



**SUBURBAN
RAIL LOOP
AUTHORITY**



Annual Report 2022-23



Acknowledgment of Country

Suburban Rail Loop is located on the traditional lands of the Wurundjeri Woi Wurrung People to the north and the Bunurong People to the south. We proudly acknowledge all First Peoples as the Traditional Owners and custodians of the land on which we live and work, and we pay our respect to Elders, past and present.

Suburban Rail Loop Authority celebrates the world's oldest living cultures, and we acknowledge that Traditional Owners have lived sustainably in the region for tens of thousands of years. We respect their connection to Country as ongoing custodians, and their spiritual connection to the land, waterways and stories of this Country.

As we work to transform our public transport network, better connect our suburbs, and reshape how our city grows for future generations, we recognise the rich history and cultural significance of these communities. We acknowledge the traditional trade routes and ceremonial paths that First Peoples have used for millennia to connect and journey across the land we now call Victoria.

Authorised and published by the Victorian Government

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Accessibility

An accessible version of this document will be made available on the Suburban Rail Loop Authority's section of the Big Build website.

You can also contact the SRLA call centre by phone (1800 105 105) or email (contact@srla.vic.gov.au) to request the document in an accessible format.

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Board Chair foreword

On any measure, Suburban Rail Loop is one of the biggest, most ambitious and most transformational projects anywhere in the world.

It will not only transform Victoria's public transport network and change the way we move around Melbourne and Victoria – it will also recalibrate how we grow in the decades ahead to safeguard our prized quality of life.

Construction of SRL East from Cheltenham to Box Hill has been underway since June 2022, and the coming 12 months will see works along the rail corridor continue to ramp up.

Beyond the significant daily travel benefits for Victorians, SRL opens up extraordinary potential for the attraction of investment and new opportunities around the new underground stations. These broader areas around the stations, or SRL precincts, will encourage more affordable and diverse housing choices through the middle suburbs, giving more people better access to health, jobs and study opportunities – all close to home and close to world-class public transport.

SRL precincts will be vibrant places for people to live, learn, work and play – and smart places for business to invest, expand and innovate.

With Melbourne's population expected to reach around nine million by the 2050s, we need to build infrastructure now that will help catalyse real change in how our city is growing.

This Annual Report illustrates the significant progress made to deliver SRL to date, and our goals and priorities for the short and long term.

The Victorian and Australian governments have invested a combined \$14 billion in SRL East to deliver early planning and construction, and to get major works underway. This is already delivering many hundreds of job and training opportunities, and the project will continue to support a long pipeline of employment over its delivery.

I was delighted to join Suburban Rail Loop Authority (SRLA) as Chair in July 2023, and I am pleased to share the progress made throughout the past year, and the vision going forward.

The project team at SRLA continues to be inspired and driven by the opportunity to deliver

a project that will redefine Melbourne's liveability, productivity and connectivity for future generations.

Responsible Body's declaration

In accordance with *the Financial Management Act 1994*, I am pleased to present Suburban Rail Loop Authority's Annual Report for the period 1 July 2022 to 30 June 2023.



The Hon. James Merlino
Chair, Suburban Rail Loop Authority

Chief Executive Officer foreword

Suburban Rail Loop is a project for all Victorians.

Our purpose is to deliver this integrated transport and precinct planning project to ensure Melbourne is future ready and will maintain its renowned liveability in the decades ahead, with a rail network fit for a global metropolitan city.

SRL East trains, from Cheltenham to Box Hill, will be taking passengers in a little over a decade. Children who started prep this year will be using the new rail line and associated connections to get to university lectures, to work, to TAFE training, and to spend time with their family and friends.

Across Australia, we are experiencing a housing availability and affordability crisis with limited options for many home-owners, renters and aspiring home-buyers. Many Australians are also concerned about where their children will be able to live and how older relatives will be able to sensibly downsize.

The Victorian Government has responded with a Housing Statement that includes a suite of reforms and other measures to create more opportunities and options for people to find the home that suits their needs.

SRL will play an important part in the solution, leveraging major transport infrastructure to reshape the way the city grows with an increased mix of housing in established areas close to good services, jobs and other opportunities and better access to increased health care and education services.

SRL is progressing this at pace – with early planning, benchmarking and technical studies are underway to help plan for the broader areas around the new underground SRL stations. With formal structure planning commencing from late 2023, local residents, councils and our other key stakeholders will have further opportunities to contribute to a compelling vision for the future of these communities.

Critical construction milestones are also being met, with procurement of major contracts to deliver SRL East now well advanced. The first tunnelling contract is expected to be awarded

in late 2023, with the second to follow in 2024. Expressions of interest for the line-wide package to deliver signalling systems, the new fleet of SRL trains and operations of the network are now closed, with release of the Request for Proposals expected in early 2024.

In preparation for delivery of major contracts, our early works are continuing to ramp up with sites now established at Box Hill, Clayton, Burwood and at the Southern Stabling Yard. These utility and site preparatory works will pave the way for tunnel boring to commence in 2026.

I'm delighted to deliver our Annual Report for 2022-2023 – a demonstration of the achievements to date and our goals as we set Suburban Rail Loop up for success.



Frankie Carroll
Chief Executive Officer, Suburban Rail Loop
Authority

1 OVERVIEW



Suburban Rail Loop: Connecting suburbs, creating jobs

Suburban Rail Loop is more than a rail line. It is a once-in-a-generation opportunity to shape the future liveability, productivity and connectivity of Melbourne.

Victoria is growing. By around the middle of the century, Melbourne will be home to about nine million people – a global city the size of London today. We need a public transport system to meet this challenge.

SRL will connect communities and create thousands of jobs during construction. The 90-kilometre orbital rail line will link every major metro rail line from the Frankston line to the Werribee line, via Melbourne Airport, connecting people to jobs, education, medical care and retail across Melbourne's suburbs.

