

2023 → 2024

Annual Report



STC

// Contents

// Contents.....	1
// Acknowledgement of country.....	3
// Foreword.....	3
01.....	5
About the North East Link State Tolling Corporation.....	5
// STC's role in delivery of the North East Link.....	5
// Vision, purpose, mission and values.....	7
Vision.....	7
Purpose.....	8
Values.....	8
// Organisational structure and governance.....	9
Legislative environment.....	10
Role of the Board.....	12
02.....	14
Year in review.....	14
// Financial Performance.....	14
// Delivery of the North East Link.....	15
Preparations for tunnelling commencement.....	15
Interface management and operational readiness.....	15
// North East Link Operational Systems.....	16
Enabling infrastructure.....	16
Roadside systems.....	16
Back office systems.....	16
// Corporate and risk management.....	17
03.....	19
Financial Statements.....	19
// Accountable Officer's and Chairperson's declaration.....	19
// Independent Auditor's Report.....	20
// Comprehensive operating statement.....	23
// Balance sheet.....	24
// Cash flow statement.....	25
// Statement of changes in equity.....	26
// Notes to the financial statements.....	27
01 About this Report.....	27
02 The cost of delivering services.....	28
03 Key assets available to support service delivery.....	29

04 Other Assets and Liabilities	32
05 Financing operations	34
06 Risks	41
08 Contingent assets and contingent liabilities	44
09 Other disclosures	44
Appendix 01	51
People and workplace	51
Appendix 02	54
Local Jobs First & Social Procurement.....	54
Appendix 03	55
Corporate Information	55
Appendix 04	60
Acronyms	60
Appendix 05	62
Disclosure index	62

// Acknowledgement of country

The North East Link State Tolling Corporation (STC) proudly acknowledges Victoria's First Nations people and their ongoing strength in practicing the world's oldest living culture. STC acknowledges the Traditional Owners of the lands and waters on which we live and work and pay our respects to their Elders past and present.

// Foreword

2023-24 was a significant year for the North East Link State Tolling Corporation (STC).

The year saw significant progress in the construction of the North East Link, including the arrival of the twin 4,000 tonne tunnel boring machines that will be used to dig the twin 6.5 kilometre tunnels at the project site, the realignment of Bulleen and Manningham Roads in preparation for the commencement of tunnelling, and the first major procurement milestones for the Toll Collection Capability Project to prepare for the North East Link operations.

As the delivery of the North East Link itself gathered pace, 2023-24 was also a year of rapid development and evolution for STC into an organisation capable of driving value from the largest ever investment in a Victorian road project. We are equally proud of STC's continued strides towards becoming a centre of excellence within the Victorian Government in the investment, management and operation of major road infrastructure assets.

The decision to establish STC as a State-owned commercial toll road operator was a first in Australia. It requires the development of technical and commercial capabilities that have not traditionally sat within the public sector. It has been wonderful to see the organisation take shape over the year, drawing together a group of exceptional professionals from across both the public and private sectors to build capabilities and capacity and deliver on the Victorian Government's objectives.

We are confident that STC's capability will only continue to grow. We are particularly excited to have established all organisational systems, processes and infrastructure to be compliant with our legislative, regulatory and industry best practice requirements, including securing a permanent office space for the Corporation which can provide the physical environment and advanced technology required for STC to develop and be ready to manage and operate the North East Link once it is complete.

Although there is still much more work to do before the North East Link opens to the public, the past year saw some remarkable achievements. We are grateful to the staff and management of STC, as well as our partners at Major Road Projects Victoria, the Spark North East Link Consortium, the Department of Transport and Planning and the Department of Treasury and Finance for their continued dedication to the North East Link Program and support of STC.

Responsible Body 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 2024.



An Nguyen
Chief Executive Officer



Brad Vann
Chair, Board of Directors

01

About
STC



01

About the North East Link State Tolling Corporation

// STC's role in delivery of the North East Link

The North East Link 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 new road will improve traffic flow, reduce travel times, remove non-local traffic from local roads and increase reliability for road users with up to 135,000 vehicles using the motorway daily.

The Program will be delivered across multiple packages. The north-south section from the M80 Ring Road interchange to the Eastern Freeway will be tolled (Central Package) by the North East Link State Tolling Corporation (STC).

The State established STC to pay for, own, operate and collect tolls from the North East Link for a concession period of 50 years. STC and the State jointly entered an Availability Public Private Partnership (PPP) to contract a private sector party (Spark North East Link Pty Limited or Project Co) to design, construct, finance, operate and maintain the North East Link for a period of 25 years. STC has engaged Major Road Projects Victoria (MRPV), a division of the Victorian Infrastructure Delivery Authority (VIDA) (an administrative office in relation to the Department of Transport and Planning (DTP)) as its delivery agent to manage the PPP contracts on its behalf during the construction phase of the Central Package.

Figure 1.1 provides a highly simplified overview of STC's position in relation to other key transport bodies.

