

SOE Annual Statement



OFFICIAL

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1. Introduction

Transport Asset Holding Entity of NSW (TAHE) is a State-Owned Corporation (SOC) of the NSW Government. This annual statement is prepared as part of TAHE's requirements under the SOC Act, the Transport Administration Act and under the Statement of Expectations – Effective 1 July 2021 signed by the Honourable Andrew Constance MP, Minister for Transport and Roads. TAHE notes that its Portfolio Minister has subsequently changed to the Honourable Rob Stokes the Minister for Infrastructure, Cities, and Active Transport.

TAHE is the custodian and strategic asset manager of the NSW rail network and has a mandate to hold, manage, finance, construct and develop the transport land and assets it owns to maximise value for the community and shareholders. TAHE is committed to providing safe and reliable rail assets, driving economic growth through precinct investment and innovative solutions that enhance communities. Safety is a key principle and the highest priority for TAHE.

2. Principle Objectives

2.1 TAHE activities in 2022

During 2022 TAHE continued to enhance and build on its systems and processes and recruit experienced and specialist employees to execute the principle objectives.

TAHE works collaboratively with Transport for NSW to ensure the continued investment, funding and delivery of Transport assets in alignment with the Premier's and NSW Government's priorities and the NSW Government's Future Transport Strategy 2056.

In fulfilling its role as a strategic asset owner of rail infrastructure assets TAHE has implemented a robust assurance framework that ensures the appropriate oversight and assurance that its assets are being operated and maintained:

- in line with safety legislation requirements;
- in accordance with asset management standards; and
- efficiently to maximise the value of its assets for its shareholders and the people of NSW.

This oversight and assurance for both new and in-flight projects is delivered through TAHE's Investment and Assurance Committee (IAC). The IAC assesses, endorses and approves all capital and large operational expenditure activities on TAHE's assets undertaken by transport agencies and delivery partners. Subject to delegations of authority required, each project may then proceed to TAHE's Board for final approval to proceed. Projects that were initiated and approved prior to TAHE's establishment are still subject to oversight by the IAC for any material scope changes or project variations that may introduce additional cost or liability for TAHE as per the Property & Project Development Deed (PPDD).

During 2022, as TAHE continued to embed its operating model, it followed its policies and processes to ensure each of the principle objectives (as shown in Diagram 1), were met in a balanced approach in the overall delivery of its program of works.

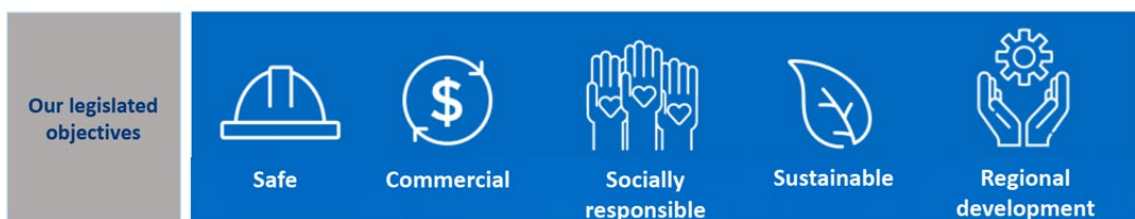


Diagram 1. TAHE's principle objectives

The following sections provide an annual statement on how TAHE approaches each of the principle objectives and provides examples of activities and projects that demonstrate how TAHE met and balanced their delivery through the 2021-22 year.

2.2 Meeting and balancing the principle objectives

In meeting and balancing its principle objectives, TAHE’s direct involvement may vary depending upon a number of factors such as the original commencement date of a project (for example if prior to TAHE establishment), the origination of the project or the preferred delivery model selected for the project. Regardless, projects undertaken on TAHE’s portfolio of assets must pass through the IAC and TAHE must review and either endorse, approve, request further information or reject. This level of scrutiny and the balanced approach taken by the IAC in their role provides a critical check point in the safety and asset management of TAHE’s portfolio and further ensures alignment with the various stakeholder’s priorities.

2.2.1 Safe and Reliable

Under this principle objective TAHE is required *...”to undertake its activities in a safe and reliable manner”*.

Principle Objective	Initiatives
<div style="text-align: center;">  <p>Safe and reliable</p> <p>Safe passenger and freight services are a priority. TAHE has established robust governance arrangements and assurance frameworks to oversee, review and appropriately monitor safety and asset critical performance; and gain confidence that fit for purpose frameworks, systems and controls are in place for the management of asset and safety risks.</p> </div>	<p>Asset Safety Governance</p> <ul style="list-style-type: none"> Established and implemented asset safety and environment due diligence roadmap to exercise legislated obligations Established Asset Safety and Environment Committee – for functions, accountabilities and responsibilities Appointed independent ASE Committee member with subject matter expertise of technical asset standards and systems for the safe operation and management of heavy rail assets and infrastructure Entered into legal operating agreements across the Transport cluster to clearly delineate safety roles and legislated accountabilities Confirmed conflict resolution process to ensure safety is never compromised in the delivery of duties performed or planned <p>Asset Safety Assurance</p> <ul style="list-style-type: none"> Established and implemented the Asset Management and Assurance Framework Determined asset safety assurance model and shared arrangements Implemented FY21-22 ASE Internal Audit Program and appointed WSP as the external specialist consultants to execute the program

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- Established and endorsed TAHE FY22-23 Strategic Asset Management Plan
 - Set asset management objectives and performance outcomes
 - Established and endorsed TAHE FY22-23 Asset Management Plan

Performance Reporting

- Performance outcomes set - zero material asset related safety incidents resulting in permanent disability or fatality
- Established baseline asset safety performance reporting criteria
- Standardised and embedded across the three lines of assurance for complete transparency of portfolio management
- Set asset management objectives and performance outcomes to make sure assets are safe, reliable, operable, maintainable, sustainable and fit for purpose across the asset whole of life.

