

Wednesday, 2 June 2021

## Statement on TAHE from Secretary of NSW Treasury Michael Pratt AM

Following a report in the media today, I wish to set the record straight and provide the proper context and history on the Transport Asset Holding Entity (TAHE).

The NSW government made the decision to convert RailCorp into a State Owned Corporation (SOC), which was later renamed as TAHE, following a review of the classification of RailCorp by the Australian Bureau of Statistics (ABS) in 2014.

I note the statement made by the [ABS](#) today.

The impact of TAHE was clearly set out in the 2015-16 NSW Budget.

A State Owned Corporation (SOC) is a type of Public Non-Financial Corporation (PNFC) which is a long established vehicle for managing public assets, such as Sydney Water, Water NSW and Forestry Corporation, with its own separate board. In this case, TAHE holds rail assets.

Other jurisdictions have dedicated entities that hold their public assets, such as the Australian Rail Track Corporation (ARTC) and Australia Post.

The PNFC status of NSW public transport agencies is generally consistent with the classification of similar agencies in other jurisdictions; heavy rail entities in Queensland ([Queensland Rail](#)) and Victoria ([VicTrack](#)) are also classified as PNFCs.

Since the government announcement in 2015, the impacts of TAHE's implementation have been incorporated in the state's annual accounts.

Accordingly, to suggest that TAHE represents a mirage or the Government has hidden state costs is completely incorrect.

In February 2020, NSW Treasury engaged Heather Watson, a partner in KPMG's Audit and Assurance practice, to advise on the development of the financial model and provide accounting advice to accord with relevant standards.

This was prior to Transport for NSW (TfNSW) engaging KPMG's Infrastructure and Projects practice.

TfNSW is responsible for the safety of the rail network and commissioned a report verifying that TAHE could operate safely and effectively.

NSW Treasury is the primary adviser on budget and financial reporting matters to cabinet.

# Statement

Issued by NSW Treasury



TAHE is fiscally sustainable, and its board and chief executive officer will independently report annually to parliament. The annual report will provide an update on all the financials, including revenue and expenses.

NSW Treasury meets regularly with the Auditor General's office to share and obtain feedback on all ongoing work across Government and seeks to act on that feedback.

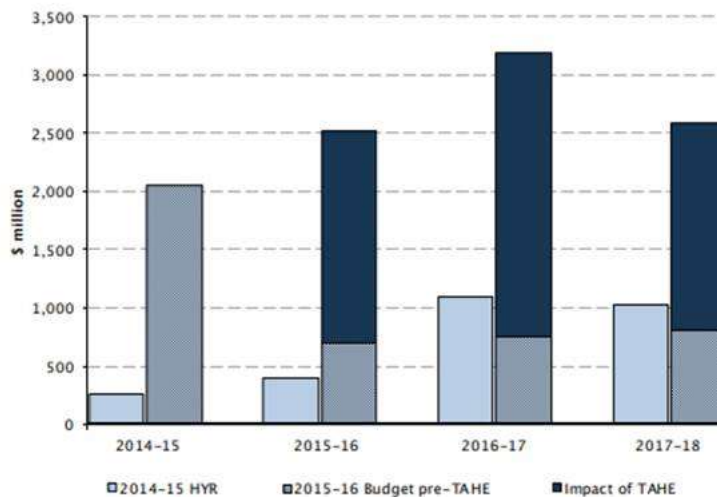
The Auditor General audits the NSW Government's accounts and has provided unqualified opinions on the Total State Sector Accounts (TSSA) since the creation of TAHE.

Any suggestion that the NSW Budget and the TSSA does not meet all accounting and public finance standards is a complete fabrication.

Set out below is an extract from the 2015-16 NSW Budget:

This Budget forecasts a \$2.5 billion surplus in 2015-16, with continuing surpluses over the forward estimates. From 1 July 2015, a new Transport Asset Holding Entity (TAHE) will be established to streamline the delivery of public transport asset management (see Box 1.1). This results in changes to funding arrangements with positive budget result impacts. Before the TAHE impact, the 2015-16 surplus is estimated at \$712.6 million with rising surpluses over the forward estimates. Chart 1.1 sets out changes in the budget result since the 2014-15 Half-Yearly Review.

Chart 1.1: Change in Budget Result since 2014-15 Half-Yearly Review



Source: [p13 of Budget Paper 1, 2015-16 NSW Budget](#)

For more information

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