FIGURE 1.1 STC'S OPERATING ENVIRONMENT

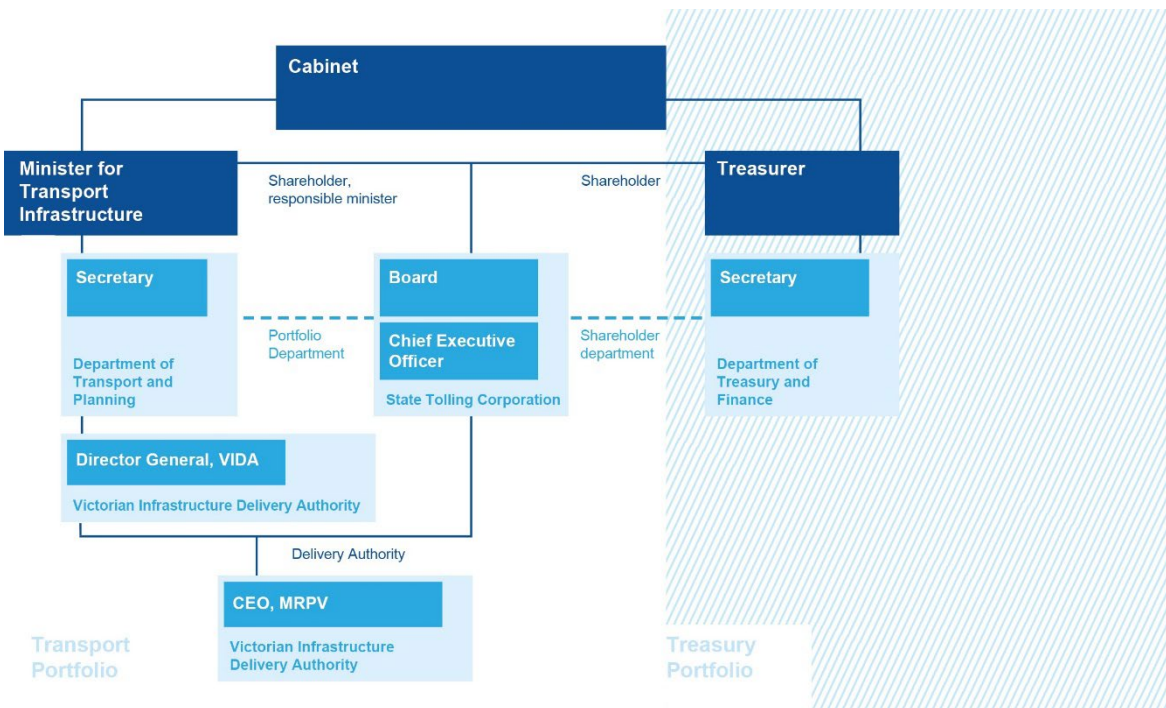
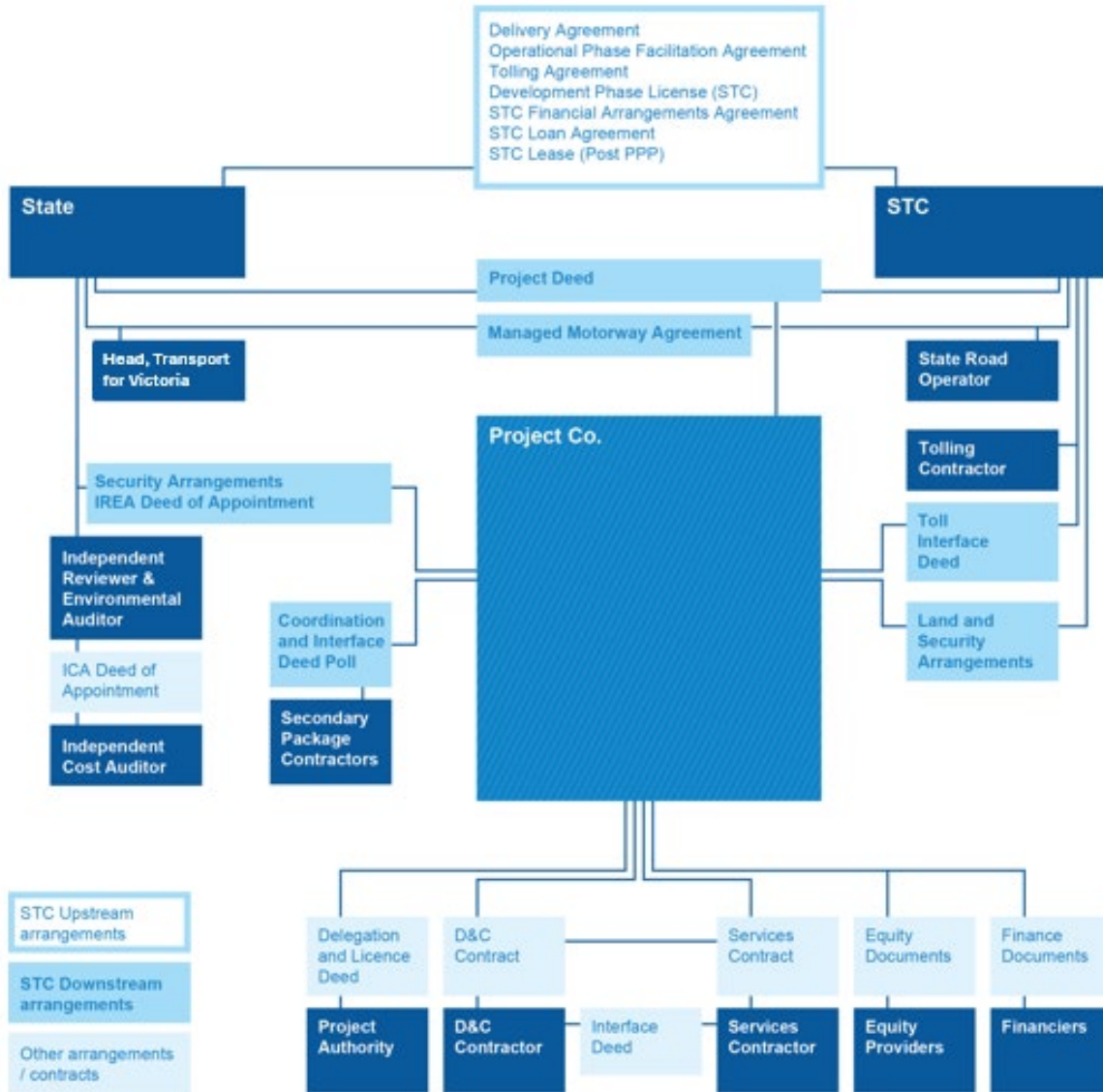


Figure 1.2 provides an overview of the commercial and contractual structure for the Central Package of the North East Link, and STC's role within it.

FIGURE 1.2 CONTRACTUAL STRUCTURE



STC will manage the PPP contracts directly when construction is completed.

// Vision, purpose, mission and values

STC is established under the *North East Link Act 2020 (Vic)* (NEL Act). STC's vision, purpose and values are designed to enable the organisation to fulfil our mandate as the commercial owner and operator of the North East Link, while also supporting DTP's broader strategy for the network and upholding the values of the Victorian Public Sector (VPS).

Vision

ENTITY / STATUTE	VISION STATEMENT
Department of Transport and Planning (DTP) ¹	We create thriving places and connected communities
<i>Transport Integration Act 2010</i> (TIA) ²	Recognise the aspirations of Victorians for an integrated and sustainable transport system that contributes to an inclusive, prosperous, and environmentally responsible state
North East Link State Tolling Corporation (STC)	A commercially orientated Government owned toll road owner and manager that supports DTP's wider vision of creating thriving places and connected communities.

STC's vision describes its role as a key enabler to achieve the Government's overarching vision for the Victorian transport system that aligns with the direction of DTP and the TIA. It focuses on developing key elements of the system – such as simplicity and connection – for which STC has greater control and licence to influence in its role as a toll road owner-operator and an enabler for transport policy implementation.

¹ DTP Strategic Plan 2023-27

² Victorian legislation; *Transport Integration Act 2010*

Purpose

STC's purpose captures the State's overall policy intent in creating STC. By contributing to the value and legacy of the North East Link, STC supports DTP's purpose of creating simple, safe, and connected journeys.

ENTITY	PURPOSE STATEMENT
Department of Transport and Planning (DTP) <small>Error! Bookmark not defined.</small>	Ensuring Victoria's transport network and land use is safe, sustainable and integrated.
State Tolling Corporation (STC) Error! Bookmark not defined.	Protect and enhance the value and legacy of the North East Link while exploring ways to unlock shared value with the State.

Values

STC acknowledges and abides by the seven VPS core values, outlined in the *Public Administration Act 2004* (PAA). In addition, STC has adopted four key values unique to the organisation, illustrated in Figure 1.3.

FIGURE 1.3: STC CORE VALUES



// Organisational structure and governance

STC's Ministers

Minister for Transport Infrastructure

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

The Hon. Danny Pearson MP is currently the Minister for Transport Infrastructure and therefore STC's Minister. Minister Pearson is also the Assistant Treasurer, Minister for WorkSafe and the TAC, and Minister for the Suburban Rail Loop.

Treasurer of Victoria

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.

Tim Pallas was appointed as the Treasurer of Victoria in December 2014. He is also the Minister for Industrial Relations and Minister for Economic Growth.

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.

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 \$113 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 member of the boards of LaunchVic and MAP Co, and Chair 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.

Ms Frew was appointed as Chair of the Audit and Risk Committee of the STC Board on 23 March 2023.

Ms Frew is currently the Deputy Secretary, Financial and Commercial, Te Tai Ohanga - The Treasury, New Zealand.

Chief Executive Officer

An Nguyen

Ms Nguyen was appointed the inaugural Chief Executive Officer (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 close to two decades 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 the Victorian Department of Treasury and Finance (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.

Legislative environment

The primary legislation governing STC is the NEL Act, which defines its specific objectives, functions and powers regarding the North East Link toll road. STC must also address specific elements of other legislative instruments.

North East Link Act 2020

The NEL Act covers a range of matters related to the delivery and operation of the North East Link. Key features relevant to STC include:

- Establishing STC as a public entity that is separate from the State.
- Providing STC's functions and powers to:
 - Manage access as well as operate and maintain the North East Link toll road;
 - Fix and collect tolls for the use of the North East Link toll road (in accordance with the NEL Act and the North East Link Tolling Agreement);
 - Optimise the value of, or return from, its infrastructure and other assets;
 - Procure, deliver, and operate the North East Link tolling system;
 - Be the primary funding entity for the delivery, operation, and maintenance of the North East Link toll road;
 - Engage in activities in relation to the delivery of the North East Link; and
 - Engage in other activities connected with the North East Link toll road, and charge fees for those activities.
- Providing requirements for STC's Board of Directors, appointment of a CEO and employment of key personnel.
- Providing STC's initial equity capital.
- Providing for the tabling and amendment of the North East Link Tolling Agreement.

