

# North East Link State Tolling Corporation

Annual Report for the year ended 30 June  
2023

**STC**

# ACKNOWLEDGEMENT OF COUNTRY

The North East Link State Tolling Corporation acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the waterways and of the land upon which we live and work.

We acknowledge and pay respect to their Elders past, present and future, and all Aboriginal and Torres Strait Islander people that call Victoria home today. We extend that respect to all First Peoples across Australia.

We recognise and respect their culture, beliefs, and connection to Country, with traditions and customs that have existed for over 60,000 years, and are privileged to share the lands we live on and operate in.

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# FOREWORD

Following the Victorian Government's decision to approve the investment and delivery of the North East Link (NEL) to complete the 'missing link' in the Melbourne metropolitan freeway network, the Government also approved NEL as a future toll road. The North East Link State Tolling Corporation (STC) was created to provide road toll collection capabilities and act as the designated owner and operator of NEL, as well as to hold the entitlement to future toll revenue on NEL.

Established as a commercial entity in March 2021 in the Public Non-Financial Corporation (PNFC) sector under the *North East Link Act 2020*, STC will be the long term owner of the NEL assets and toll revenues. These assets are to be designed, built, operated and maintained through a Public Private Partnership contractual arrangement (PPP) between the State and STC, jointly as principal, and Spark North East Link Pty Ltd as contractor.

The financial year ending 30 June 2023 has seen a significant step change in STC's governance. In August 2022, the interim Board was replaced by a permanent independent Board with Brad Vann as the Chair. An Nguyen was appointed as STC's inaugural Chief Executive Officer in June 2023.

At the beginning of the financial year, STC commenced the tolling collection capability (TCC) project. Over the next four years, the TCC project will procure and deliver the equipment and systems that will ensure NEL can be opened and tolled in accordance with Government requirements. During the construction of NEL, the North East Link Program (NELP) within the Major Transport Infrastructure Authority (MTIA) will be responsible for managing the PPP on behalf of the State and STC. STC will subsequently assume responsibility for the PPP once NEL is open to road users.

The TCC project team undertook a significant market sounding exercise during the year, which has allowed STC to better understand the global toll collection market and increase NELP and STC's profile. The TCC project launched its Registration of Interest in May 2023 and is expecting to formally launch the procurement process in the 2023-24 financial year.

Our approach to managing key challenges such as potential cost and time pressures on the delivery of NEL, which may impact on STC's asset ownership responsibilities, will be grounded in working closely with STC's key partners and stakeholders. STC will ensure risks are appropriately monitored, managed, and responded to in the planning for STC's key activities, such as the TCC procurement.

As a Department of Transport and Planning (DTP) portfolio agency, STC will operate in alignment with DTP's vision, which is to bring about 'Thriving places, connected communities'. Our vision 'to be the best-in-class transport asset owner-operator and to create lasting value for Victoria' will drive the achievement of our strategic priorities over the next four years and beyond. Our values of collaboration, respect, honesty and innovation will guide how we behave, how we work, and how we engage with our stakeholders to achieve our vision.

## Responsible Body's declaration

In accordance with the *Financial Management Act 1994*, we are pleased to present the North East Link State Tolling Corporation's Annual Report for the year ended 30 June 2023.



An Nguyen  
Chief Executive Officer  
North East Link State Tolling Corporation  
07 September 2023



Brad Vann  
Chair  
North East Link State Tolling Corporation  
07 September 2023

# ABOUT NORTH EAST LINK STATE TOLLING CORPORATION

## The North East Link State Tolling Corporation's Vision

The North East Link State Tolling Corporation's (STC's) vision is to be a commercially orientated government owned toll road operator by the State Government of Victoria (Government) that supports the Victorian Department of Transport and Planning's (DTP's) wider network vision of '*thriving places, connected communities*' and contributes to the Government's vision of ongoing sustainable investment in the Victorian transport network.

## Our People

Our people are highly skilled, passionate, professional and competent individuals who work collaboratively with our partners and stakeholders in making progress towards achieving our vision to be the best-in-class transport asset owner-operator and to create lasting value for Victoria.

## Our Values

In addition to the Victorian Public Sector Code of Conduct, STC is guided by an internal set of values. The values help to define how we will behave when delivering our business, engaging with our colleagues and supporting our stakeholders. They underpin our purpose and priorities, reflect the beliefs and behaviours that are most important to our staff, and shape our culture. Our values are:

- Collaboration
- Honesty
- Innovation
- Respect.

## Purpose and role

### *The North East Link*

The North East Link (NEL) is the largest investment in a road project in Victoria's history. It will complete the missing link in Melbourne's orbital freeway network between an upgraded Eastern Freeway and the M80 Ring Road. The newly built north-south section from the M80 interchange to the Eastern Freeway will be tolled.

The NEL will be delivered via a number of discrete packages of work as follows:

- Early Works in relation to utilities relocation and other enabling works
- A Central Package comprising the tunnelled sections and in-ground works, to be delivered as an availability Public Private Partnership (PPP) with an Incentivised Target Cost (ITC) regime that applies in respect of costs incurred during the design and construction phase of the project
- Four separately procured Freeway Packages to the north, south, east and west of the Central Package, all of which are to be delivered via bespoke collaborative contracts
- A Toll Collection Capability (TCC) in relation to the roadside tolling system, tolling back-office system and toll communication network.

The Government and STC entered into a Project Deed with Spark North East Link Pty Ltd as trustee of the Spark North East Link Trust (Spark) as Project Co for the Central Package PPP. Project Co has engaged: Webuild S.p.A (Webuild), GS Engineering & Construction Australia Pty Ltd (GS E&C), CPB Contractors Pty Ltd (CPB) and China Construction Oceania Pty Limited (CCO) under an ITC design and construct contract (D&C Contract) to carry out the design and construction of the Central Package. Project Co has also engaged Ventia Australia Pty Ltd (Ventia) under a services contract (Services Contract) to carry out operations and maintenance requirements on the Central Package once open.

Under the Project Deed, Spark will be responsible for:

- designing, financing, constructing and commissioning the works in the Project Area, as well as undertaking preliminary design of the Freeway Packages Interface Zone Designs, and the delivery of certain Intelligent Transport Systems (ITS) and tolling enabling works outside the Project Area
- undertaking all asset management, operations and maintenance services in respect of the Central Package PPP for 25 years from Commercial Acceptance
- conducting incident management services and a specified set of other operational activities in adjacent sections of the road network outside the Project Area.

### *STC Purpose and Role*

STC's purpose is to support and respond to the Government's policy objectives for the NEL in serving as the long-term asset owner, investor, and operator of the NEL toll road. In meeting this overarching objective, STC is charged with seeking to optimise the value of the toll revenue (within the prevailing Government's road pricing policy) through applying commercial principles in managing the toll revenue risk and in overseeing the cost-effective delivery and operations of the NEL toll road. In carrying out this purpose, STC is expected to work collaboratively with key stakeholders and partners to support the successful delivery of the NEL and on-time opening of the NEL toll road.

This has manifested in the structuring of STC as a key element within the broader funding and delivery strategy for the NEL, including the integration of STC into the commercial framework for the Central Package PPP. As a result, STC has been established as:

- i) A statutory corporation with the ability to own goods or assets and incur liabilities on its own behalf as a public entity, though not as a representative of the Crown
- ii) A Public Non-Financial Corporation (PNFC) entity to operate on a commercial basis and autonomous from Government
- iii) The long-term asset owner, investor, and operator of the NEL toll road.

As specified in the *North East Link Act 2020 (Act)*, the key objectives, functions, and powers that enable STC's commercial operations include to:

- Be responsible for managing and controlling the use of and access to and operating and maintaining the NEL road
- Fix and collect tolls for the use of the NEL toll way (in accordance with the Act and the NEL Tolling Agreement)
- Optimise the value of, or return from, its infrastructure and other assets
- Procure, deliver and operate the NEL tolling system
- Be the primary funding entity for the delivery of the NEL toll way and the operation and maintenance of the NEL road
- Engage in activities in relation to the delivery of the NEL road
- Engage in other activities connected with the NEL road, and charge fees for those activities.

STC will work collaboratively with the Government, including DTP, the Department of Treasury and Finance (DTF) and the North East Link Program (NELP) (a division of the Major Transport Infrastructure Authority (MTIA)), in carrying out its roles and responsibilities for the NEL. This includes optimising the value of the toll revenue (within prevailing Government road pricing policy) through applying commercial principles in managing the toll revenue risk.

