave provisions include \$0.3 million expected to be settled after 12 months (2023: \$0.2 million).

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13. Provisions (continued)

13.2 Movements in provisions (other than employee benefit provisions)

	Carrying amount at start of year	Increase in provision	Discounting adjustment	Payments	Unused amount reversed	Carrying amount at end of year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2024						
Quarry restoration	2,217	69	84	-	-	2,370
Land and buildings remediation	23,588	4,098	3	(4,017)	(520)	23,152
Public liability claims	-	285	-	-	-	285
Contractual claims	-	18,500	-	-	-	18,500
Other	6,644	1,261	254	-	-	8,159
Total	32,449	24,213	341	(4,017)	(520)	52,466

13.3 Workers' compensation

The provision relates to claims incurred prior to 1 August 2014. The workers' compensation liability at year end was assessed by Marsh Pty Ltd assuming a discount rate ranging from 4.0 per cent to 4.5 per cent per annum over the next 15 years (2023: 2.9 per cent to 3.6 per cent per annum over the next 15 years) and a future claims inflation rate from 2.9 per cent to 3.3 per cent per annum over the next 15 years (2023: 3.7 per cent to 4.8 per cent per annum over the next 15 years). Workers' compensation insurance is in place to cover any claim prior to 2014 exceeding \$1.0 million and the workers' compensation provision is maintained for smaller claims.

The actuary has advised that no allowance was made for asbestos related claims (2023: nil). Liabilities for such claims prior to July 1996 were vested to the Crown. Post 1996 exposure to asbestos is low, highly uncertain and, therefore, cannot be quantified with any reliability.

TAHE's current employees' workers' compensation insurance is covered through the NSW Treasury Managed Fund Scheme.

13.4 Quarry restoration

The quarry restoration provision recognises TAHE's legal obligation to restore the quarry site when operation ceases.

The liability at year end was based on a previous assessment by an independent expert who undertook site inspections to estimate the minimum cost of the necessary restoration work. The timing of the liability is inherently uncertain due to the time likely to elapse before the restoration is required.

13.5 Land and buildings remediation provision

This provision is comprised of \$1.5 million (2023: \$2.6 million) for remediation of asbestos/other hazardous materials and \$21.6 million (2023: \$21.0 million) for remediation of contaminated land. The liability is uncertain as it is based on forecasted cash flows and the timing of the actual works. Also refer to note 19.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
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13. Provisions (continued)

13.6 Public liability claims

The public liability claims provision recognises claims against TAHE that arise from personal injuries or property damage occurring on its premises or involving its assets.

The liability at year end was assessed by management. The likely amount to be settled was assessed on the basis of past experience. The likely timing of settlement was assessed by reviewing individual claims. The timing of the liability is inherently uncertain due to disputes over the existence or quantum of individual claims.

13.7 Contractual claims

The provision recognises a claim against TAHE arising from contractual matters.

The liability at year end was assessed by management and the timing of the liability is inherently uncertain due to the nature of the dispute.

13.8 Other

The provision recognises TAHE's obligation to the private freight operators as a result of an IPART determination.

14. Dividend payable

	2024 \$'000	2023 \$'000
Balance at 1 July	77,700	71,200
Additional amounts recognised	-	77,700
Amounts paid	(77,700)	(71,200)
Balance at 30 June	-	77,700

15. Other liabilities

	2024 \$'000	2023 \$'000
Current		
Deferred government grants - capital	-	28,056
Deferred government grants - operating	-	43,534
Current other liabilities	-	71,590
Non-current		
Deferred government grants - capital	-	401,104
Non-current other liabilities	-	401,104
Other liabilities	-	472,694

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16. Contributed equity and share capital

16.1 Contributed equity

	Note	2024 \$'000	2023 \$'000
Contributed equity at start of year		28,360,223	26,766,837
Net assets/(liabilities) contributed by Government	16.2	(3,787)	1,593,386
Contributed equity at end of the year		28,356,436	28,360,223

16.2 Contributed equity movements

The transfer of assets or (liabilities) from (or to) another NSW public sector entity are considered to be a contribution by the owner and are outlined below:

	2024 \$'000	2023 \$'000
NSW Treasury capital injection	-	1,595,803
Transfers between Transport agencies	(3,787)	(2,417)
Total	(3,787)	1,593,386