Other legislation relevant to the operation of STC

Transport Integration Act 2010

The TIA is the overarching transport legislation in Victoria and sets a vision for an integrated and sustainable transport system that contributes to an inclusive, prosperous and environmentally responsible State. To achieve this vision, the TIA requires that decisions affecting the transport system be made within the same integrated decision-making framework, consisting of six transport system objectives and seven decision-making principles.

Road Management Act 2004

The *Road Management Act 2004* (RMA) establishes a coordinated management system for public roads, promoting safe and efficient State and local road networks and responsible road use. Before the road opens, STC will be designated as the Responsible (Prescribed) Road Authority under the RMA for the North East Link with powers, rights and obligations as specified under the RMA.

Major Transport Projects Facilitation Act 2009 and Environment Effects Act 1978

The *Major Transport Projects Facilitation Act 2009* (MTPFA) provides a single process for assessment, approvals, and delivery of major transport projects in Victoria. However, the North East Link is declared under the MTPFA for use of delivery powers only.

Planning approvals for the delivery of the North East Link were obtained through an *Environment Effects Statement* Process under the *Environment Effects Act 1978*. The approvals are conditional on compliance with environmental performance requirements (EPRs) as part of the review process. During the Plan Period, compliance with the EPRs is primarily the responsibility of MRPV.

Other legislative reporting and governance requirements

In addition, as a Government Business Enterprise (GBE) and, in particular a Public Non Financial Corporation (PNFC), STC is subject to various legislative instruments which will form the basis of activities required to be carried out by STC, including (among others) the:

- *Public Administration Act 2004* (PAA) – establishes the general governance framework for the VPS, including public entities. As a “public entity” for the purposes of the PAA, STC and its Board of Directors are subject to various duties under Part 5 of the PAA;
- *Financial Management Act 1994* (FMA) – establishes the financial accountability framework for STC. As a “public body” for the purposes of the FMA, STC is bound by directions of the Minister for Finance / Assistant Treasurer given under the FMA (Standing Directions 2018); and
- *Borrowing and Investment Powers Act 1987* (BIP Act) – provides for the borrowing and investment powers of certain statutory bodies. By virtue of amendments effected to the BIP Act by the NEL Act, certain borrowing and investment powers under the BIP Act are conferred on STC.

Role of the Board

Under section 21 of the NEL 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.

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 2024, the STC Board is comprised of three Directors. Attendance by Directors at Board meetings held during the reporting period is detailed below.

BOARD MEMBER	ELIGIBLE TO ATTEND	ATTENDED
Brad Vann	10	10
Aneetha de Silva	10	9
Leilani Frew	10	9

Directors' fees are fully disclosed in Note 9.1. There have been no related party transactions with Directors and their related entities 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 2024, 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.

COMMITTEE MEMBER	ELIGIBLE TO ATTEND	ATTENDED
Brad Vann	6	6
Aneetha de Silva	6	5
Leilani Frew	6	6

02

Year in
Review



02 Year in review

// Financial Performance

For the year ended 30 June 2024, STC's comprehensive loss was \$16.74 million (30 June 2023: \$7.6 million loss). Total Equity of STC as at 30 June 2024 was \$539.99 million (as at 30 June 2023, \$370.51 million). The Net Cash Outflows from operating activities for the year ended 30 June 2024 were \$18.1 million (30 June 2023: \$19.6 million).

Year ended	30 June 2024	30 June 2023
	(\$'000)	(\$'000)
Operating results		
Other income	2,412	141
Total operating income	2,412	141
Employee benefit expenses	(5,622)	(1,505)
Depreciation	(63)	-
Interest expense	(17)	-
Other operating expenses	(13,451)	(6,276)
Total operating expenses	(19,153)	(7,781)
Comprehensive result (loss)	(16,741)	(7,640)
Financial status		
Total assets	4,644,618	2,353,455
Total liabilities	(4,104,622)	(1,982,941)
Total equity	539,996	370,514

// Delivery of the North East Link

Preparations for tunnelling commencement

Over the course of 2023-24, preparations for the commencement of tunnelling on the Central Package of the North East Link were largely completed.

In line with contractual requirements, in July 2023 senior representatives of STC, the State and Project Co formally certified the two tunnel boring machines (TBMs) that will be used to construct the twin 6.5 kilometre tunnels in the Central Package. The process involved travelling to the Herrenknecht manufacturing facility in Guangzhou, China.

The certification process is a contractual precondition for transporting the TBMs by ship to Australia, required to ensure that they will meet the North East Link's technical requirements before they leave the factory. The process was successful and the TBMs began arriving in August 2023. When assembled, each TBM is 90 metres long, 15.6 metres in diameter and weighs around 4,000 tonnes. The machines were shipped in pieces and reassembled at the TBM launch site in Watsonia.

Other tunnelling infrastructure took shape, including the TBM launch box, manufacture of concrete tunnel segments, construction of a large acoustic shed at Macleod to manage the dirt and rock from tunnelling, and excavation of the ventilation tunnel using road headers.

Bulleen Road and Manningham Road were both successfully realigned, with thousands of vehicles diverted onto new lanes to allow for continued major excavation of the tunnel ramps. Major excavation of the TBM retrieval box occurred at the Manningham site, while further south at the Trinity Grammar compound concrete supporting walls were installed while major cut and cover excavation progressed through the site toward the Eastern Freeway.

The TBMs are scheduled to be launched the first quarter of 2024-25.

Interface management and operational readiness

In December 2023, MRPV awarded the contracts to deliver upgrades to the M80 Ring Road and the Eastern Freeway at the northern and southern ends of the Tunnels respectively.

Although these elements of the North East Link are not being financed by STC, they have significant interfaces with the Tunnels in both the delivery and operations phase of the project. These contract awards provided greater certainty around scope and timing for these projects, enabling early preparations for the operational phase to commence.

// North East Link Operational Systems

In October 2023, the delivery strategy for the systems required to operate tolling on the North East Link was formally approved by Government. This enabled the procurement process for the Toll Collection Capability Project (TCC Project) to commence.

The TCC Project is being procured and delivered through four separate packages:

- Tolling Enabling Infrastructure;
- Roadside systems;
- Back office systems; and
- Cyber Security and Information and Communications Technology (ICT) Network.

Enabling infrastructure

As part of the PPP, Project Co continued design development of the enabling infrastructure for the systems required to operate the North East Link. In 2023-24, this included laying foundations for gantries and signage, finalisation of design on pits and conduits, and planning for electrical and communications connections.

Roadside systems

The Roadside Systems Package is the technology solution that will be used to detect and classify vehicles using the North East Link. It includes gantries and screens, cameras, radio frequency transponders, computer and communications systems and road markings.

In December 2023, STC issued the Expression of Interest documentation for the delivery of Roadside Systems. The process received strong market engagement, with 17 parties formally expressing interest in the procurement process and 10 submitting responses. In May 2024, three respondents were shortlisted to progress to the Request for Proposal (RFP) stage of the procurement. The RFP was released in early July 2024.

Back office systems

The Back Office Systems Package includes the systems required to identify users of the North East Link and charge their accounts. It includes computers and servers, software including numberplate recognition systems, customer billing and accounting systems.

During 2023-24, preparations to procure these systems were made ahead of the commencement of procurement in the first half of 2024-25.