# YEAR IN REVIEW

For the year ended 30 June 2023, STC's comprehensive loss was \$7.6 million (16-month period ended 30 June 2022: \$4.8 million loss).

Total Equity of STC as at 30 June 2023 was \$370.5 million (as at 30 June 2022: \$316.2 million).

The Net Cash Outflows from operating activities for the year ended 30 June 2023 were \$19.6 million (16-month period ended 30 June 2022: \$0.5 million).

<b>Year ended/16-month period ended 30 June 2022</b>	<b>2023</b>	<b>2022</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>Operating results</b>		
Interest income	141	-
<b>Total operating income</b>	<b>141</b>	<b>-</b>
Employee benefit expenses	(1,505)	(768)
Other operating expenses	(6,276)	(4,029)
<b>Total operating expenses</b>	<b>(7,781)</b>	<b>(4,797)</b>
<b>Comprehensive result (loss)</b>	<b>(7,640)</b>	<b>(4,797)</b>
<b>Financial status</b>		
Total assets	2,353,455	871,677
Total liabilities	(1,982,941)	(555,393)
<b>Total equity</b>	<b>370,514</b>	<b>316,284</b>

## Subsequent events

No event has arisen since 30 June 2023 that has significantly affected or may significantly affect the operations or results or state of affairs of STC (16-month period ended 30 June 2022: none).

# KEY ACHIEVEMENTS

## Entity level objectives

Outlined below are the key milestones in STC establishment

Objectives	Indicators	Timing
TCC Project Mobilisation	TCC project commenced and resources engaged	June 2022
Board Appointment	Resignation of the STC Interim Board and appointment of the long term STC Board	August 2022
Chief Executive Officer (CEO) Appointment	Appointment of Ms An Nguyen as inaugural CEO	June 2023



# GOVERNANCE AND ORGANISATIONAL STRUCTURE

## Organisational structure and corporate governance arrangements

### STC's Ministers

#### Minister for Transport and Infrastructure

Pursuant to a declaration by the Premier under the Act, the Minister for Transport and Infrastructure is the responsible minister (Minister) for STC during the delivery phase of the NEL, responsible for policy outcomes of STC. Under the Act, the Minister is one of two shareholders who hold the shareholding of STC on behalf of the Crown.

The Hon. Jacinta Allan MP was appointed as the Minister for Transport and Infrastructure in November 2018. She is also the Deputy Premier of Victoria, Minister for the Suburban Rail Loop and Minister for Commonwealth Games Delivery.

The Minister for Transport and Infrastructure is responsible for promoting the development of the transport infrastructure in Victoria. The Minister for Transport and Infrastructure also manages the provision of transport infrastructure services to the Government.

#### Treasurer of Victoria

Under the Act, the Treasurer is the second shareholder minister and is responsible for financial outcomes of STC. The Treasurer also has certain approval rights and obligations relating to tolling aspects of STC.

The Hon. Tim Pallas MP was appointed as the Treasurer of Victoria in December 2014. He is also the Minister for Industrial Relations and Minister for Trade and Investment.

### STC's Board of Directors

#### Brad Vann

Mr Vann was appointed to the Board on 15 August 2022 as Chair.

Mr Vann is an industry leading adviser on the delivery and long-term management of infrastructure, having worked with governments and businesses on some of Australia's largest and most complex projects for over 35 years. He is valued for his strategic insights, industry experience, and thought leadership on emerging and future trends in infrastructure. Mr Vann has also been involved in a range of projects in the Asia-Pacific. He is the Independent Chair of the IFM Australian Infrastructure Fund Investor Advisory Committee. IFM is a pioneer and leader in infrastructure investing on behalf of institutional investors globally, managing A\$108 billion in infrastructure. Mr Vann was a partner at Clayton Utz before retiring in 2020.

#### Aneetha de Silva

Ms de Silva was appointed to the Board on 15 August 2022 as Deputy Chair.

Ms de Silva is a senior executive with 25 years of infrastructure experience across the government and private sectors in Australia, South Africa and the Asia Pacific. She has expertise as an advisor, developer and manager of large infrastructure assets and services, especially in road and rail transport, telecommunications and property. Ms de Silva is also currently a director of the LaunchVic Board, and President of Roads Australia. She has extensive experience in complex commercial and stakeholder environments.

#### Leilani Frew

Ms Frew was appointed to the Board on 15 August 2022 as Director.

Ms Frew has over 30 years of commercial and financial experience in the infrastructure, energy and utilities sectors, with 20 years of experience in governance of major infrastructure investments. In 2015, Ms Frew was a member of the inaugural Board of the Sydney Motorway Corporation, the New South Wales Government owned corporation responsible for managing the WestConnex toll road in Sydney and was Chair of the WestConnex sale in 2017. Ms Frew's senior executive roles, in both the public and private sectors, have covered all aspects of operational and major projects, particularly finance, capital markets, strategy, risk, mergers and acquisitions. Ms Frew possesses a highly valued combination of strategic, commercial and leadership experience.

#### Jason Loos

Mr Loos was appointed to the Board on 1 March 2021 as Chair and resigned on 15 August 2022.

## Dean Tighe

Mr Tighe was appointed to the Board on 1 March 2021 as Deputy Chair and resigned on 15 August 2022.

## Tim Ada

Mr Ada was appointed to the Board on 1 March 2022 as Director and resigned on 15 August 2022.

## Chief Executive Officer

### An Nguyen

Ms Nguyen was appointed the inaugural CEO of STC on 19 June 2023 after undertaking the role of acting Managing Director for STC since the entity's inception.

Ms Nguyen is an experienced infrastructure leader, with more than a decade and a half of solid and broad expertise in strategic leadership and innovation, major project structuring and delivery, complex commercial and funding models, and a strong policy focus gained within DTF.

She has been widely recognised for her contribution and achievement within the global infrastructure industry and Victorian public service: she was awarded the Infrastructure Partnerships Australia's National Woman in Infrastructure in 2017, the Partnerships Bulletin's Individual Contribution of the Year PPP Award 2018 and the prestigious Public Service Medal in the Australia Day Honours List 2021 for outstanding public service in infrastructure delivery.

## The Board

Under section 21 of the Act, STC must have a Board of Directors comprising no fewer than three and no more than nine Directors, including a Chair and Deputy Chair. The Governor in Council appoints Directors for periods not exceeding three years.

Per the STC Board Charter, the Board is responsible for leading STC's governance, setting strategic vision and objectives, overseeing key strategic and operational activities, and establishing committees as required.

As at 30 June 2023, the Board is comprised of three Directors. During the year, the three existing directors resigned and three new directors were appointed.

The Board ensures that the Government is informed of all major issues affecting STC. The CEO and the Executives are invited to attend each Board meeting as required. Attendance by Directors at Board meetings held during the reporting period is detailed below.

Directors' fees and related party transactions with Directors and their related entities are fully disclosed in Notes 9.3 and 9.4.

Board Member	Eligible to attend	Attended	Note
Brad Vann	7	7	Mr Vann's appointment was to replace Jason Loos to ensure STC meets the Act's requirement that the STC Board must consist of no fewer than three Directors and a chair
Aneetha de Silva	7	7	Ms de Silva's appointment was to replace Dean Tighe to ensure STC meets the Act's requirement that the STC Board must consist of no fewer than three Directors and a deputy chair
Leilani Frew	7	7	Ms Frew's appointment was to replace Tim Ada to ensure STC meets the Act's requirement that the STC Board must consist of no fewer than three Directors
Jason Loos	2	2	Mr Loos resigned from the interim board on appointment of the full STC board on 15 August 2022
Dean Tighe	2	1	Mr Tighe resigned from the interim board on appointment of the full STC board on 15 August 2022
Tim Ada	2	2	Mr Ada resigned from the interim board on appointment of the full STC board on 15 August 2022

## Committees of the Board

### The Audit and Risk Committee

The STC Board has established the Audit and Risk Committee to oversee and advise on matters of risk, accountability and internal control affecting the operations of STC, as set out in STC's Risk Management Framework.

As at 30 June 2023, the Audit and Risk Committee is comprised of the three Board Directors.

Attendance by Directors at the Audit and Risk Committee meetings held during the reporting period is detailed below.

<b>Committee Member</b>	<b>Eligible to attend</b>	<b>Attended</b>	<b>Note</b>
Leilani Frew	2	2	Appointed as Chair 23 March 2023
Aneetha de Silva	2	1	
Brad Vann	2	2	

# State Tolling Corporation Financial Statements

## How this report is structured

The STC has presented its audited general-purpose financial statements for the year ended 30 June 2023 in the following structure to provide users with the information about STC's stewardship of resources entrusted to it.