	2024 \$'000	2023 \$'000
Assets transferred from/(to) other entities		
Cash and cash equivalents	-	1,595,803
Property, plant and equipment (net)	(3,787)	(2,417)
Total assets	(3,787)	1,593,386
Total liabilities	-	-
Total net assets/(liabilities) transferred	(3,787)	1,593,386
Net assets/(liabilities) contributed by Government	(3,787)	1,593,386

16.3 Share capital

TAHE has share capital of two dollars. The Treasurer and Minister for Finance are the voting shareholders, each holding one share valued at one dollar. The shares entitle the NSW Government to a dividend from TAHE. In accordance with the Government's policy decision to transition TAHE from a SOC into a non-commercial entity, TAHE is not required to pay a dividend in the year ended 30 June 2024.

Any changes to TAHE's share capital can only be undertaken in accordance with TAHE's constitution and with the agreement of its Shareholding Ministers.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
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17. Financial instruments

17.1 Financial instruments

TAHE holds the following financial instruments:

	Note	Category	2024 \$'000	2023 \$'000
Financial assets				
Cash and cash equivalents	4	Amortised cost	1,211,367	1,519,361
Receivables ¹	5	Amortised cost	88,564	86,719
			1,299,931	1,606,080
Financial liabilities				
Payables ²	10	Amortised cost	181,382	268,543
Borrowings	12	Amortised cost	3,474,425	3,330,447
			3,655,807	3,598,990

¹ Receivables exclude statutory receivables and prepayments, i.e. not within the scope of AASB 7 *Financial Instruments: Disclosures* (AASB 7).

² Payables exclude statutory payables and unearned income, i.e. not within the scope of AASB 7.

17.2 Offsetting financial assets and liabilities

TAHE does not offset its financial assets and liabilities and has no offsetting arrangements in place.

17.3 Financial risks

The operational activities of TAHE expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk). A risk management program focuses on financial performance and seeks to minimise potential adverse effects from financial market price movements. Methods used to measure risk include sensitivity analysis in the case of interest rate and an ageing analysis for credit risk.

Risk management is carried out under approved policies. TAHE's Treasury Management Policy establishes a prudential framework covering policies, best practice internal controls and reporting systems for the management of financial risks within TAHE's operation. The policy covers specific areas such as interest rate risk, credit risk, and investment of excess funds. The Treasury Management Policy is reviewed annually.

The primary objective of the Treasury Management policy is to achieve management of all financial risks in strict compliance with internal policies and guidelines within the broad framework of the NSW Treasury Management Policy (TPP 21-14 *NSW Government Financial Risk Management Policy*). Accounting for Financial Instruments is in accordance with the NSW Treasury accounting policy (TPP 21-10 *Accounting for Financial Instruments*).

17.4 Market risk

Market risk relates to fluctuations in the fair value of future cash flows of financial instruments because of changes in market prices. This applies to TAHE's interest rate.

Sensitivity analysis on market risk is based on price variability taking into account the economic environment in which TAHE operates and the time frame for assessment, that is, until the end of the next reporting period. The sensitivity analysis is based on financial instruments held at the balance date. The analysis assumes that all other variables remain constant.

17.4.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. TAHE's main interest rate risk relates primarily to borrowings with TCorp.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
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17. Financial instruments (continued)

17.4 Market risk (continued)

17.4.1 Interest rate risk (continued)

Borrowings

TAHE adopts a continuously diversified approach to managing its borrowing portfolio. Debt maturity is spread across the yield curve, comprising both short-term TCorp borrowing and long-term semi government bonds. A neutral benchmark measures the performance of the debt portfolio.

TAHE will review its borrowing portfolio on a 10 year time horizon. The maturity of long term borrowings should be spread evenly throughout the curve. Each financial year the limits roll forward. The Weighted Average Life (duration) will be used to measure the borrowing portfolio. The borrowing portfolio is managed through a restructuring facility offered by TCorp. Borrowings issued at variable rates expose TAHE to cash flow risk.

	Interest rate ²		Principle amount	
	2024 %	2023 %	2024 \$'000	2023 \$'000
Financial assets				
Not later than 1 year				
Cash at bank	4.35	4.10	1,211,367	1,519,361
Financial assets			1,211,367	1,519,361
Financial liabilities				
Not later than 1 year				
Borrowings	3.48	1.29	341,485	358,751
Between 1 and 5 years				
Borrowings	2.71	2.84	1,176,760	1,090,442
Later than 5 years				
Borrowings	3.06	2.64	1,956,180	1,881,254
Financial liabilities ¹			3,474,425	3,330,447
Net exposure			(2,263,058)	(1,811,086)

¹Interest rate risk is not applicable to the Airport Link contract, lease liabilities or the Regional Rail contract.