// Corporate and risk management

Over the year, STC continued the progressive build out of the corporate systems and processes required to support the organisation's development into an independent commercial toll road operator. Key milestones included:

- Securing a new office site, which will provide the ICT infrastructure required to operate the North East Link upon completion, and allowed STC to move out of its temporary shared premises with Genitex.
- The implementation of an integrated risk management framework, which provides a mechanism for monitoring and mitigating risks across the entire organisation. This includes STC's obligations in relation to the delivery of the North East Link Central Package, its direct role in the procurement and delivery of the TCC Project, and other corporate and financial risk management obligations.
- Continued build out of corporate systems and policies, which will gradually reduce STC's reliance on DTP and other parts of Government for support in the administration of human resources (HR), ICT and other corporate functions. This is in line with STC's statutory obligations relating to its independence from Government.



03

Financial Statements






03

Financial Statements

// 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 2024 and financial position of the North East Link State Tolling Corporation at 30 June 2024.

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 18 September 2024.



An Nguyen
Chief Executive Officer
North East Link State Tolling Corporation
18 September 2024



Brad Vann
Chair
North East Link State Tolling Corporation
18 September 2024

// Independent Auditor's Report

OFFICIAL



Independent Auditor's Report

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

Opinion	<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">• balance sheet as at 30 June 2024• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including material accounting policy information• accountable officer's and chairperson's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2024 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>
Basis for Opinion	<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 <i>APES 110 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>
Other information	<p>The Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Annual Report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.</p> <p>Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.</p> <p>If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.</p>

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

OFFICIAL

OFFICIAL

Board of Directors's responsibilities for the financial report	<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>
Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none">• 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.

OFFICIAL

2

OFFICIAL

Auditor's responsibilities for the audit of the financial report <i>continued</i>	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.
---	---

MELBOURNE
20 September 2024



Simone Bohan
as delegate for the Auditor-General of Victoria

OFFICIAL

3

// Comprehensive operating statement

FOR THE YEAR ENDED 30 JUNE 2024

	NOTES	30 JUNE 2024 (\$'000)	30 JUNE 2023 (\$'000)
Revenue and income from transactions			
Interest income		2,230	141
Fair value of assets and services received free of charge or for nominal consideration recognised as income		182	-
Total revenue and income from transactions		2,412	141
Expenses from transactions			
Employee benefit expenses	2.1	(5,622)	(1,505)
Depreciation	3.1	(63)	-
Interest expense		(17)	-
Other operating expenses	2.2	(13,451)	(6,276)
Total expenses from transactions		(19,153)	(7,781)
Net result from transactions before income tax expense		(16,741)	(7,640)
Income tax expense		-	-
Net result		(16,741)	(7,640)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>		-	-
Total other comprehensive income		-	-
Comprehensive result		(16,741)	(7,640)

The accompanying notes form part of these financial statements.

// Balance sheet

AS AT 30 JUNE 2024

	NOTES	30 JUNE 2024 (\$'000)	30 JUNE 2023 (\$'000)
Financial assets			
Cash and deposits		272,125	95,389
Receivables	4.1	13,893	11,672
Total financial assets		286,018	107,061
Non-financial assets			
Property, plant and equipment	3.1	4,358,600	2,246,394
Total non-financial assets		4,358,600	2,246,394
Total assets		4,644,618	2,353,455
Liabilities			
Payables	4.2	158,358	86,867
Other provisions	4.3	29,362	13,802
Borrowings	5.1	3,916,902	1,882,272
Total liabilities		4,104,622	1,982,941
Net assets		539,996	370,514
Equity			
Contributed capital		569,174	382,951
Accumulated deficit		(29,178)	(12,437)
Net worth		539,996	370,514

The accompanying notes form part of these financial statements.

// Cash flow statement

FOR THE YEAR ENDED 30 JUNE 2024

	NOTES	30 JUNE 2024 (\$'000)	30 JUNE 2023 (\$'000)
Cash flows from operating activities			
Receipts			
Interest received		2,221	141
Total receipts		2,221	141
Payments			
Payments to suppliers and employees		(18,067)	(8,113)
GST payment to ATO		(2,250)	(11,615)
Total payments		(20,317)	(19,728)
Net cash flows used in operating activities	5.2	(18,096)	(19,587)
Net cash flows from investing activities			
Payments for property, plant and equipment		(1,701,105)	(254,895)
Net cash flows used in investing activities		(1,701,105)	(254,895)
Cash flows from financing activities			
Proceeds from loan drawdowns		1,743,491	354,572
Capital contribution from the State (via the Department of Transport and Planning (DTP))		152,446	15,190
Net cash flows from financing activities		1,895,937	369,762
Net increase/(decrease) in cash and cash equivalents		176,736	95,280
Cash and cash equivalents at beginning of financial year		95,389	109
Cash and cash equivalents at end of financial year		272,125	95,389

The accompanying notes form part of these financial statements.

// Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2024

(\$'000)	NOTES	ACCUMULATED LOSSES	CONTRIBUTED BY OWNERS	TOTAL EQUITY
Balance at 1 July 2022		(4,797)	321,081	316,284
Capital contributions by owners (via DTP)		-	61,870	61,870
Net result for the year		(7,640)	-	(7,640)
Balance at 30 June 2023		(12,437)	382,951	370,514
Balance at 1 July 2023		(12,437)	382,951	370,514
Capital contributions by owners (via DTP)		-	186,223	186,223
Net result for the year		(16,741)	-	(16,741)
Balance at 30 June 2024		(29,178)	569,174	539,996

The accompanying notes form part of these financial statements.

// Notes to the financial statements

01 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 8, 80 Collins Street (North Tower), 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.

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

Going Concern

The Central Package of the North East Link 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 Major Road Projects Victoria (MRPV), a division of the Victorian Infrastructure Delivery Authority (VIDA) (an administrative office in relation to the Department of Transport and Planning (DTP)), acting as STC's agent, being the delivery agency. As part of this arrangement, the Treasurer provided a guarantee to the PPP contractor (Project Co) for all STC's financial obligations to Project Co in relation to the delivery and operation of the Central Package of the North East Link.

Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994 (Vic)* (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.

Details of the material accounting policy information are disclosed in the applicable notes in the financial statements.

02 The cost of delivering services

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

2.1 Employee benefit expenses

	2024 (\$'000)	2023 (\$'000)
Salaries	3,445	1,204
Annual Leave	797	79
Parental Leave	31	-
Payroll Tax	293	101
Long Service Leave Expense	691	22
Employer Contribution to Superannuation	332	99
Staff expenses	33	-
Total employee benefit expenses	5,622	1,505

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. As STC is getting established as an organisation, employee costs have risen in line with STC's growing workforce and the enhanced skill sets required to support STC's development.

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).

2.2 Other operating expenses

	2024 (\$'000)	2023 (\$'000)
Professional Services	10,779	4,538
Contractors - agency staff	868	816
Accommodation	300	189
Computer services and equipment	250	288
Staff related expenses	180	74
Administrative Expenses	1,074	370
Total other operating expenses	13,451	6,276

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.

03

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.

3.1 Property, plant and equipment

	(\$'000)					
	GROSS CARRYING AMOUNT		ACCUMULATED DEPRECIATION		NET CARRYING AMOUNT	
	2024	2023	2024	2023	2024	2023
Right-of-use Buildings at fair value	2,930	-	(49)	-	2,881	-
Right-of-use Vehicles at fair value	193	-	(14)	-	179	-
Leasehold improvements (Work in progress)	633	-	-	-	633	-
SCA road assets (Work in progress)	4,354,907	2,246,394	-	-	4,354,907	2,246,394
Total property, plant and equipment	4,358,663	2,246,394	(63)	-	4,358,600	2,246,394

Initial recognition:

Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The cost of a leasehold improvement is capitalised and is currently under construction. Upon completion, it will be depreciated over the shorter of remaining term of the lease or their estimated useful lives.