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# ACCOUNTABLE OFFICER'S AND CHAIRPERSON'S DECLARATION

The attached financial statements for the North East Link State Tolling Corporation have been prepared in accordance with Standing Direction 5.2 by the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, cash flow statement, statement of changes in equity, and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and financial position of the North East Link State Tolling Corporation at 30 June 2023.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 7 September 2023.



An Nguyen  
Chief Executive Officer  
North East Link State Tolling Corporation  
7 September 2023



Brad Vann  
Chair  
North East Link State Tolling Corporation  
7 September 2023

# INDEPENDENT AUDITOR'S REPORT



Victorian Auditor-General's Office

## Independent Auditor's Report

To the Board of Directors of North East Link State Tolling Corporation

<b>Opinion</b>	<p>I have audited the financial report of North East Link State Tolling Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 30 June 2023</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• accountable officer's and chairperson's declaration.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Other information</b>	<p>The Board of Directors of the corporation are responsible for the Other Information, which comprises the information in the Annual Report for the year ended 30 June 2023, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
<b>Board of Directors's responsibilities for the financial report</b>	<p>The Board of Directors of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board of Directors determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board of Directors is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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MELBOURNE  
7 September 2023



Simone Bohan  
*as delegate for the Auditor-General of Victoria*

# COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2023

	Notes	30 June 2023 (\$'000)	16-month period ended- 30 June 2022 (\$'000)
<b>Revenue and income from transactions</b>			
Interest income	2.1	141	-
<b>Total revenue and income from transactions</b>		<b>141</b>	<b>-</b>
<b>Expenses from transactions</b>			
Employee benefit expenses	3.2	(1,505)	(768)
Other operating expenses	3.3	(6,276)	(4,029)
<b>Total expenses from transactions</b>		<b>(7,781)</b>	<b>(4,797)</b>
<b>Net result from transactions before income tax expense</b>		<b>(7,640)</b>	<b>(4,797)</b>
Income tax expense		-	-
<b>Net result</b>		<b>(7,640)</b>	<b>(4,797)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to net result</i>		-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Comprehensive result</b>		<b>(7,640)</b>	<b>(4,797)</b>

*The accompanying notes form part of these financial statements.*



# BALANCE SHEET

As at 30 June 2023

	Notes	30 June 2023 (\$'000)	30 June 2022 (\$'000)
<b>Financial assets</b>			
Cash and deposits	6.2	95,389	109
Receivables	5.1	11,672	56
<b>Total financial assets</b>		<b>107,061</b>	<b>165</b>
<b>Non-financial assets</b>			
Service concession asset – road assets	4.1	2,246,394	871,512
<b>Total non-financial assets</b>		<b>2,246,394</b>	<b>871,512</b>
<b>Total assets</b>		<b>2,353,455</b>	<b>871,677</b>
<b>Liabilities</b>			
Payables	5.2	50	114
Accrued expenses	5.3	86,817	770
Other provisions	5.4	13,802	-
Service concession financial liability	6.1	1,362,807	396,736
State loan	6.1	519,465	157,773
<b>Total liabilities</b>		<b>1,982,941</b>	<b>555,393</b>
<b>Net assets</b>		<b>370,514</b>	<b>316,284</b>
<b>Equity</b>			
Contributed capital	9.1	382,951	321,081
Accumulated deficit		(12,437)	(4,797)
<b>Net worth</b>		<b>370,514</b>	<b>316,284</b>

*The accompanying notes form part of these financial statements.*

# CASH FLOW STATEMENT

For the year ended 30 June 2023

	Notes	30 June 2023 (\$'000)	16-month period ended 30 June 2022 (\$'000)
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest received		141	-
<b>Total receipts</b>		<b>141</b>	<b>-</b>
<b>Payments</b>			
Bank fees		(4)	(9)
Payments to suppliers and employees		(8,109)	(474)
Goods and Services Tax (GST) payments		(11,615)	(28)
<b>Total payments</b>		<b>(19,728)</b>	<b>(511)</b>
<b>Net cash flows used in operating activities</b>	6.2	<b>(19,587)</b>	<b>(511)</b>
<b>Cash flows from investing activities</b>			
Payments for service concession road assets		(254,895)	(152,264)
<b>Net cash flows used in investing activities</b>		<b>(254,895)</b>	<b>(152,264)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loan drawdowns		354,572	152,884
Capital contribution from the State (via the Department of Transport and Planning (DTP))		15,190	-
<b>Net cash flows from financing activities</b>		<b>369,762</b>	<b>152,884</b>
<b>Net increase in cash and cash equivalents</b>		<b>95,280</b>	<b>109</b>
Cash and cash equivalents at beginning of financial year		109	-
<b>Cash and cash equivalents at end of financial year</b>	6.2	<b>95,389</b>	<b>109</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

(\$'000)	Notes	Accumulated losses	Contributed by owners	Total equity
<b>Balance at 1 March 2021</b>		-	-	-
Capital contributions by owners (via the Department of Transport)	9.1	-	321,081	321,081
Net result for the year		(4,797)	-	(4,797)
<b>Balance at 30 June 2022</b>		<b>(4,797)</b>	<b>321,081</b>	<b>316,284</b>
<b>Balance at 1 July 2022</b>		<b>(4,797)</b>	<b>321,081</b>	<b>316,284</b>
Capital contributions by owners (via DTP)	9.1	-	61,870	61,870
Net result for the year		(7,640)	-	(7,640)
<b>Balance at 30 June 2023</b>		<b>(12,437)</b>	<b>382,951</b>	<b>370,514</b>

*The accompanying notes form part of these financial statement.*

# 1. ABOUT THIS REPORT

The North East Link State Tolling Corporation (STC) is a public entity but does not represent the Crown.

Its principal address is:

Level 10, 80 Collins Street, Melbourne VIC 3000

ABN: 86 585 150 837

## Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of STC.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

These financial statements cover STC as an individual reporting entity. STC is a for-profit organisation. Prior year covered a 16-month period from 1 March 2021 to 30 June 2023.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

## Going Concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal operations, in particular over the next 12 months from the financial statements release date.

The Central Package of the North East Link (NEL) project will be delivered as an availability Public-Private Partnership (PPP) under an Incentivised Target Cost (ITC) model with STC as the asset owner, assuming all payment obligations under the contract, and the North East Link Program (NELP), a division of the Major Transport Infrastructure Authority, acting as STC's agent, being the delivery agency.

As part of the arrangement, the Treasurer provided a guarantee to the PPP contractor (Project Co) and STC to cover the risk of additional funding requirements during the construction and operation, and maintenance phases of the project respectively.

## Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AASs), which include Interpretations issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

## 2. FUNDING DELIVERY OF OUR SERVICES

This section provides an account of the income recognised by STC.

### 2.1 Interest income

	2023 (\$'000)	16-month period ended 30 June 2022 (\$'000)
Interest income	141	-
<b>Total interest income</b>	<b>141</b>	<b>-</b>

Interest income is the interest received on cash held with the bank. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

### 3. THE COST OF DELIVERING SERVICES

This section provides an account of the expenses incurred by STC in delivering services.

#### 3.1 Expenses incurred in delivery of services

		2023	16-month period ended 30 June 2022
	Notes	(\$'000)	(\$'000)
<b>Expenses from transactions</b>			
Employee benefit expenses	3.2	1,505	768
Other operating expenses	3.3	6,276	4,029
<b>Total expenses incurred in delivery of services</b>		<b>7,781</b>	<b>4,797</b>

#### 3.2 Employee benefit expenses

	2023	16-month period ended 30 June 2022
	(\$'000)	(\$'000)
Salaries	1,204	640
Annual Leave	79	41
Payroll Tax	101	33
Long Service Leave Expense (excluding changes in the discount rate)	22	14
Employer Contribution to Superannuation	99	40
<b>Total employee benefits</b>	<b>1,505</b>	<b>768</b>

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

STC currently utilises DTP to directly manage all aspects of STC resource engagements for both secondments and directly contracted staff. These costs therefore include the costs for both directly contracted and seconded staff.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. STC does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the Victorian Government as the sponsoring employer).