²Interest rates are the weighted average contract yields across TAHE's debt portfolio.

Interest rate sensitivity analysis

Exposure to interest rate risk arises primarily through TAHE's interest bearing liabilities. A change of +/- 1 per cent is used to measure TAHE's financial sensitivity to interest rate movements. TAHE's exposure to interest rate risk is set out below:

	Carrying amount \$'000	Net result \$'000		Equity \$'000	
		-1%	+1%	-1%	+1%
2024					
Cash at bank	1,211,367	(12,114)	12,114	(12,114)	12,114
Borrowings	2,475,539	24,755	(24,755)	24,755	(24,755)
2023					
Cash at bank	1,519,361	(15,194)	15,194	(15,194)	15,194
Borrowings	2,472,672	24,727	(24,727)	24,727	(24,727)

17. Financial instruments (continued)

17.5 Credit risk

Credit risk arises where there is the possibility of TAHE's debtors defaulting on their contractual obligations, resulting in a financial risk to TAHE.

Credit risk can arise from financial assets of TAHE, including cash and cash equivalents, deposits with banks as well as credit exposure to customers, including outstanding receivables and committed transactions. TAHE holds bank guarantees for significant customers as well as property bonds for some leased premises. TAHE has not granted any financial guarantees. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment or allowance for expected credit losses).

TAHE's credit risk policy is aimed at minimising the potential for counter party default. TAHE uses the Standard & Poor's rating system in assessing credit risk.

Credit risk associated with TAHE's financial assets, other than receivables, is managed through the sound selection of counterparties and establishment of minimum credit rating standards. The *Government Sector Finance Act 2018* requires TAHE to transact all debt management and investment activities with TCorp, which has an AAA credit rating due to their financial arrangements and obligations being guaranteed by the NSW Government.

TAHE held \$1,211.4 million cash at bank with Westpac Banking Corporation at 30 June 2024 (2023: \$1,519.4 million).

Trade and lease receivables

The maximum credit risk exposure in relation to receivables is the carrying amount, less the allowance for impaired debts/expected credit losses. Where necessary to support approval of a credit application for customers, security may need to be obtained in the form of an unconditional bank guarantee and/or security deposit.

TAHE considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, TAHE may also consider a financial asset to be in default when internal or external information indicates that TAHE is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the debtor.

TAHE applies the simplified approach to measuring ECLs which uses a lifetime ECL allowance for all trade and lease debtors. To measure the ECLs, trade and lease receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. TAHE has identified various factors to be relevant and has adjusted the historical loss rates accordingly.

TAHE is not obliged to extend credit. TAHE is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

17. Financial instruments (continued)

17.5 Credit risk (continued)

Trade and lease receivables (continued)

The loss allowance for trade debtors and lease receivables as at 30 June is determined as follows:

	Current \$'000	<30 days \$'000	30-60 days \$'000	61-90 days \$'000	>91 days \$'000	Total \$'000
30 June 2024						
Expected average credit loss rate	8.52%	43.42%	53.48%	64.47%	88.31%	
Estimated total gross carrying amount of default	7,388	1,175	250	235	3,058	12,106
Expected credit loss	629	510	134	152	2,700	4,125
30 June 2023						
Expected average credit loss rate	10.29%	10.15%	59.79%	67.50%	99.67%	
Estimated total gross carrying amount of default	7,405	2,324	688	492	4,488	15,397
Expected credit loss	762	236	411	332	4,474	6,215

Note: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7 hence the 'total' will not reconcile to the receivables total in note 5.

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Cash and cash equivalents

TAHE held funds on deposit with Westpac Banking Corporation at 30 June 2024. The deposits at balance date were earning an interest rate of 4.35 per cent (2023: 4.10 per cent) while over the year the weighted average interest rate was 4.26 per cent (2023: 2.94 per cent) on an average balance during the year of \$1,549.0 million (2023: \$1,139.7 million).