Right-of-use asset acquired by lessees – Initial measurement

STC recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Service concession assets (Under AASB 1059 – *Service Concession Arrangements: Grantors*) - Initial measurement

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.

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.

Right-of-use asset – Subsequent measurement

STC depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Typical estimated useful life is 5 years for the leased buildings and 3 years for leased vehicles. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Service concession assets – 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 of property, plant and equipment

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.

3.1.1 Reconciliation of movements in carrying amount of property, plant and equipment

	(\$'000)							
	RIGHT-OF-USE BUILDINGS		RIGHT-OF-USE VEHICLES		LEASEHOLD IMPROVEMENTS (WORK IN PROGRESS)		SCA ROAD ASSETS (WORK IN PROGRESS)	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	-	-	-	-	-	-	2,246,394	871,512
Additions	2,930	-	-	-	633	-	2,074,741	1,328,202
Fair value of assets received free of charge or for nominal considerations	-	-	193	-	-	-	-	-
Net assets received as capital contributions by owners	-	-	-	-	-	-	33,772	46,680
Depreciation	(49)	-	(14)	-	-	-	-	-
Closing balance	2,881	-	179	-	633	-	4,354,907	2,246,394

For disclosures in connection with fair value determination for non-financial physical assets refer to Note 7.

04 Other Assets and Liabilities

Introduction

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

4.1 Receivables

	2024 (\$'000)	2023 (\$'000)
Statutory		
GST input tax credit	13,893	11,643
Contractual		
Other receivables	-	7
Receivable from DTP	-	22
Total receivables	13,893	11,672
<i>Represented by</i>		
Current receivables	13,893	11,672

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. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

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.

All receivables are due within 30 days.

4.2 Payables

	2024	2023
	(\$'000)	(\$'000)
Accrued capital payments for Road assets	158,256	86,817
Other payables	102	50
Total Payables	158,358	86,867
<i>Represented by:</i>		
Current payables	158,358	86,867

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 are due within an average credit period of 30 days.

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.

4.3 Other Provisions

	2024	2023
	(\$'000)	(\$'000)
Key Results Area (KRA) payable after 12 months	29,362	13,802
Total other provisions	29,362	13,802

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.

Key Results Area (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.

These provisions represent 50 per cent of the total KRA achieved and mature on commercial acceptance as part of an acquittal process.

Reconciliation of movements in other provisions

	2024	2023
	(\$'000)	(\$'000)
Other provisions - opening balance	13,802	-
KRA provision recognised	15,560	13,802
Other provisions - closing balance	29,362	13,802

05 Financing 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.

5.1 Borrowings

	2024 (\$'000)	2023 (\$'000)
Current borrowings		
Service concession financial liability	-	-
Lease liabilities ^(a)	785	-
Total current borrowings	785	-
Non-current borrowings		
State loan	2,316,734	519,465
Service concession financial liability	1,596,476	1,362,807
Lease liabilities ^(a)	2,907	-
Total non-current borrowings	3,916,117	1,882,272
Total borrowings	3,916,902	1,882,272

Notes:

- (a) Secured by the assets leased. Leases liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

'Borrowings' refer to interest bearing state loan, lease liabilities and service concession arrangement liabilities.

The State loan is provided by the Minister for Transport 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 (SCL) relates to the service concession arrangements recognised when applying AASB 1059. Interest is charged on the liability and capitalised within Road Assets. The SCL is reduced over the term of the arrangement through cash payments to the operator.

The lease liabilities relate to the lease of office premise and vehicles. Non-lease component has not been included in the determination of lease liabilities.

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

Service concession arrangement liability

As outlined in Note 3.1 Property, plant and equipment – road assets, the accumulation of costs incurred during construction results in a progressive build-up of the 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 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 SCA, 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 SCA, 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 SCL represents a financial liability.

5.1.1 Maturity analysis of borrowings

							2024
(\$'000)	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS - 1 YEAR	1-5 YEARS	5+ YEARS
State loan	2,316,734	2,316,734	-	-	-	-	2,316,734
Lease liabilities	3,692	4,182	66	132	597	3,387	-
Service concession financial liability	1,596,476	2,499,402	54,408	54,572	225,796	755,897	1,408,729
Total	3,916,902	4,820,318	54,474	54,704	226,393	759,284	3,725,463

							2023
(\$'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
Lease liabilities	-	-	-	-	-	-	-
Service concession financial liability	1,362,807	2,118,453	23,481	36,041	166,809	783,782	1,108,341
Total	1,882,272	2,637,918	23,481	36,041	166,809	783,782	1,627,806

5.1.2 Interest capitalised

	2024 (\$'000)	2023 (\$'000)
Interest on State loan	65,222	7,120
Interest on service concession financial liability	80,074	46,543
Total interest capitalised under Road Assets	145,296	53,663

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 SCA - road assets.

5.1.3 Leases

STC leasing activity

STC leases an office premise and vehicles. The lease contracts are typically made for fixed periods of 1-5 years with an option to renew the lease after that date. There is no option to renew the lease after the expiry date. Lease payments for the office premise follow fixed escalations per annum of 3.5% for 5 years.

Non-lease components have not been considered for the recognition of right-of-use assets and lease liabilities for the office premise lease.

STC received lease incentive of \$567,000 as full cash payment at commencement of the lease.

5.2 Cash flow information

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.

RECONCILIATION OF NET RESULT FOR THE YEAR TO CASH FLOW USED IN OPERATING ACTIVITIES	2024 (\$'000)	2023 (\$'000)
Net loss for the year	(16,741)	(7,640)
Non-cash movements		
Fair value of assets and services received free of charge or for nominal consideration recognised as income	(182)	-
Depreciation	63	-
Fair value of assets and services provided free of charge or for nominal consideration recognised as expenses	183	-
Interest on lease	17	-
Movements in assets and liabilities		
(Increase)/Decrease in other receivables	(2,221)	(11,616)
Increase/(decrease) in payables	785	(331)
Net cash flows used in operating activities	(18,096)	(19,587)

5.3 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 Goods and Services Tax (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					2024
	EXCL. GST (\$'000)	INCL. GST (\$'000)	LESS THAN 1 YEAR (\$'000)	1-5 YEARS (\$'000)	5+ YEARS (\$'000)
Service concession commitments	15,260,288	16,253,576	1,560,406	3,872,673	10,820,497
Total commitments not recognised as a financial liability	15,260,288	16,253,576	1,560,406	3,872,673	10,820,497

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
Total commitments not recognised as a financial liability	17,412,083	18,438,748	1,572,375	5,445,126	11,421,247

Service concession arrangements

Uncommissioned SCAs: The commitments include the capital component not yet recognised on the balance sheet (i.e. the amount relating to the asset which hasn't been constructed as yet), STC's future capital contributions as well as the operating and maintenance commitments for the SCA contract.

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 SCAs.

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; and
- 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 5.1). The liability is increased by interest charges (Note 5.1.2), 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 SCA, 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 SCA. 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) for the amounts spent on the upgrade/expansion work.

After initial recognition, SCAs are measured by applying the revaluation model for STC's SCA – road assets (Note 3.1).