2.2.2 Commercial

Under this principle objective TAHE is required “to be a successful business and, to this end—


- i. to operate at least as efficiently as any comparable businesses, and
- ii. to maximise the net worth of the State’s investment in TAHE”.

Principle Objective	Initiatives
<div style="text-align: center;">  <p>Commercially successful</p> <p>Operating as a successful business TAHE balances all the objectives with the TAHE Board approved risk appetite statement to determine the appropriate risk reward measure for each project. TAHE’s preference is to build long term sustainable income streams to maximise the value of TAHE’s assets for its Shareholders and the people of NSW.</p> </div>	<p>Established Commercial and Property Team</p> <ul style="list-style-type: none"> Developed and commenced execution of commercial and property strategy Completed 10 project feasibility studies with project prioritisation
	<p>Completed Capital Structuring works and credit rating preparation</p> <ul style="list-style-type: none"> TAHE is pursuing its own credit rating to support its capital structure objectives. TAHE seeks to optimise its capital structure by proposing to introduce a measured debt financing structure into its project funding model providing a more efficient use of capital.
	<p>Edmondson Park Commuter Car Park (CCP) and Land Release</p> <ul style="list-style-type: none"> TAHE purchased a new site for the construction of a new CCP that allows the closure of an existing site in the centre of the precinct, reducing traffic congestion and allowing the existing carpark (on more valuable land) to be repurposed for more commercial activities creating additional shareholder value and benefit for the local community.
	<p>Amendments to Access & Licence Fees</p> <ul style="list-style-type: none"> TAHE has renegotiated an increase and amended the access and licence fees payable by Sydney Trains and NSW Trains to further support TAHE’s ongoing investment into the rail network.
	<p>Central Station and Redfern North Eveleigh</p> <ul style="list-style-type: none"> TAHE approved funding for the next design stage of the Central Precinct Revitalisation Program which is a significant renewal of Central station.

	<ul style="list-style-type: none"> • Within the Redfern North Eveleigh Precinct a Planning Proposal for part of the site has been lodged and a strategy for another section of the site to go to market CY2022 is being prepared.
	<p>Technology innovation</p> <ul style="list-style-type: none"> • Digital Systems – Tranche 2. This project will drive network efficiency creating commercial benefits through operation and maintenance savings as well as safety and sustainability benefits.

2.2.3 Socially responsible

Under this principle objective TAHE is required.....”to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates,”

Principle Objective	Initiatives
 <p>Socially responsible</p> <p>TAHE understands the influence its decisions can have in individual communities where it operates and more broadly across industry sectors. TAHE seeks to balance its social objectives to ensure its decisions take into consideration the environment, economic and ethical dimensions where it operates.</p>	<p>Retail Rental Subsidies</p> <ul style="list-style-type: none"> • Through heavily subsidised or peppercorn leases TAHE provides access to over 160,000 square meters of buildings and land to approximately 44 charitable or community focused groups such as the Australian Red Cross Society, Scout Association Of Australia, The Girl Guides Association Of NSW, Australian Air League, and SDN Children's Services. <p>Precinct Activation/Renewal</p> <ul style="list-style-type: none"> • TAHE approved and funded the operations of the Quantum Terminal with Central Station which is Sydney’s first centralised live collaboration space that targets to attract researchers, developers, engineers and entrepreneurs in quantum technology, high-performance computing and artificial intelligence. This investment supports the NSW Governments commitment to creating the biggest technology hub in Australia attracting new business and creating new jobs. • TAHE’s approval of the restoration works at both the CME and Paint Shop are part of the larger proposed Redfern North Eveleigh Precinct works that will reactivate more than 10 hectares of space to the public for the first time in 100 years creating a mix of accommodation and retail sites and open public spaces.

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- TAHE has approved the early short term activation works at Eddy Avenue and Eddy Plaza creating a renewed retail and F&B precinct featuring new concepts and improved customer experience that will revitalise a largely underutilised precinct.

Heritage Rail Program

- TAHE prioritises sites and has approved the allocation of funding for sites such as Blayney, Gunning and Chullora to protect and preserve metropolitan and regional heritage rail stations, revitalising these structures for the present and future benefit of local communities and visitors.

Transport Access Programs (TAP).