#### 3.3 Other operating expenses

	2023	16-month period ended 30 June 2022
	(\$'000)	(\$'000)
Professional services	3,982	3,724
Contractors - agency staff	816	157
Insurance (refund)/expenses	(32)	84
Staff related expenses	373	43
Other expenses	894	10
Other borrowing cost	4	8
Legal fees	239	3
<b>Total other operating expenses</b>	<b>6,276</b>	<b>4,029</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. Supplies and services are recognised as an expense in the reporting period in which they are incurred. Professional services relate to those services provided by professional service firms. Insurance refunds relate to historic premium overpayments which were refunded by the insurer.

## 4. KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY

STC controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to STC for delivery of those services.

### 4.1 Service concession assets (SCA) – road assets

	(\$'000)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2023	2022	2023	2022	2023	2022
SCA road assets (Work in progress)	2,246,394	871,512	-	-	2,246,394	871,512
<b>Net carrying amount</b>	<b>2,246,394</b>	<b>871,512</b>	<b>-</b>	<b>-</b>	<b>2,246,394</b>	<b>871,512</b>

A service concession asset (SCA) under AASB 1059 *Service Concession Assets: Grantors* (AASB 1059) is an asset to which a private operator has right of access to provide public services on behalf of the Grantor (STC) in a service concession arrangement.

#### Initial recognition

STC initially recognises a SCA at the commencement of construction at current replacement cost (CRC), calculated in accordance with the 'cost approach' to fair value measurement. The CRC reflects the amount that would be required currently to replace the service capacity of the asset. The assets recognised at the commencement of construction are reported as assets under construction until the project reaches commercial acceptance.

The CRC for the SCA includes the costs that are directly attributable to the design and construction of the SCA by the operator. AASB 116 *Property, Plant and Equipment* (AASB 116) is applied, which provides guidance on the elements of costs including: the purchase price and costs directly attributable to bringing the asset to its location or condition necessary.

#### Fair value proxy for SCA construction in progress (significant judgement)

The financing cost to STC implied in the SCA contract during the construction of an SCA is used as a proxy of the financing cost incurred by the private sector constructing the asset. This financing cost is capitalised as part of the asset with the aim of achieving representation of the CRC.

#### Subsequent measurement

Once the asset is operational, STC will depreciate the SCA over its useful life using the principles in AASB 116. SCAs are subject to revaluation as required by Financial Reporting Direction 103 *Non-Financial Physical Assets* (FRD 103).

#### Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

#### 4.1.1 Reconciliation of movements in carrying amount of SCA – road assets

	2023 (\$'000)	2022 (\$'000)
SCA road assets (Work in progress) - Opening balance	871,512	-
Additions	1,328,202	550,431
Net assets received as capital contributions by owners	46,680	321,081
<b>SCA road assets (Work in progress) - Closing balance</b>	<b>2,246,394</b>	<b>871,512</b>

## 5. OTHER ASSETS AND LIABILITIES

### Introduction

This section sets out those assets and liabilities that arose from STC's operations.

### 5.1 Receivables

	2023 (\$'000)	2022 (\$'000)
<b>Statutory</b>		
GST input tax credit	11,643	28
<b>Contractual</b>		
Other receivables	7	-
Receivable from DTP	22	28
<b>Total receivables</b>	<b>11,672</b>	<b>56</b>
<i>Represented by</i>		
Current receivables	11,672	56
Non-current receivables	-	-

**Contractual receivables** are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. STC holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

**Statutory receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. STC applies AASB 9 *Financial Instruments* for initial measurement of the statutory receivables and, as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Ageing analysis of contractual receivables								(\$'000)
2023	Carrying amount	Not past due and not impaired	Past due but not impaired					
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	5+ years	
Other receivables	7	-	-	7	-	-	-	
Receivable from DTP	22	-	-	22	-	-	-	
<b>Total</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>2022</b>								
Other receivables	-	-	-	-	-	-	-	
Receivable from DTP	28	-	-	28	-	-	-	
<b>Total</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	

### 5.2 Payables

	2023 (\$'000)	2022 (\$'000)
<b>Contractual</b>		
Accounts payable to third parties	50	112
Advances from DTP	-	2
<b>Total payables</b>	<b>50</b>	<b>114</b>
<i>Represented by:</i>		
Current payables	50	114
Non-current payables	-	-



**Contractual payables:** Are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to STC prior to the end of the financial year that are unpaid.

Payables for supplies and services have an average credit period of 30 days. No interest is charged on payables for the first 30 days from the date of the invoice.

The terms and conditions of amounts payable to the Government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

Ageing analysis of contractual payables			(\$'000)				
2023	Carrying amount	Not past due and not impaired	Past due but not impaired				
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	5+ years
Accounts payable to third parties	50	-	50	-	-	-	-
Advances from DTP	-	-	-	-	-	-	-
<b>Total</b>	<b>50</b>	<b>-</b>	<b>50</b>				
<b>2022</b>							
Accounts payable to third parties	112	-	112	-	-	-	-
Advances from DTP	2	-	2	-	-	-	-
<b>Total</b>	<b>114</b>	<b>-</b>	<b>114</b>				

### 5.3 Accrued expenses

	2023 (\$'000)	2022 (\$'000)
Accrued expenses with third party entities	86,817	770
<b>Total accrued expenses</b>	<b>86,817</b>	<b>770</b>
<i>Represented by:</i>		
Current accrued expenses	86,817	770
Non-current accrued expenses	-	-

Accruals are recognised when STC has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the accrual can be measured reliably. The amount recognised as an accrual is the best estimate of the consideration required to settle the present obligation at reporting date, considering the risks and uncertainties surrounding the obligation.

Where an accrual is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the accrual.

### 5.4 Other provisions

	2023 (\$'000)	2022 (\$'000)
Key Results Area (KRA) payable after 12 months	13,802	-
<b>Total other provisions</b>	<b>13,802</b>	<b>-</b>

Other provisions are recognised when STC has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

## Reconciliation of movements in other provisions

	2023 (\$'000)	2022 (\$'000)
Other provisions - opening balance	-	-
KRA provision recognised	13,802	-
<b>Other provisions - closing balance</b>	<b>13,802</b>	<b>-</b>

KRA is a performance regime to monitor and measure the Project Co's performance in relation to specified Key Performance Indicators (KPIs). The provision recognised is in relation to anticipated payments to Project Co in lieu of achieving the predetermined project KPIs.

## 6. FINANCING OUR OPERATIONS

### Introduction

This section provides information on the sources of finance utilised by STC during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of STC.

### 6.1 Borrowings

	2023 (\$'000)	2022 (\$'000)
<b>Non-current borrowings</b>		
State loan	519,465	157,773
Service concession financial liability	1,362,807	396,736
<b>Total non-current borrowings</b>	<b>1,882,272</b>	<b>554,509</b>
<b>Total borrowings</b>	<b>1,882,272</b>	<b>554,509</b>

The State loan is provided by the Minister for Transport and Infrastructure for and on behalf of the Crown in right of the State of Victoria and has a term of 39 years following Financial Close of the Central Package PPP on 27 October 2021. The loan is subject to a fixed interest of 4.25 per cent per annum.

Borrowings are classified as financial instruments. Interest bearing liabilities are recognised at amortised cost unless STC elects to irrevocably designate them at fair value through profit or loss at initial recognition. The election depends on the nature and purpose of the interest-bearing liabilities.

All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities designated at fair value through net result, all transaction costs are expensed as incurred. They are subsequently measured at fair value with changes in fair value relating to STC's own credit risk recognised in other comprehensive income and the remaining amount of changes in fair value recognised in net result. Amounts in other comprehensive income related to credit risk are not subject to recycling in profit and loss but are transferred to retained earnings when realised.

The service concession financial liability relates to the service concession arrangements recognised when applying AASB 1059. Interest is charged on the liability and capitalised within Road Assets. The liability is reduced over the term of the arrangement through cash payments to the operator.

**Defaults and breaches:** During the current period, there were no defaults and breaches of any of the loans.

#### Service concession arrangement liability

As outlined in Note 4.1 Service concession assets – road assets, the accumulation of costs incurred during construction results in a progressive build-up of the service concession asset (SCA). A corresponding liability is progressively recognised in line with the fair value of the SCA. The nature of the liability and the subsequent accounting depends on the consideration exchanged in reference to the contract arrangements between STC (on behalf of the Victorian Government) and the operator. An exception to this principle occurs when the grantor reclassifies an existing asset to a SCA.

#### Initial recognition

STC recognises a service concession liability (SCL) commensurate with the SCA, adjusted by the amount of any other consideration from STC to the operator, or from the operator to STC. Therefore, any Victorian Government contributions made prior to the recognition of the liability will reduce this amount.