The following material SCA's existed at 30 June 2024. Unless noted in the arrangement specific disclosures below, no material changes have occurred during the year:

COMMITMENTS - UNCOMMISSIONED SCA						2024
	CARRYING AMOUNT OF ASSET AS AT 30 JUNE	CARRYING AMOUNT OF LIABILITY AS AT 30 JUNE	EXPECTED LIABILITY AT COMMISSION (i)	CAPITAL CONTRIBUTIONS	OTHER COMMITMENTS (ii), (iii)	COMMITMENTS (iv)
	(\$'000)	(\$'000)	DISCOUNTED VALUE (\$'000)	NOMINAL VALUE (\$'000)	PRESENT VALUE (\$'000)	NOMINAL VALUE (\$'000)
STC road assets	4,354,907	1,596,476	3,900,585	5,327,405	1,082,804	16,253,576
Total	4,354,907	1,596,476	3,900,585	5,327,405	1,082,804	16,253,576

COMMITMENTS - UNCOMMISSIONED SCA						2023
	CARRYING AMOUNT OF ASSET AS AT 30 JUNE	CARRYING AMOUNT OF LIABILITY AS AT 30 JUNE	EXPECTED LIABILITY AT COMMISSION (i)	CAPITAL CONTRIBUTIONS	OTHER COMMITMENTS (ii), (iii)	COMMITMENTS (iv)
	(\$'000)	(\$'000)	DISCOUNTED VALUE (\$'000)	NOMINAL VALUE (\$'000)	PRESENT VALUE (\$'000)	NOMINAL VALUE (\$'000)
STC road assets	2,246,394	1,362,807	4,080,448	7,145,436	1,029,928	18,438,748
Total	2,246,394	1,362,807	4,080,448	7,145,436	1,029,928	18,438,748

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 2024 and 30 June 2023.
- iii) From the 2023 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 SCL 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

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.

The Central Package was procured and is being delivered as an 'availability-based' PPP with an ITC regime that applies in respect of costs incurred during the design and construction phase of the Central Package.

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.

06 Risks

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.

6.1 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; and
- 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); and
- 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
- service concession financial liability
- state loan
- lease liabilities

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 material accounting policy information 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 material class of financial asset, financial liability, and equity instrument above are disclosed in the applicable notes in the financial statements.

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

Whilst STC recognises its current risks including credit risk, liquidity risk and interest rate risk, STC is not exposed to these due to its existing financial arrangements. Should they arise, risk management procedures in line with governance requirements are outlined in STC's 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 CEO of STC.

07

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.

The following assets are carried at fair value:

- Right-of-use vehicles;
- Right-of-use building;

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

STC determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Right-of-use assets are measured at fair value using level 3 valuation techniques, noting that the carrying amount is equal to the fair value. The carrying amount and fair value are equal due to the assets being depreciated to represent their current replacement cost.

For disclosures in connection with fair value determination and movements for financial instruments refer note 7.1 and for non-financial physical assets refer note 3.1.1.

7.1 Fair value determination of financial assets and liabilities

STC currently holds the following financial instruments that are recorded in the financial statements where the carrying amounts are 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.

FINANCIAL ASSETS	FINANCIAL LIABILITIES
Receivables	Payables
<ul style="list-style-type: none"> ▪ Receivable from DTP ▪ Other receivables 	<ul style="list-style-type: none"> ▪ Payables
Cash & deposits	Lease Liabilities

In addition to the above, the carrying value of Service Concession Liabilities approximates fair value because it represents the net value of construction works and costs performed by Project Co less any Construction Contributions made by NELSTC.

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	2024
	(\$'000)

	CARRYING AMOUNT	FAIR VALUE
Financial liabilities Borrowings		
State loan	2,316,734	2,025,162

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST	2023
	(\$'000)

	CARRYING AMOUNT	FAIR VALUE
Financial liabilities Borrowings		
State loan	519,465	471,125

08 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 2024 (30 June 2023: none).

09 Other disclosures

Introduction

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

9.1 Responsible Persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the 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
Tim Pallas MP	Treasurer	1 July 2023 to 30 June 2024
The Hon. Jacinta Allan MP	Minister for Transport and Infrastructure	1 July 2023 to 2 October 2023
The Hon. Danny Pearson MP	Minister for Transport Infrastructure	2 October 2023 to 30 June 2024
An Nguyen	Chief Executive Officer	1 July 2023 to 30 June 2024
Brad Vann	Chair	1 July 2023 to 30 June 2024
Aneetha DeSilva	Deputy Chair	1 July 2023 to 30 June 2024
Leilani Frew	Board Director	1 July 2023 to 30 June 2024

9.1.1 Remuneration of Responsible Persons

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. 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.

	2024	2023
\$0 - \$9,999	-	3
\$20,000 - \$29,999	-	1
\$40,000 - \$49,999	-	2
\$60,000 - \$69,999	2	-
\$80,000 - \$89,999	-	1
\$110,000 - \$119,999	1	-
\$510,000 - \$519,999	1	-
Total number of responsible persons	4	7
Total Remuneration (\$'000)	755	206

9.2 Remuneration of executive officers

During the year, 1 July 2023 ending 30 June 2024, STC engaged seven executive officers either via secondment or direct contract.

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.

REMUNERATION OF SENIOR EXECUTIVES	2024 (\$'000)	2023 (\$'000)
Short-term employee benefits	1,356	814
Post-employment benefits	123	66
Other long-term benefits	59	4
Total remuneration	1,538	884
Total number of executives (a)	7	3
Total annualised employee equivalents (b)	4.37	2.41

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 9.3).

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

9.3 Related parties

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

Related parties of STC include:

- all key management personnels (KMPs) 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; and
- 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.

GOVERNMENT RELATED ENTITIES	NATURE OF TRANSACTION	2024	2023
Department of Transport and Planning	Contributed capital to STC	\$186,222,657	\$61,870,077
Department of Transport and Planning	State loan balance	\$2,316,733,700	\$519,464,793
Department of Transport and Planning	Receivables from DTP	\$0	\$22,485

Key management personnel of STC include the named responsible persons as disclosed in note 9.1 and members of the senior executive team as disclosed in note 9.2.

Remuneration of Key Management Personnel

Key Management Personnel of STC include the named Responsible Persons as disclosed in note 9.1, and members of the Senior Executive Team, which includes:

NAME	POSITION TITLE	2024
John Henderson	Commercial Director	1 July 2023 to 30 June 2024
Zoltan Maklary	Tolling Director	1 July 2023 to 30 June 2024
Belinda Bacon	Interim Corporate Services Director	1 July 2023 to 28 July 2023
Cathy Daly	People and Corporate Services Director	31 July 2023 to 30 June 2024
Anthony Wicking	Chief Financial Officer	12 December 2023 to 30 June 2024
Felix Moon	Strategy Director	6 May 2024 to 30 June 2024
Krystal Williams	Deputy Director, Commercial and General Counsel	30 October 2023 to 30 June 2024

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	2024 (\$'000)	2023 (\$'000)
Short-term employee benefits	2,044	1,001
Post-employment benefits	174	85
Other long-term benefits	73	5
Total remuneration	2,291	1,091

Notes:

- a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 9.2).

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.

9.4 Remuneration of auditors

	2024 (\$'000)	2023 (\$'000)
Victorian Auditor-General's Office		
Audit of the financial statements	99	95
Total remuneration of auditors	99	95

9.5 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; and
- 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 2024 that has significantly affected or may significantly affect the operations, or results, or state of affairs of STC.

9.6 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 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

A number of standards and minor amendments have been issued that apply to future reporting periods. These accounting standards have not been applied to the STC Financial Statements. STC, in conjunction with the Victorian Government, is reviewing its existing policies and assessing the potential implications of these accounting standards, 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.

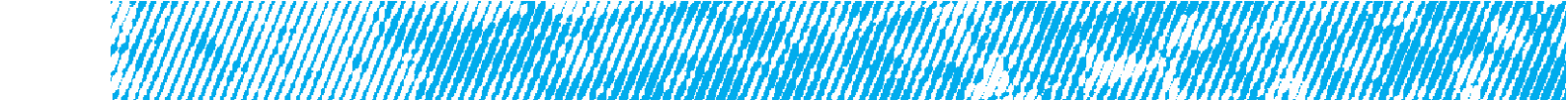

STC does not in its normal course of business make *ex-gratia* payments and is governed by the DTP Ex-Gratia Payment policy to ensure that these payments (if required) are highly regulated.