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

17. Financial instruments (continued)

17.6 Liquidity risk

Liquidity risk refers to TAHE being unable to meet its payment obligations when they fall due. TAHE manages risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The credit standby arrangements and unused amounts available are:

	2024 Credit facilities '\$000	2024 Unused '\$000	2023 Credit facilities '\$000	2023 Unused '\$000
Transaction negotiation authority	251,000	251,000	251,000	251,000
Borrowing facility	2,500,000	24,461	2,503,000	30,328
Total	2,751,000	275,461	2,754,000	281,328

During the current and prior years, there have been no defaults or breaches on any loans payable. No assets have been pledged as collateral. TAHE exposure to liquidity risk is deemed insignificant based on prior period data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. If trade terms are not specified, payment is generally made no later than the end of the month following the month in which an invoice or a statement is received.

The following table reflects the maturity band for all contractual obligations including the payment of principal and interest resulting from recognised financial liabilities at reporting date excluding the impact of netting.

	Carrying amount \$'000	Contract cash flow \$'000	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000
30 June 2024					
Payables	181,382	181,382	181,382	-	-
Borrowings	3,474,425	4,737,441	412,292	1,270,909	3,054,240
Financial liabilities	3,655,807	4,918,823	593,674	1,270,909	3,054,240
30 June 2023					
Payables	268,543	268,543	268,543	-	-
Borrowings	3,330,447	4,665,160	428,011	1,453,387	2,783,762
Financial liabilities	3,598,990	4,933,703	696,554	1,453,387	2,783,762

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

17. Financial instruments (continued)

17.7 Fair value compared to carrying amount

The fair values of financial instrument assets and liabilities are determined as follows:

- the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial instrument assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

With the exception of borrowings, TAHE considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments.

Financial liabilities recognised at fair value after initial recognition include borrowings. The fair value of borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to TAHE for similar financial instruments. As at 30 June 2024, the market rates were determined to be between 4.40 per cent to 5.26 per cent (2023: 4.21 per cent to 4.76 per cent). The financial liabilities are recognised on a recurring basis in the statement of financial position.

There were no transfers between levels 1 and 2, and levels 2 and 3 during the year. The following table shows borrowings where the fair value differs from the carrying amount:

	Fair value	Carrying value	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value at 30 June 2024					
Borrowings	2,817,001	3,194,459	-	2,817,001	-
Financial liabilities	2,817,001	3,194,459	-	2,817,001	-
Fair value at 30 June 2023					
Borrowings	2,725,793	3,062,978	-	2,725,793	-
Financial liabilities	2,725,793	3,062,978	-	2,725,793	-

Note: The analysis excludes borrowings relating to the Airport Link contract as the fair value does not differ from the carrying value and lease liabilities which are exempt from fair value disclosure.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

18. Commitments

TAHE's capital construction are performed on their behalf by other Transport agencies. The Transport Investment Plan provides the capital expenditure TAHE is committed to fund in the future years. The various agreements with Transport agencies outline the project delivery and governance arrangements with TAHE for capital project delivery.

The capital expenditure over the ten year period is as follows:

	2024 \$'000	2023 \$'000
Not later than one year	2,100,631	2,815,612
Later than one year and not later than five years	6,738,599	5,510,418
Later than five years	3,978,326	3,464,247
Commitments (Including GST)	12,817,556	11,790,277

The total commitments detailed above includes input tax credits of \$1,165.2 million (2023: \$1,071.8 million) that are expected to be recoverable from the Australian Taxation Office.

19. Contingent assets and contingent liabilities

There are no material contingent assets and liabilities as at 30 June 2024 and 30 June 2023 that are able to be quantified.

Contractual and other claims against TAHE arise in the ordinary course of operations. The existence or quantum of each claim is usually in dispute and the outcome cannot be measured reliably.

TAHE by virtue of its operations has a range of possible contamination in land and buildings. TAHE is engaged in an ongoing process of identifying necessary remediation of land and buildings the final amount of which is contingent on further investigation and cannot be accurately calculated at the date of preparation of these financial statements. Land and buildings remediation, where there is a legal or constructive obligation to undertake remediation and the cost of which can be reliably estimated has been provided for. Refer note 13.5.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

20. Related party disclosures

20.1 Key management personnel compensation

The key management personnel (KMP) for TAHE comprises of all members of the Board of Directors, the Chief Executive, TAHE's two Shareholding Ministers and the Portfolio Minister.

Compensation is shown below for TAHE KMPs that are directly compensated. The NSW Legislature pays compensation to Ministers, TfNSW for the Transport Secretary, and this is not reimbursable by TAHE.