Where STC reclassifies an existing asset as a service concession asset, it is measured at current replacement cost in accordance with the cost approach to fair value in AASB 13 *Fair Value Measurement* as at the date of reclassification. STC will not recognise a liability when an existing asset is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

## Subsequent measurement

After initial recognition, STC will determine if the liability represents a financial liability, where STC has a contractual obligation to pay the operator for providing the SCA, it is measured as a liability in accordance with AASB 9 *Financial Instruments*. The liability will be increased by interest charges, based on the interest rate implicit in the arrangement. Where the interest rate is not specified in the arrangement, the prevailing market rate of interest for a similar instrument with similar credit ratings is used. Subsequently, the liability will also be reduced by any payments made by the Victorian Government to the operator if required by the contract.

STC has determined that the service concession liability represents a financial liability.

### 6.1.1 Maturity analysis of borrowings

	<b>20</b>						
	<b>23</b>						
(\$'000)	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months – 1 year	1–5 years	5+ years
State loan	519,465	519,465	-	-	-	-	519,465
Service concession financial liability	1,362,807	2,118,453	23,481	36,041	166,809	783,782	1,108,341
<b>Total</b>	<b>1,882,272</b>	<b>2,637,918</b>	<b>23,481</b>	<b>36,041</b>	<b>166,809</b>	<b>783,782</b>	<b>1,627,806</b>
	<b>2022</b>						
(\$'000)	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months – 1 year	1–5 years	5+ years
State loan	157,773	157,773	-	-	-	-	157,773
Service concession financial liability	396,736	644,131	-	-	7,609	271,585	364,937
<b>Total</b>	<b>554,509</b>	<b>801,904</b>	<b>-</b>	<b>-</b>	<b>7,609</b>	<b>271,585</b>	<b>522,710</b>

### 6.1.2 Interest capitalised

	<b>2023</b>	<b>2022</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
Interest on State loan	7,120	4,324
Interest on service concession financial liability	46,543	9,327
<b>Total interest capitalised under Road Assets</b>	<b>53,663</b>	<b>13,651</b>

Interest capitalised includes costs incurred in connection with the borrowing of funds and includes interest on the State loan and the service concession financial liability.

Interest capitalised is recognised in the period in which it is incurred and is capitalised to the Service concession asset - road assets.

## 6.2 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less that are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include cash-on-hand and in bank. Cash at the end of the financial year, as shown in the cash flow statement, is reconciled to the related items in the Balance sheet as follows:

	<b>2023</b>	<b>2022</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
Total cash and deposits	95,389	109
<b>Balance as per cash flow statement</b>	<b>95,389</b>	<b>109</b>

## Reconciliation of net result for the period to cash flow used in operating activities

	2023 (\$'000)	2022 (\$'000)
<b>Net loss for the period</b>	<b>(7,640)</b>	<b>(4,797)</b>
<b>Non-cash movements</b>		
Payments made by DTP on behalf of STC	-	3,457
<b>Movements in assets and liabilities</b>		
Increase in receivables	(11,616)	(56)
Increase in payables	(64)	114
Increase in accruals	(267)	770
<b>Net cash flows used in operating activities</b>	<b>(19,587)</b>	<b>(511)</b>

The non-cash movements relate to payments made by DTP on behalf STC which were subsequently recharged against STC's loan balance.

## 6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

### Total commitments payable

**2023**

	Excl. GST (\$'000)	Incl. GST (\$'000)	Less than 1 year (\$'000)	1-5 years (\$'000)	5+ years (\$'000)
Service concession commitments	17,412,083	18,438,748	1,572,375	5,445,126	11,421,247
<b>Total commitments not recognised as a financial liability</b>	<b>17,412,083</b>	<b>18,438,748</b>	<b>1,572,375</b>	<b>5,445,126</b>	<b>11,421,247</b>

### Total commitments payable

**2022**

	Excl. GST (\$'000)	Incl. GST (\$'000)	Less than 1 year (\$'000)	1-5 years (\$'000)	5+ years (\$'000)
Service concession commitments	19,087,656	20,190,564	193,641	6,911,775	13,085,149
<b>Total commitments not recognised as a financial liability</b>	<b>19,087,656</b>	<b>20,190,564</b>	<b>193,641</b>	<b>6,911,775</b>	<b>13,085,149</b>

### Service concession arrangements

STC has entered into arrangements with an operator which give the operator (Project Co) the rights to provide public services to users for a specified 'concession period' using the relevant service concession assets (SCA).

The operator, based on the terms and conditions specified in the agreements, is:

- responsible for the design, construction, partial financing, operation and maintenance of the SCA during the concession period
- subject to KPIs and/or annual works programs which ensure a level of service delivery for users. The operator has the opportunity to rectify any performance issues where relevant.

STC has the contractual obligation to provide the operator access to the SCA for the performance of the required services.

STC has control over the services the operator provides with the SCA over the concession period. It is responsible for monitoring that the services are performed to specified standards (i.e. frequency, quality, etc.) and other contractual obligations are met. STC will intervene as required to ensure safety for users of the assets as appropriate and to protect public interest.

At the end of the concession period, the rights and obligations provided to the operator during the concession period cease, and the SCA will be returned to STC.

Terminations are subject to standard commercial practices or under specified circumstances.

STC has recognised these arrangements in accordance with AASB 1059.

#### **AASB 1059 Service Concession Arrangements: Grantors**

A financial liability is recognised where STC has a contractual obligation to pay the operator under the service concession arrangement for the provision of SCAs and/or services. It is recognised as a borrowing (Note 6.1). The liability is increased by interest charges (Note 6.1.2), based on the interest rate implicit in the arrangement. The liability is reduced by any payments made by STC to the operator as required by the contract. These payments take the form of capital contributions, usually during the construction phase of the SCA and other periodic payments during the operation phase of the SCA (referred to as 'Service Payments'). The periodic payments compensate the operator for delivery of services that are subject to the operator meeting KPIs. Service payments may be quarterly (QSP), or other periodic intervals.

These payments comprise a capital component associated with the design, construction and financing of the service concession asset, and components relating to ongoing operation, maintenance and other costs. Payments may be impacted by failure to meet KPIs.

An exception to this principle occurs when an existing asset of STC is reclassified as a result of becoming part of a service concession arrangement. When this occurs, the asset is revalued to CRC with a corresponding adjustment to the asset revaluation reserve. A liability is not recognised unless additional consideration is provided by the operator. If the assets included in an SCA are upgraded or expanded, STC recognises a corresponding liability (either financial or Grant of a Right to the Operator (GORTO)) for the amounts spent on the upgrade/expansion work.

After initial recognition, SCAs are measured by applying the revaluation model for STC's Service concession assets – road assets (Note 4.1).

The following material SCA's existed at 30 June 2023. Unless noted in the arrangement specific disclosures below, no material changes have occurred during the period:

<b>Commitments - Uncommissioned SCA</b>						<b>2023</b>
	<b>Carrying amount of asset as at 30 June</b>	<b>Carrying amount of liability as at 30 June</b>	<b>Expected Liability at commission (ii)</b>	<b>Capital contributions</b>	<b>Other commitments (iii), (iv)</b>	<b>Commitments</b>
			<b>Discounted value</b>		<b>Present value</b>	<b>Nominal value</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
STC road assets	2,246,394	1,362,807	4,080,448	7,145,436	1,029,928	18,438,748
<b>Total</b>	<b>2,246,394</b>	<b>1,362,807</b>	<b>4,080,448</b>	<b>7,145,436</b>	<b>1,029,928</b>	<b>18,438,748</b>
<b>Commitments - Uncommissioned SCA</b>						<b>2022</b>
	<b>Carrying amount of asset as at 30 June</b>	<b>Carrying amount of liability as at 30 June</b>	<b>Expected Liability at commission (ii)</b>	<b>Capital contributions</b>	<b>Other commitments (iii), (iv)</b>	<b>Commitments</b>
			<b>Discounted value</b>		<b>Present value</b>	<b>Nominal value</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
STC road assets	871,512	396,736	4,491,317	8,058,567	979,635	20,190,564
<b>Total</b>	<b>871,512</b>	<b>396,736</b>	<b>4,491,317</b>	<b>8,058,567</b>	<b>979,635</b>	<b>20,190,564</b>

Note:

- i) *The discounted values of the 'expected liability at commission' for uncommissioned arrangements have been discounted to the expected dates of commissioning to reflect the liability balance at practical completion of the projects.*
- ii) *Other commitments relate to operating and maintenance and lifecycle costs and have been discounted to 30 June of the respective financial years.*
- iii) *From the 2022 financial year, STC has applied the STC borrowing rate in the present value calculation of other commitments for all service concession arrangements.*
- iv) *Commitments nominal value includes the capital portion of the service concession liability that has been reported on the balance sheet.*

### **Arrangement specific details**

Operator: Spark North East Link Pty Ltd as trustee of the Spark North East Link Trust

Concession period: 25 years

Operational funding: Monthly Service Payments (MSPs)

On 28 October 2021, the Victorian Government and STC entered into a PPP (Project Deed) with Spark North East Link Pty Ltd (Project Co or Spark) to deliver the North East Link Central Package (Project).