STC had no *ex-gratia* expenses in the financial year ended 30 June 2024.

04

Appendices



Appendix 01

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

STC continues to make good progress in creating an inclusive working environment where equal opportunity and diversity are valued, and that reflects the communities we serve.

STC values staff with non-binary gender identities at all levels from VPS officers through the executives. Moreover, STC acknowledges that due to historic and current barriers to disclosure of non-binary gender identities, staff may not choose to disclose this information. As a result, targets or quotas are not currently a useful way to promote opportunities for gender diverse staff at all levels.

As at 30 June 2024, 40 per cent of STC's executives were women.

Compliance with the *Disability Act 2006*

STC has not developed entity specific policies as provisioned in Part 3 of the *Public Administration Act 2004*. Instead STC was guided by and adhered to the DTP Accessibility Action Plan 2020-2024 during 2023-24. The need for a standalone Disability Action Plan for STC will be reviewed annually.

Compliance with the *Carers Recognition Act 2012*

STC takes practical measures to comply with its obligations under the *Carers' Recognition Act 2021*. STC offers all its employees 15 days' carers leave, in line with the Victorian Public Service Enterprise Agreement. STC also encourages and facilitates flexible work arrangements including compressed hours, flexible working hours and working from home arrangements.

Comparative workforce data

As at 30 June 2024, STC had a total of 23 Full Time Equivalent (FTE) employees, an increase from four as at 30 June 2023. This growth represents the ongoing establishment of STC, as well as the transition of some staff from temporary secondment or contracting arrangements to permanent roles.

		JUNE 2024									JUNE 2023					
		ALL EMPLOYEES			ONGOING		FIXED TERM & CASUAL			ALL EMPLOYEES		ONGOING		FIXED TERM & CASUAL		
		NUMBER (HEAD COUNT)	FTE	FULL-TIME (HEAD COUNT)	PART-TIME (HEAD COUNT)	FTE	NUMBER (HEAD COUNT)	FTE	NUMBER (HEAD COUNT)	FTE	FULL-TIME (HEAD COUNT)	PART-TIME (HEAD COUNT)	FTE	NUMBER (HEAD COUNT)	FTE	
Demographic Data		Gender														
	Women	10	10	8	-	8	2	2	2	2	-	-	-	2	2	
	Men	13	13	7	-	7	6	6	2	2	-	-	-	2	2	
	Self-described	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Demographic Data		Age														
	15-24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	25-34	5	5	5	-	5	-	-	-	-	-	-	-	-	-	
	35-44	10	10	7	-	7	3	3	-	-	-	-	-	-	-	
	45-54	5	5	2	-	2	3	3	2	2	-	-	-	2	2	
	55-64	2	2	1	-	1	1	1	2	2	-	-	-	2	2	
	65+	1	1	-	-	-	1	1	-	-	-	-	-	-	-	
Classification Data		STC Grade 1-5														
	STC 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	STC 2	1	1	1	-	1	-	-	-	-	-	-	-	-	-	
	STC 3	3	3	3	-	3	-	-	-	-	-	-	-	-	-	
	STC 4	1	1	1	-	1	-	-	-	-	-	-	-	-	-	
	STC 5	4	4	3	-	3	1	1	-	-	-	-	-	-	-	
Classification Data		Senior Employees														
	STS	8	8	7	-	7	1	1	-	-	-	-	-	-	-	
	Executives	6	6	-	-	-	6	6	4	4	-	-	-	4	4	
	Total Employees	23	23	15	-	15	8	8	4	4	-	-	-	4	4	

Employment and conduct principles

STC has not developed entity specific policies as provisioned under Part 3 of the *Public Administration Act 2004*. Instead, all STC employees are bound by applicable DTP conduct policies, as well as the Victorian Public Service Code of Conduct.

Occupational health and safety

STC has not developed entity specific standalone policies as provisioned under Part 3 of the *Public Administration Act 2004*. Instead STC applies DTP's Occupational Health, Safety and Wellbeing policy.

Environmental Reporting

STC was still in its establishment phase in 2023-24 and did not adopt specific environmental reporting standards. It will be undertaking continuous improvement of its environmental reporting in the coming years.

STC resources travelled 85,828 kilometres on commercial flights in the 2023-24 financial year (2022-23: 332,040 kilometres).

STC had three vehicles as at 30 June 2024, two full electric and one internal combustion vehicle.

During 2023-24, STC continued its arrangement with Cenitex to rent workstations in its Melbourne CBD office. 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); and
- 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 VPS.



////////////////////

Appendix 02

Local Jobs First & Social Procurement

Local Jobs First

Whilst STC did not have entity specific policies in relation to Local Jobs in place as at 30 June 2024, it does comply with the Victorian Government Procurement Board Local Jobs First guidelines.

STC is in the process of developing and implementing its own Local Jobs First policy, in compliance with government requirements.

Social Procurement Framework

Whilst STC did not have entity specific policies in relation to Social Procurement Framework in place as at 30 June 2024, it does comply with the Victorian Government Procurement Board Social Procurement Framework.

STC is in the process of developing and implementing its own Social Procurement policy, in compliance with government requirements.



Appendix 03

Corporate Information

Consultancy Expenditure

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

In 2023-24, there were two consultancies where the total fees payable to the consultants were \$10 000 or greater. The total expenditure incurred during 2023-24 in relation to these consultancies is \$90 000 (excluding GST). Details of individual consultancies can be found on the STC website.

Details of consultancies under \$10,000

In the year ended 30 June 2024, 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:

SUPPLIER	(\$'000)
360 SOUTH PTY LTD	8
ATLASSIAN PTY LTD	8
Cenitex	98
DILIGENT BOARD SERVICES AUSTRALIA PTY LTD	12
DOCUSIGN INC	12
Grand Total	138

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 2024.

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 (Vic)* (FOI Act) allows the public a right of access to documents held by STC. The purpose of the FOI 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 STC. This comprises documents both created by the 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 DTP's website under its Part II Information Statement.

The FOI Act allows STC 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 STC in-confidence and information that is confidential under other acts.

Under the FOI Act, the FOI processing time for requests received is 30 calendar days. However, when external consultation is required under sections 29, 29A, 31, 31A, 33, 34 or 35, a 15 day automatic extension applies. Processing time may also be extended by periods of up to 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 online.foi.vic.gov.au. An application fee of \$31.80 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 Officer as detailed in section 17 of the FOI Act.

When making an FOI request, applicants should ensure requests are in writing, clearly identify what types of material/documents are being sought and be accompanied by the application fee to be a valid request.

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

FOI Officer
North East Link State Tolling Corporation
Level 8, 80 Collins Street (North Tower)
Melbourne VIC 3000

FOI statistics/timeliness

During the year ended 30 June 2024, STC received no applications.

STC made no FOI decisions during the year ended 30 June 2024.

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.

Additional information available on request

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained by STC and are available on request, subject to the provisions of the *Freedom of Information Act 1982*:

- a) a statement that declares that the declaration of pecuniary interests has been duly completed by all relevant officers;

- b) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- c) details of publications produced by STC about itself, and how these can be obtained;
- d) details of changes in prices, fees, charges, rates and levies charged by the STC;
- e) details of any major external reviews carried out on the STC;
- f) details of major research and development activities undertaken by the STC;
- g) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- h) details of the major promotional, public relations and marketing activities undertaken by the STC to develop community awareness of the entity and its services;
- i) details of assessments and measures undertaken to improve the occupational health and safety of employees;
- j) a general statement on industrial relations within the STC and details of time lost through industrial accidents and disputes;
- k) a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
- l) details of all consultancies and contractors including:
 - i. consultants/contractors engaged;
 - ii. services provided; and
 - iii. expenditure committed to for each engagement

The information is available on request from:

FOI Officer
 North East Link State Tolling Corporation
 Level 8, 80 Collins Street (North Tower)
 Melbourne VIC 3000

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. It 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

Email: info@ibac.vic.gov.au

Asset Management Accountability Framework (AMAF) maturity assessment

STC does not have any assets where the AMAF attestation requirements are applicable under the Standing Directions 2018 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.