	2024	2023
	\$'000	\$'000
Short-term employee benefits	4,071	3,652
Post-employment and other benefits	299	496
Total	4,370	4,148

20.2 Transactions and outstanding balances with key management personnel

- the Transport Secretary, a voting member of the TAHE Board of Directors provided services to TAHE at no charge.
- the Board members have no private interest or relationships that have the potential to influence, or could be perceived to influence their decisions.
- a Board member continues to receive post-employment benefits from a professional services firm. The firm was engaged during the year to provide professional services of \$0.1 million to TAHE in the current financial year. The services provided were at arms-length and in the ordinary course of business. The Board member does not participate in the award of any associated procurement contracts.

20.3 Transactions with government related entities during the year

TAHE entered into transactions and held balances with other entities that are controlled or jointly controlled by the NSW Government. All of the activities were undertaken in the ordinary course of business operations.

The following transactions are significant either individually or in aggregate:

Nature of transaction	Agency	Value	Note reference
		\$'000	
2024			
Access and licence rights to the rail network and assets ¹	Sydney Trains	525,031	2.1, 2.2
	NSW Trains	218,111	2.1, 2.2
Construction cost to TfNSW	TfNSW	1,286,951	6.1
Transfer (in) of building and infrastructure assets at fair value of \$21.8 million	TfNSW	No charge	16.2
Transfer (in) of intangible assets at fair value of \$2.2 million and transfer (out) of work in progress at fair value of \$2.2 million	Sydney Trains	No charge	16.2
Transfer (in) of property, plant and equipment at fair value of \$3.7 million	NSW Trains	No charge	16.2
Transfer (out) of land, building and infrastructure assets at fair value of \$29.3 million	Sydney Metro	No charge	16.2
Capital grants ¹	TfNSW	699,616	2.3
Operating grants ¹	TfNSW	97,488	2.3
Approved borrowings for capital projects	TCorp	2,475,539	12
Sydney Trains rebate	Sydney Trains	63,618	3.2
Letter of shareholder support to TAHE	NSW Treasury	No charge	1.3

¹The access fees, licence fees and grants are based on cash payments.

Transport Asset Holding Entity of New South Wales
Notes to the financial statements
for the year ended 30 June 2024

20. Related party disclosures (continued)

20.3 Transactions with government related entities during the year (continued)

Nature of transaction	Agency	Value \$'000	Note reference
2023			
Access and licence rights to the rail network and assets ¹	Sydney Trains	602,208	2.1, 2.2
	NSW Trains	270,820	2.1, 2.2
Construction cost to TfNSW	TfNSW	1,501,346	6.1
Transfer (in) of land at fair value of \$3.0 million and transfer (out) of land at fair value of \$0.6 million	TfNSW	No charge	16.2
Transfer (in) of infrastructure assets at fair value of \$11.2 million	Sydney Metro	No charge	6.1
Capital grants ¹	TfNSW	393,268	2.3
	NSW Treasury	27,148	2.3
Operating grants ¹	TfNSW	95,110	2.3
Capital injection	NSW Treasury	1,595,803	16.2
Approved borrowings for capital projects	TCorp	2,472,672	12
Sydney Trains rebate	Sydney Trains	45,687	3.2
Letter of shareholder support to TAHE	NSW Treasury	No charge	1.3
Dividends	NSW Treasury	77,700	1.20

¹The access fees, licence fees and grants are based on cash payments.

20.4 Transactions and outstanding balances with other related parties

During 2024, TAHE did not engage in any transactions/have outstanding balances with other related parties (2023: nil).

Other related parties may include close family members of key management personnel, private entities controlled or jointly controlled by close family members and private entities controlled or jointly controlled by key management personnel.

21. Events after the reporting period

On 23 September 2024, *Transport Administration Amendment Act 2024* was assented. The legislation will convert TAHE from a SOC into a NSW Government agency called Transport Asset Manager of New South Wales (TAM). TAM will carry forward the operations of TAHE according to the government's revised objectives. The legislation is expected to be effective from 1 January 2025. TAM will integrate closely with the Transport portfolio, to ensure the delivery of the government's policy objectives, including enhancing the safety, reliability and efficiency of the rail network.

(End of audited financial statements)

Transport Asset Holding Entity



PO Box K349
Haymarket NSW 1238



Contact us at:
enquiries@tahensw.com.au

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the TAHE website

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