The Project was procured and is being delivered as an 'availability-based' PPP with an Incentivised Target Cost (ITC) regime that applies in respect of costs incurred during the design and construction phase of the Project.

STC's monthly payments to Project Co for the delivery of operating and maintenance services are subject to abatement in accordance with the terms and conditions of the Project Deed.

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### Introduction

STC is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for STC related mainly to fair value determination.

### 7.1 Financial instruments specific disclosures

#### Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of STC's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines, and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

#### Categories of financial assets

##### Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met, and the assets are not designated as fair value through net result:

- the assets are held by STC to collect the contractual cash flows
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

STC recognises the following assets in this category:

- receivables (excluding statutory receivables)
- cash and deposits.

##### Financial liabilities at amortised cost

Financial liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. STC recognises the following liabilities in this category:

- payables
- borrowings.



<b>Financial instruments: Categorisation</b>				<b>2023</b>
(\$'000)	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
<b>Contractual financial assets</b>				
Other receivables <sup>(i)</sup>	-	7	-	7
Receivable from DTP	-	22	-	22
Cash and cash equivalents	95,389	-	-	95,389
<b>Total contractual financial assets</b>	<b>95,389</b>	<b>29</b>	<b>-</b>	<b>95,418</b>
<b>Contractual financial liabilities</b>				
<b>Payables</b>				
Accounts payable to third parties	-	-	50	50
Accrued expenses	-	-	86,817	86,817
Other provisions	-	-	13,802	13,802
<b>Borrowings</b>				
State loan	-	-	519,465	519,465
Service concession financial liability	-	-	1,362,807	1,362,807
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,982,941</b>	<b>1,982,941</b>

<b>Financial instruments: Categorisation</b>				<b>2022</b>
(\$'000)	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
<b>Contractual financial assets</b>				
Other receivables <sup>(i)</sup>	-	-	-	-
Receivable from the DTP	-	28	-	28
Cash and cash equivalents	109	-	-	109
<b>Total contractual financial assets</b>	<b>109</b>	<b>28</b>	<b>-</b>	<b>137</b>
<b>Contractual financial liabilities</b>				
<b>Payables</b>				
Accounts payable to third parties	-	-	112	112
Advances from DTP	-	-	2	2
Accrued expenses	-	-	770	770
Other provisions	-	-	-	-
<b>Borrowings</b>				
State loan	-	-	157,773	157,773
Service concession financial liability	-	-	396,736	396,736
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>555,393</b>	<b>555,393</b>

Note:

(i) Receivables and payables disclosed above exclude statutory receivables (i.e. GST recoverable) and statutory payables (i.e. taxes payable).

### Financial risk management objectives and policies

As a whole, STC's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability, and equity instrument above are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage STC's financial risks within the government policy parameters.

STC's main financial risks include credit risk, liquidity risk and interest rate risk. STC manages these financial risks in accordance with its Treasury Management Policy.

STC uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Chief Executive Officer (CEO) of STC.

### Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Credit risk is measured at fair value and is monitored on a regular basis. STC is not exposed to credit risk as it has no borrowers to whom it has provided loans.

## Financial instruments: Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. STC operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

STC's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

## Financial instruments: Market risk

STC's exposures to market risk is primarily through interest rate risk. Objectives, policies, and processes used to manage each of these risks are disclosed below.

### Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. STC does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

The State loan and the service concession financial liability are both subject to fixed interest rate. Therefore, STC's exposure to interest rate risk is minimal.

## 7.2 Fair value determination

This section sets out information on how STC determined fair value for financial reporting purposes. Fair value is 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.

### How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value)
- which level of the fair value hierarchy was used to determine the fair value in respect of those assets and liabilities subject to fair value determination using Level 3 inputs
- a reconciliation of the movements in fair values from the beginning of the year to the end
- details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments and non-financial physical assets.

### Fair value determination of financial assets and liabilities

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

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

STC currently holds some financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the reporting period.

These financial instruments include:

Financial assets	Financial liabilities
Receivables	Payables
<ul style="list-style-type: none"><li>• Receivable from DTP</li><li>• Other receivables</li></ul>	<ul style="list-style-type: none"><li>• Accounts payable</li></ul>
Cash	Borrowings
	<ul style="list-style-type: none"><li>• State loan</li><li>• Service concession financial liability</li></ul>

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

Fair value of financial instruments measured at amortised cost	2023	
	Carrying amount	Fair value
<b>Financial assets</b>		
Receivable from DTP	22	22
Other receivables <sup>(i)</sup>	7	7
Cash and cash equivalents	95,389	95,389
<b>Financial liabilities</b>		
<b>Payables</b>		
Accounts payable	50	50
<b>Borrowings</b>		
State loan	519,465	471,125
Service concession financial liability	1,362,807	1,362,807

Fair value of financial instruments measured at amortised cost	2022	
	Carrying amount	Fair value
<b>Financial assets</b>		
Receivable from DTP	28	28
Cash and cash equivalents	109	109
<b>Financial liabilities</b>		
<b>Payables</b>		
Accounts payable	114	114
<b>Borrowings</b>		
State loan	157,773	135,538
Service concession financial liability	396,736	396,736

Note:

(i) Receivables and payables disclosed above exclude statutory receivables (i.e. GST recoverable) and statutory payables (i.e. taxes payable).

## 8. Contingent assets and contingent liabilities

### 8.1. Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

STC held no contingent assets or contingent liabilities as of 30 June 2023 (30 June 2022: none).

## 9. OTHER DISCLOSURES

### Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

### 9.1 Equity Disclosures

	2023 (\$'000)	2022 (\$'000)
<b>Balance at start of year</b>	321,081	-
Equity transfers from DTP	61,870	321,081
<b>Balance at end of year</b>	<b>382,951</b>	<b>321,081</b>

### 9.2 Responsible Persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

#### Names

The persons who held the positions of Ministers and Accountable Officers in STC are as follows:

Name	Position	Relevant period
The Hon. Tim Pallas MP	Treasurer	1 July 2022 to 30 June 2023
The Hon. Jacinta Allan MP	Minister for Transport and Infrastructure	1 July 2022 to 30 June 2023
An Nguyen	Acting Managing Director	1 July 2022 to 16 June 2023
	Chief Executive Officer	19 June 2023 to 30 June 2023
Brad Vann	Chair	15 August 2022 to 30 June 2023
Aneetha DeSilva	Deputy Chair	15 August 2022 to 30 June 2023
Leilani Frew	Board Director	15 August 2022 to 30 June 2023
Jason Loos	Chair	1 July 2022 to 15 August 2022
Dean Tighe	Deputy Chair	1 July 2022 to 15 August 2022
Tim Ada	Board Director	1 July 2022 to 15 August 2022

The Acting Managing Director performed her duties on a secondment basis from the Department of Treasury and Finance where her salary has been reported as part of the employee related disclosures. Remuneration received or receivable by the Acting Managing Director in connection with the management of STC during the reporting period was nil for the period 1 July 2022 to 16 June 2023.

The Acting Managing Director was appointed to the office of CEO on 19 June 2023 and performed her duties as an employee of STC from 19 June 2023 to 30 June 2023. Her total remuneration during this period is shown in the table below.

Amounts relating to the Portfolio Ministers. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report.

#### 9.2.1 Remuneration of Responsible Persons

	2023	2022
\$0 - \$9,999	3	5
\$20,000 - \$29,999	1	-
\$40,000 - \$49,999	2	-
\$80,000 - \$89,999	1	-
<b>Total number of responsible persons</b>	<b>7</b>	<b>5</b>

<b>Total Remuneration (\$'000)</b>	<b>206</b>	<b>0</b>
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### 9.3 Remuneration of executive officers

During the period 1 July 2022 ending 30 June 2023, STC engaged four executive officers either via direct contract or via secondment from the Department of Treasury and Finance and the Department of Transport and Planning.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other long-term benefits** include long service leave, other long service benefits or deferred compensation.