Disclosure of procurement complaints

Under the Governance Policy of the Victorian Government Purchasing Board (VGPB), STC must disclose any formal complaints relating to the procurement of goods and services received through its procurement complaints management system.

STC did not receive any complaints relating to its procurement processes during the year ending 30 June 2024.

Competitive neutrality

Competitive neutrality requires government businesses to ensure that where services compete, or potentially compete, with the private sector, any net advantage arising from government ownership is accounted for if it is not in the public interest. Government businesses are required to set a competitively neutral price, which accounts for any net advantage that comes from public ownership. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

STC complied with the requirements of competitive neutrality policy during 2023-24. It is noted that while the North East Link remains in the delivery phase, competition issues related the entity are limited because it is not in competition with other toll road operators. Further consideration of competition issues may be required when the North East Link opens to traffic.

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 2023-24 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 2024.



An Nguyen
Chief Executive Officer
North East Link State Tolling Corporation
18 September 2024



Appendix 04
Acronyms

ACRONYM	DEFINITION
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AMAF	Asset Management Accountability Framework
ATO	Australian Taxation Office
BIP Act	<i>Borrowing and Investment Powers Act 1987</i>
CCO	China Construction Oceania Pty Limited
CEO	Chief Executive Officer
CPB	CPB Contractors Pty Ltd
CRC	Current Replacement Cost
D&C Contract	Design and Construct Contract
DTP	Department of Transport and Planning
DTF	Department of Treasury and Finance
EPR	Environmental Performance Requirement
FMA	<i>Financial Management Act 1994</i>
FOI Act	Freedom of Information Act 1982
FOI	Freedom of Information
FRD	Financial Reporting Direction
FTE	Full Time Equivalent
GBE	Government Business Enterprise
GORTO	Grant of a right to the operator
GS E&C	GS Engineering & Construction Australia Pty Ltd
GST	Goods and Services Tax
HR	Human Resources
ICT	Information and Communication Technology
ITC	Incentivised Target Cost
ITS	Intelligent Transport Systems
KMP	Key Management Personnel

ACRONYM	DEFINITION
KPI	Key Performance Indicator
KRA	Key Results Area
MSP	Monthly service payments
MRPV	Major Road Projects Victoria
MTPFA	<i>Major Transport Projects Facilitation Act 2009</i>
NABERS	National Australian Built Environment Rating System
NEL	North East Link
OVIC	Office of the Victorian Information Commissioner
PAA	<i>Public Administration Act 2004</i>
PNFC	Public Non-Financial Corporation
PPP	Public Private Partnership
Program	The North East Link Program
QSP	Quarterly Service Payment
RFP	Request for Proposal
RoU	Right of Use
RMA	<i>Road Management Act 2004</i>
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
TBM	Tunnel Boring Machines
TCC	Tolling Collection Capability
TIA	<i>Transport Integration Act 2010</i>
Ventia	Ventia Australia Pty Ltd
VGPB	Victorian Government Purchasing Board
VIDA	Victorian Infrastructure Delivery Authority
VPSC	Victorian Public Sector Commission
VPS	Victorian Public Service
Webuild	Webuild S.p.A

Appendix 05

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
STANDING DIRECTIONS AND FINANCIAL REPORTING DIRECTIONS			
Charter and purpose			
FRD 22	Manner of establishment and the relevant Ministers	Organisational structure and governance	9
FRD 22	Purpose, functions, powers and duties	Organisational structure and governance	9
FRD 8	Departmental objectives, indicators and outputs	Organisational structure and governance	9
FRD 22	Key initiatives and projects	Year in review	14
FRD 22	Nature and range of services provided	STC's role in delivery of the North East Link	5
Management and structure			
FRD 22	Organisational structure	Organisational structure and governance	9
Financial and other information			
FRD 8	Performance against output performance measures	n/a	
FRD 10	Disclosure index	Disclosure index	62
FRD 12	Disclosure of major contracts	Disclosure of Major Contracts	55
FRD 15	Executive disclosures	Other Disclosures	45
FRD 22	Employment and conduct principles	Employment and conduct principles	53
FRD 22	Occupational health and safety policy	Occupational health and safety	53
FRD 22	Summary of the financial results for the year	Financial Performance	14
FRD 22	Significant changes in financial position during the year	Financial Statements	19

LEGISLATION	REQUIREMENT	HEADER	PAGE
STANDING DIRECTIONS AND FINANCIAL REPORTING DIRECTIONS			
FRD 22	Major changes or factors affecting performance	Financial Statements	19
FRD 22	Subsequent events		48
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	Freedom of information	56
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Compliance with the <i>Building Act 1993</i>	57
FRD 22	Statement on National Competition Policy	n/a	
FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	Compliance with the <i>Public Interest Disclosures Act 2012</i>	57
FRD 22	Application and operation of the <i>Carers Recognition Act 2012</i>	Compliance with the <i>Carers Recognition Act 2012</i>	51
FRD 22	Details of consultancies over \$10 000	Consultancy Expenditure	55
FRD 22	Details of consultancies under \$10 000	Consultancy Expenditure	55
FRD 22	Disclosure of government advertising expenditure	n/a	
FRD 22	Disclosure of ICT expenditure	Information and communication technology (ICT) expenditure	55
FRD 22	Statement of availability of other information	Appendix 3 – Corporate Information	55
FRD 22	Asset Management Accountability Framework (AMAF) maturity assessment	Asset Management Accountability Framework (AMAF) maturity assessment	58
FRD 24	Reporting of office-based environmental impacts	Environmental Reporting	53
FRD 25	Local Jobs First	Local Jobs First & Social Procurement	54
FRD 29	Workforce Data disclosures	Comparative workforce data	51
FRD 22	Review and studies expenditure		n/a
FRD 22	Disclosure of emergency procurement		n/a
Compliance attestation and declaration			
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	Attestation for financial management compliance with Ministerial Standing Direction 5.1.4 North East Link State Tolling Corporation financial	59

LEGISLATION	REQUIREMENT	HEADER	PAGE
STANDING DIRECTIONS AND FINANCIAL REPORTING DIRECTIONS			
		management compliance attestation statement	
SD 5.2.3	Declaration in report of operations		3

FINANCIAL STATEMENTS		PAGE
Declaration		
SD 5.2.2	Declaration in the financial statements	Accountable Officer's and Chairperson's declaration 19

LEGISLATION	REQUIREMENT	PAGE
STANDING DIRECTIONS AND FINANCIAL REPORTING DIRECTIONS		
Other disclosures as required by FRDs in notes to the financial statements ^(a)		
FRD 11	Disclosure of Ex gratia Expenses	49
FRD 21	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	44
FRD 103	Non-Financial Physical Assets	29
FRD 110	Cash Flow Statements	25
FRD 114	Financial Instruments – general government entities and public non-financial corporations	41

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	PAGE
<i>Freedom of Information Act 1982</i>	56
<i>Building Act 1993</i>	57
<i>Public Interest Disclosures Act 2012</i>	57
<i>Carers Recognition Act 2012</i>	51
<i>Disability Act 2006</i>	51
<i>Local Jobs Act 2003</i>	54
<i>Financial Management Act 1994</i>	3,20,27,44,59,60