- TAHE endorsed and approved funding to ensure its assets provide accessible services to people with disabilities in line with its obligations under the Disability Discrimination Act. Funding was released for Disability Standards for Accessible Public Transport upgrades at Tuggerah and Moss Vale stations as part of the TAP 3 program with further funding provided to support the program business case for TAP 4 which will seek to address a further 54 sites currently not accessible.

COVID Rent Abatement

- TAHE provided rental relief to businesses impacted through the COVID-19 pandemic, supporting these businesses for the benefit of the communities they operate to serve.

Natural Disaster Support

- TAHE supported Resilience NSW by providing access to land for temporary accommodation in Mullumbimby to help communities rebuild and recover after severe flooding.

2.2.4 Ecologically sustainable

Under this principle objective TAHE is required.....“where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the Protection of the Environment Administration Act 1991”.

Principle Objective	Initiatives
<div data-bbox="395 949 531 1070" data-label="Image"> </div> <p data-bbox="311 1144 608 1173">Ecologically sustainable</p> <p data-bbox="252 1211 651 1440">TAHE seeks to protect and preserve our heritage and natural environment and continues to support the transition to a net zero emission rail network</p>	<p data-bbox="692 416 967 445">Heritage Rail Program</p> <ul data-bbox="716 468 1426 577" style="list-style-type: none"> • TAHE prioritises sites and approves the allocation of funding to protect and preserve metropolitan and regional heritage rail stations. <p data-bbox="692 620 815 649">Rail Trails</p> <ul data-bbox="716 672 1442 824" style="list-style-type: none"> • Rail trails provide a continuous natural recreation corridor, offering improved accessibility for environmental management and maintenance, as well as the rehabilitation of native vegetation. <p data-bbox="692 866 951 896">Heritage Restoration</p> <ul data-bbox="716 918 1442 1285" style="list-style-type: none"> • TAHE approved and funded the heritage restoration works at the 135 year old Chief Mechanical Engineer’s Building (CME), which is part of the larger proposed Redfern North Eveleigh Precinct Renewal and Tech Central. • The restoration and interpretation of the Paint Shop and the Fan of Tracks in the North Eveleigh Precinct is part of the future redevelopment of the site included in the Planning Proposal submitted this year. <p data-bbox="692 1328 999 1357">Digital Systems Program</p> <ul data-bbox="716 1379 1418 1612" style="list-style-type: none"> • TAHE endorsed Tranche 2 Final Business Case for this project that in addition to benefits of increasing capacity and customer information, will increase network efficiency and lower energy consumption further helping drive towards a net zero emission network. <p data-bbox="692 1655 1046 1684">Commuter Car Park Program</p> <ul data-bbox="716 1706 1442 1939" style="list-style-type: none"> • TAHE approved or endorsed the Hurstville, Macarthur, Beverly Hills Woy Woy, Panania, and Gosford projects in line with the Transport Investment Plan supporting 30-minute city, transport mode transfer from cars to trains easing traffic congestion and helping lower vehicle emissions.

2.2.5 Regional development

Under this principle objective TAHE is required.....“to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates.”

Principle Objective	Initiatives
<div data-bbox="391 846 544 987" data-label="Diagram"> </div> <p data-bbox="284 1039 655 1070">Support regional development</p> <p data-bbox="252 1104 675 1379">In pursuing opportunities to build and enhance its asset base, TAHE is committed to developing projects that can increase connectivity and promote economic growth in regional centres where it operates.</p>	<p data-bbox="711 374 1002 405">Regional Fleet Program</p> <ul data-bbox="735 427 1406 577" style="list-style-type: none"> • This project replaces existing regional fleet with more comfortable, efficient and sustainable fleet including a new specific maintenance facility in regional NSW.
	<p data-bbox="711 620 1038 651">More Trains More Services</p> <ul data-bbox="735 674 1437 869" style="list-style-type: none"> • TAHE approved the MTMS Stage 3A in line with the Transport Investment Plan including works to upgrade the power systems and Kangy Angy Maintenance Facility supporting employment outside metropolitan Sydney.
	<p data-bbox="711 909 1350 981">Country Rail Network – Level Crossing Improvement Program (LCIP):</p> <ul data-bbox="735 1003 1401 1115" style="list-style-type: none"> • TAHE approved the release of funding for 5 LCIP projects creating safer crossings for regional communities.
	<p data-bbox="711 1158 820 1189">Fast Rail</p> <ul data-bbox="735 1211 1433 1361" style="list-style-type: none"> • TAHE is funding the development of the Strategic Business Cases for the Sydney to Central West and Sydney to Bomaderry sections that will cut travel times and increase connectivity across NSW.
	<p data-bbox="711 1406 986 1438">Heritage Rail Program</p> <ul data-bbox="735 1460 1445 1610" style="list-style-type: none"> • TAHE prioritises sites and approves the allocation of funding to protect and preserve regional heritage rail stations, revitalising these structures for the benefit of regional communities and visitors.
	<p data-bbox="711 1655 836 1686">Rail Trails</p> <ul data-bbox="735 1709 1430 1899" style="list-style-type: none"> • TAHE has approved new and endorsed inflight repurposing of non-operational rail lines to walking and cycling rail trails that will promote additional tourism and bring economic benefits to nearby regional centres in NSW.