<b>Remuneration of senior executives</b>	<b>2023 (\$'000)</b>	<b>2022 (\$'000)</b>
Short-term employee benefits	814	-
Post-employment benefits	66	-
Other long-term benefits	4	-
<b>Total remuneration</b>	<b>884</b>	<b>-</b>
<b>Total number of executives</b> (a)	<b>3</b>	<b>-</b>
<b>Total annualised employee equivalents</b> (b)	<b>2.41</b>	<b>-</b>

Notes:

- (a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMPs) of STC under AASB 124 *Related Party Disclosures* (AASB 124) and are also reported within the related parties note disclosures (refer to Note 9.4).
- (b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

### 9.4 Related parties

STC is a wholly owned and controlled entity of the Victorian Government.

Related parties of STC include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures, and entities they have significant influence over)
- all Cabinet Ministers and their close family members
- all public sector entities that are controlled and consolidated into the whole of State consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

#### Significant transactions with government-related entities

During the financial year, the following aggregate transactions were undertaken, and balances held with other Victorian Government controlled entities. These transactions were undertaken in the ordinary course of operations.

<b>Government related entities</b>	<b>Nature of transaction</b>	<b>2023</b>	<b>2022</b>
Department of Transport and Planning	Contributed capital to STC	\$61,870,077	\$321,081,044
Department of Transport and Planning	State loan balance	\$519,464,793	\$157,772,608
Department of Transport and Planning	Receivables from DTP	\$22,485	\$28,140

Key management personnel of STC include the named responsible persons as disclosed in note 9.2 and members of the senior executive team as disclosed in note 9.3.

## Remuneration of key management personnel

Key Management Personnel of STC include the named Responsible Persons as disclosed in Note 9.2, and members of the Senior Executive Team, which includes:

Name	Position title	2023
John Henderson	Commercial Director	1 February 2023 to 30 June 2023
Zoltan Maklary	Tolling Director	1 July 2022 to 30 June 2023
Belinda Bacon	Interim Corporate Services Director	1 July 2022 to 30 June 2023

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report.

Compensation of KMPs	2023 (\$'000)	2022 (\$'000)
Short-term employee benefits	1,001	-
Post-employment benefits	85	-
Other long-term benefits	5	-
<b>Total remuneration</b>	<b>1,091</b>	<b>-</b>

Notes:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 9.3).

## Transactions and balances with key management personnel and other related parties

Given the breadth and depth of the Victorian Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public, e.g., stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occurs on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Purchasing Board requirements.

Outside of normal citizen type transactions with STC, there were no related party transactions that involved key management personnel, their close family members, and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

## 9.5 Remuneration of auditors

	2023 (\$'000)	2022 (\$'000)
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	95	95
<b>Total remuneration of auditors</b>	<b>95</b>	<b>95</b>

## 9.6 Subsequent events

The policy in connection with recognising subsequent events that are for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are of material interest.

No event has arisen since 30 June 2023 that have significantly affected or may significantly affect the operations, or results, or state of affairs of STC.

## 9.7 Other accounting policies

### Contributions by owners

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of STC.

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

### Accounting for the goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the Australian Taxation Office (ATO) is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis.

Commitments are also stated inclusive of GST.

### Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2023-24 reporting period. These accounting standards have not been applied to the STC Financial Statements. The Victorian Government is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

#### **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants**

AASB 2020-1 amended AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current and was applicable to annual reporting periods beginning on or after 1 January 2022.

AASB 2020-6 subsequently amended AASB 2020-1, deferring the mandatory effective date of AASB 2020-1 from 1 January 2022 to 1 January 2023. AASB 2022-6 was applicable for annual reporting periods beginning on or after 1 January 2022.

AASB 2022-6 amends and clarifies the requirements contained in AASB 2020-1. Among other things, it:

- clarifies that only those covenants that an entity must comply with at or before the reporting date affect a liability's classification as current or non-current
- requires additional disclosures for non-current liabilities that are subject to an entity complying with covenants within twelve months after the reporting date.

AASB 2022-6 applies to annual reporting periods beginning on or after 1 January 2023.

STC is currently in the process of assessing the potential impact of these standards and amendments.

A number of other standards and amendments have also been issued that apply to future reporting periods, however they are not expected to have any significant impact on the financial statements in the period of initial application.

### Ex-gratia expenses

Ex gratia expenses are the voluntary payment of money or other non-monetary benefit - for example, a write off - that is not made either to acquire goods, services, or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity. STC had no ex-gratia expenses in the financial year ended 30 June 2023.

# APPENDIX 1 – PEOPLE AND WORKPLACE

## Public sector values and employment principles

The *Public Administration Act 2004* established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity.

STC continues its initiatives to foster the highest possible standard of integrity and conduct across STC, supporting staff to build a workplace that demonstrates respect, trust, and openness in the way we improve outcomes for all Victorians.

## Workforce inclusion policy

Not applicable as STC has no approved policies under Part 3 of the *Public Administration Act 2004*.

## Compliance with the *Disability Act 2006*

Not applicable as STC has no approved policies according to Part 3 of the *Public Administration Act 2004*.

## Compliance with the *Carers Recognition Act 2012*

Not applicable as STC has no approved policies under Part 3 of the *Public Administration Act 2004*.

## Comparative workforce data

For the year ended 30 June 2023, STC had directly employed executive staff. All other personnel performing work for the entity were temporary secondees from other departments. The relevant information for these secondees has been captured in the annual reports of relevant departments.

## Employment and conduct principles

Not applicable as STC has no approved policies under Part 3 of the *Public Administration Act 2004*.

## Occupational health and safety

Not applicable as STC has no approved policies under Part 3 of the *Public Administration Act 2004*.

## Environmental Reporting

In 2022-23 STC is still in its establishment phase and will be undertaking continuous improvement of its environmental reporting.

STC resources travelled 332,040 kms on commercial flights in the 2022-23 financial year

STC has continued its arrangement with Cenitex to rent workstations in its Melbourne CBD office in 2022-23. The Cenitex office environment is paperless and STC undertakes sustainable procurement practices and initiatives to reduce the environmental impacts including:

- Paperless office environment
- Leveraging the State Purchasing Contract (SPC) for large site energy consumption, which includes the provision of renewable energy certificates, noting a significant reduction in office energy consumption due to staff working from home
- The building has a six-star energy efficient NABERS (National Australian Built Environment Rating System)
- Banned the use of single-use plastics in the provision of office supplies to the new building, in support of the goal to phase out single-use plastics across the Victorian Public Service by February 2022.



# APPENDIX 2 – LOCAL JOBS FIRST AND SOCIAL PROCUREMENT

## **Local Jobs First**

Whilst STC did not have any policies in relation to Local Jobs in place as at 30 June 2023, it does comply with the Victorian Government Procurement Board Local Jobs First guidelines.

## **Social Procurement Framework**

Whilst STC did not have any policies in relation to Social Procurement Framework in place as at 30 June 2023, it does comply with the Victorian Government Procurement Board Social Procurement Framework.

# APPENDIX 3 – CORPORATE INFORMATION

## Consultancy Expenditure

### Details of consultancies (valued at \$10,000 or greater)

In the year ended 30 June 2023, there were no consultancies where the total fees payable to the consultants were \$10,000 or greater.

### Details of consultancies under \$10,000

In the year ended 30 June 2023, there were no consultancies engaged during the year where the total fees payable to the individual consultancies was less than \$10,000.

STC does hold engagements with a panel of specialist resources. Whilst these engagements are not consultancy in nature there may be elements of their work undertaken throughout the year which could be considered a consultancy.

STC has disclosed the list of these engagements and their description on its website.

### Information and communication technology (ICT) expenditure

STC incurred direct ICT expenditure with following vendors:

Vendor	2023 (\$'000)	2022 (\$'000)
ANSARADA	197	-
CenITex	4	-
Diligent Board Services	15	-
<b>Total</b>	<b>216</b>	<b>-</b>

## Disclosure of Major Contracts

STC has disclosed, in accordance with the requirements of government policy and accompanying guidelines, all contracts greater than \$10 million in value entered into during the year ended 30 June 2023.

Details of the contracts are published on the Victoria Government's contracts publishing system and can be viewed online at <http://www.tenders.vic.gov.au>.

Contractual details have not been disclosed for those contracts for which disclosure is exempted under the *Freedom of Information Act 1982* and/or government guidelines.

