

Report highlights

What the report is about

Result of the Transport and Infrastructure cluster agencies' financial statement audits for the year ended 30 June 2022.

What we found

Unmodified audit opinions were issued for all Transport and Infrastructure cluster agencies' financial statements.

An 'other matter' paragraph was included in TAHE's Independent Auditor's Report for its 30 June 2022 financial statements which draws attention to TAHE's reliance on government-funded customers.

We included an 'emphasis of matter' paragraph in the Independent Auditor's Report for State Transit Authority of New South Wales' (the authority) 30 June 2022 financial statements, which draws attention to the financial statements being prepared on a liquidation basis as the authority's principal activities ceased operations on 3 April 2022.

What the key issues were

The 2021–22 audits identified five high-risk findings:

- detailed business modelling to support returns from TAHE
- valuation of assets at TAHE
- control of assets at TAHE
- accounting and valuation of tree assets at Centennial Park and Moore Park Trust and Parramatta Park Trust.
- future governments' funding to TAHE's key customers will not be sufficient to fund payment of access and licence fees at a level that is consistent with current projections
- TAHE will be unable to grow its non-government revenues.

Access and licence fees - TAHE

Revised commercial agreements were signed between TAHE, the operators and Transport for NSW on 23 June 2022 to reflect increased access and licence fees detailed in the 18 December 2021 Heads of Agreement.

TAHE's ability to generate the expected return of 2.5% based on the current modelling is heavily reliant on the government funding the public rail operators (TAHE's customers).

There are risks that:

- TAHE will not be able to recontract for access and licence fees at a level that is consistent with current projections

Valuation of assets - TAHE

Although TAHE's selected valuation of assets falls within an acceptable range, there remains a significant gap between what has been assessed as an acceptable range and TAHE's range.

What we recommended

Control of assets - TAHE

While we accepted TAHE's position on control for the current year, NSW Treasury and TAHE should continue to monitor the risk that control of TAHE assets could change in future reporting periods. TAHE must continue to demonstrate control of its assets or the current accounting presentation would need to be reconsidered.

Fast facts

The Transport and Infrastructure cluster plans, delivers and operates integrated services and infrastructure across all modes of public, private and active transport. There are 22 agencies in the cluster.

\$140b

road and maritime infrastructure assets as at 30 June 2022

100%

unqualified audit opinions issued on agencies' 30 June 2022 financial statements

19

monetary misstatements reported in 2021–22

\$36.8b

rail systems infrastructure assets as at 30 June 2022

5

high-risk findings identified

54.2%

of reported issues were repeat issues