## Freedom of information

The *Freedom of Information Act 1982* (FOI Act) allows the public a right of access to documents held by STC. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers, and other bodies subject to the FOI Act.

An applicant has a right to apply for access to documents held by a public body. This comprises documents both created by STC or supplied to STC by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by STC is available on STC's website under its Part II Information Statement.

The FOI Act allows a public body to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to a public body in-confidence.

From 1 September 2017, the FOI Act has been amended to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required under sections 29, 29A, 31, 31A, 33, 34 or 35, the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

If an applicant is not satisfied by a decision made by STC, under section 49A of the FOI Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

### **Making a request**

FOI requests can be lodged online at [www.foi.vic.gov.au](http://www.foi.vic.gov.au). An application fee of \$30.60 applies. Access charges may also be payable if the document pool is large and the search for material time consuming.

Access to documents can also be obtained through a written request to STC's Freedom of Information team, as detailed in section 17 of the FOI Act.

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

Requests for documents in the possession of STC should be addressed to:

FOI Officer  
North East Link State Tolling Corporation  
Level 10, 80 Collins St  
Melbourne VIC 3000

### **FOI statistics/timeliness**

During the year ended 30 June 2023, STC received nil applications.

STC made nil FOI decisions during the year ended 30 June 2023.

Further information regarding the operation and scope of FOI can be obtained from the FOI Act, regulations made under the FOI Act and [www.foi.vic.gov.au](http://www.foi.vic.gov.au).

### **Compliance with the *Building Act 1993***

STC does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

### **Compliance with the *Public Interest Disclosures Act 2012***

The *Public Interest Disclosures Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

STC does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

STC will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

### **Reporting procedures**

Disclosures of improper conduct or detrimental action by STC or any of its employees may be made to the Independent Broad-based Anti-Corruption Commission:

Level 1, North Tower, 459 Collins Street  
Melbourne, VIC 3000

Phone: 1300 735 135

Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

Email: [info@ibac.vic.gov.au](mailto:info@ibac.vic.gov.au)

### **Asset Management Accountability Framework (AMAF) maturity assessment**

STC is exempt from compliance with this disclosure for the financial period ended 30 June 2023, according to exemption obtained in relation to the Standing Directions under the *Financial Management Act 1994*.

### **Compliance with DataVic Access Policy**

STC does not currently have high value datasets as defined in the DataVic Access Policy.

### **Additional information available on request**

STC is exempt from compliance with this disclosure for the financial period ended 30 June 2023, according to exemption obtained in relation to the Standing Directions under the *Financial Management Act 1994*.

### **Attestation for financial management compliance with Ministerial Standing Direction 5.1.4 North East Link State Tolling Corporation financial management compliance attestation statement**

The North East Link State Tolling Corporation is required to comply with the Standing Directions 2018 of the *Financial Management Act 1994*, which set the standard for financial management by Victorian Government agencies. The North East Link State Tolling Corporation undertakes an annual internal review of its performance against these Directions, reviewed by a formal internal audit program. The North East Link State Tolling Corporation has not identified any Material Compliance Deficiencies in relation to the 2022-23 compliance year.

I, An Nguyen, Chief Executive Officer of the North East Link State Tolling Corporation, certify that the North East Link State Tolling Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions as at 30 June 2023.



An Nguyen  
Chief Executive Officer  
North East Link State Tolling Corporation  
7 September 2023

## APPENDIX 4 – ACRONYMS

Acronym	Definition
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AMAF	Asset Management Accountability Framework
CCO	China Construction Oceania Pty Limited
CPB	CPB Contractors Pty Ltd
CRC	Current Replacement Cost
D&C Contract	Design and Construct Contract
DTP	Department of Transport and Planning
FMA	Financial Management Act 1994
FOI Act	Freedom of Information Act 1982
FOI	Freedom of Information
GORTO	Grant of a right to the operator
GS E&C	GS Engineering & Construction Australia Pty Ltd
ICT	Information and Communication Technology
ITC	Incentivised Target Cost
ITS	Intelligent Transport Systems
KPI	Key Performance Indicator
MSP	Monthly service payments
MTIA	Major Transport Infrastructure Authority
NABERS	National Australian Built Environment Rating System
NEL	North East Link
OVIC	Office of the Victorian Information Commissioner
PAA	Public Administration Act 2004
PNFC	Public Non-Financial Corporation
PPP	Public Private Partnership
Program	The North East Link Program
QSP	Quarterly Service Payment
SCA	Service Concession Asset
SCL	Service Concession Liability
Spark / Spark Consortium	Spark North East Link Pty Ltd
SPC	State Purchasing Contract
STC	North East Link State Tolling Corporation
SMC	Sydney Motorway Corporation
TCC	Tolling Collection Capability
Ventia	Ventia Australia Pty Ltd
VPSC	Victorian Public Sector Commission
Webuild	Webuild S.p.A

# APPENDIX 5 – DISCLOSURE INDEX

The annual report of STC is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of STC's compliance with statutory disclosure requirements.

Legislation	Requirement	Header	Page ref
<i>Standing Directions and Financial Reporting Directions</i>			
<b>Charter and purpose</b>			
FRD 22	Manner of establishment and the relevant Ministers	Governance and Organisational Structure	9
FRD 22	Purpose, functions, powers and duties	Governance and Organisational Structure	9
FRD 8	Departmental objectives, indicators and outputs	Governance and Organisational Structure	9
FRD 22	Key initiatives and projects	Key Achievements	8
FRD 22	Nature and range of services provided	Governance and Organisational Structure	9
<b>Management and structure</b>			
FRD 22	Organisational structure	Governance and Organisational Structure	9
<b>Financial and other information</b>			
FRD 8	Performance against output performance measures		n/a
FRD 10	Disclosure index	Appendix 4	46
FRD 12	Disclosure of major contracts	Appendix 3	43
FRD 15	Executive disclosures	Other Disclosures	37
FRD 22	Employment and conduct principles	Appendix 1 – People and Workplace	41
FRD 22	Occupational health and safety policy	Appendix 1 – People and Workplace	41
FRD 22	Summary of the financial results for the year	Year in Review	7
FRD 22	Significant changes in financial position during the year	Year in Review	7
FRD 22	Major changes or factors affecting performance	Year in Review	7
FRD 22	Subsequent events	Year in Review	7
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	Appendix 3	43
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Appendix 3	43
FRD 22	Statement on National Competition Policy	n/a	
FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	Appendix 3	43
FRD 22	Application and operation of the <i>Carers Recognition Act 2012</i>	Appendix 1 – People and Workplace	41
FRD 22	Details of consultancies over \$10 000	Appendix 3 – Corporate Information	43
FRD 22	Details of consultancies under \$10 000	Appendix 3 – Corporate Information	43
FRD 22	Disclosure of government advertising expenditure		n/a
FRD 22	Disclosure of ICT expenditure	Appendix 3 – Corporate Information	43
FRD 22	Statement of availability of other information	Appendix 3 – Corporate Information	43
FRD 22	Asset Management Accountability Framework (AMAF) maturity assessment	Appendix 3 – Corporate Information	43
FRD 24	Reporting of office-based environmental impacts	Appendix 3 – Corporate Information	43
FRD 25	Local Jobs First	Appendix 2 – Local Jobs First and Social Procurement	42
FRD 29	Workforce Data disclosures	Appendix 1 – People and Workplace	41
<b>Compliance attestation and declaration</b>			
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction		45
SD 5.2.3	Declaration in report of operations		4

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*Financial statements*

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**Declaration**

SD 5.2.2	Declaration in the financial statements	13
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<b>Legislation</b>	<b>Requirement</b>	<b>Page reference</b>
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*Standing Directions and Financial Reporting Directions***Other disclosures as required by FRDs in notes to the financial statements <sup>(a)</sup>**

FRD 11	Disclosure of Ex gratia Expenses	40
FRD 21	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	37
FRD 103	Non-Financial Physical Assets	23
FRD 110	Cash Flow Statements	18
FRD 114	Financial Instruments – general government entities and public non-financial corporations	32

*Note:*

(a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are in the nature of disclosure.

*Legislation*

<i>Freedom of Information Act 1982</i>	43
<i>Building Act 1993</i>	44
<i>Public Interest Disclosures Act 2012</i>	44
<i>Carers Recognition Act 2012</i>	41
<i>Disability Act 2006</i>	41
<i>Local Jobs Act 2003</i>	42
<i>Financial Management Act 1994</i>	4,13,20,37,44,45

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