Three transport super hubs at Clayton, Broadmeadows and Sunshine will connect regional services to SRL, so passengers outside Melbourne will not have to travel through the CBD to access employment opportunities, world-class hospitals and universities in the suburbs.

But SRL is much more than a rail line. Beyond the transport connectivity, SRL will deliver enormous social, economic and environmental benefits. It will recalibrate our growth in the decades ahead, reshaping Melbourne into a 'city of centres' and delivering on the vision set out in Plan Melbourne, a long-term plan to ensure Melbourne remains sustainable, productive and liveable.

SRLA will help deliver the urban planning, amenities, open space and active transport links in SRL Precincts – supporting these communities to grow and thrive with the construction of the new rail line and the housing, businesses and development it will attract.

SRL will be delivered in stages over several decades:

1. SRL East – Cheltenham to Box Hill, with 26 kilometres of twin tunnels, six new underground stations and precinct planning, is SRLA's focus. Construction is underway and trains will be running by 2035.
2. SRL North – Box Hill to Melbourne Airport, with seven stations and train services enabling direct access to the airport as well as faster

travel times. The Broadmeadows transport super hub is located within this stage, which is set to be completed by 2053.

3. SRL Airport – Sunshine to Melbourne Airport, is part of the Melbourne Airport Rail Project, which Rail Projects Victoria (RPV) is responsible for.
4. SRL West – Sunshine to Werribee, connects to the transport super hub at Sunshine and is supported by other key infrastructure being delivered in the west. SRL West will be subject to further investigation, planning and development.

SRL will:

- Deliver up to 15 new stations and transform Melbourne's public transport network.
- Provide a 'turn-up-and-go' metro-style rail service on a high-tech fleet of trains, powered by 100 per cent renewable energy.
- Deliver rail connections to Melbourne Airport.
- Integrate existing Melbourne Metropolitan Rail Network (MMRN), road, tram, bus and active transport networks.
- Deliver on Plan Melbourne objectives to transform Melbourne into a 'city of centres' with 20-minute neighbourhoods and more jobs closer to home.
- Establish cross suburb connections for fast and convenient travel between major employment, health, education and activity centres outside Melbourne's CBD.
- Deliver new transport super hubs at Clayton and Broadmeadows and link to the super hub at Sunshine. These super hubs will connect regional passengers to the new orbital rail line, providing more direct and convenient journeys for regional passengers to destinations across the city.
- Unlock new possibilities in the broader areas around new SRL stations through a range of placemaking initiatives, including new and improved walking and cycling links, open and public space, and opportunities for more diverse housing options and businesses to locate near the new train stations.
- Boost the economic and employment potential of Melbourne's National Employment and Innovation Clusters (NEICs) at Monash, La Trobe, Sunshine and Werribee, Metropolitan Activity Centres (MACs) such as

Box Hill and Broadmeadows, Health and/or Education Precincts (HEPs) at Clayton and Heidelberg, and Major Activity Centres such as Cheltenham, Glen Waverley and Reservoir.

- Generate thousands of local job opportunities and help train the next generation of skilled workers. Construction of SRL will support up to 24,000 jobs across the Victorian economy.

SRL – an orbital rail line for Melbourne



Suburban Rail Loop Authority

SRLA is established under the *Suburban Rail Loop Act 2021* (SRL Act).

The SRL Act outlines the functions, powers and governance arrangements of the authority.

The primary objective of SRLA is to plan and deliver the Suburban Rail Loop program.¹ SRLA is governed by a board of directors that sets the authority's strategic direction and priorities.

While an independent statutory authority, SRLA contributes to Victorian Government's Department of Transport and Planning (DTP) initiatives and its vision, which is: 'Thriving places, connected communities.' SRLA also contributes to the Victorian Government's transport portfolio purpose statement of 'Achieving safe, sustainable and integrated transport and land use outcomes for Victoria.'

SRLA's vision, purpose and objectives

SRLA vision

A thriving global city, ready for the future.

SRLA purpose

We connect people and communities to enhance liveability and create opportunity.

SRLA's vision and purpose guide the current and future stages of the SRL program. They are based on the sentiment that it is not only about program delivery, but ensuring SRL, as a transformational multi-generational program, plays an active role in shaping and connecting communities and contributing to Victoria's long-term future liveability.

Underpinning the vision and purpose statements are three benefits delivering SRL will realise:

- Increasing **productivity** by facilitating greater employment, activity and investment in strategic areas within and around SRL precincts and outside the inner Melbourne city.
- Improving transport **connectivity** between key employment, health, education and retail destinations across Melbourne's middle

suburbs and providing better access to opportunities for regional Victorians.

- Improving **liveability** through better connectivity in SRL precincts.

SRLA's four-year focus

SRLA's objectives over the period 2023-27 centre on four strategic pillars:

- **Community** is at the heart of how we plan and deliver exceptional transport and precinct outcomes.
- **Partners:** Driving a program of collaboration for delivery.
- **Culture and Capability:** A team committed to the future, where people learn through doing and lead by actions.
- **Create:** An innovative organisation focussed on transformational legacies and sustainable outcomes.

Key activities over the period will include:

- Procurement of major contracts for Main Works, including: tunnelling and station box excavation packages; line-wide signalling, trains operation and maintenance; and station construction.
- Ramping up and delivery of Early Works across the SRL East corridor, including moving utilities and services and road relocation to prepare for major construction.
- Precinct Structure Plans, including continuing the important conversations with local communities, stakeholders and councils regarding the broader areas around the new SRL stations.

SRLA's legislative objectives

SRLA's objectives, as defined under the SRL Act, include:

- undertaking development consistent with the *Transport Integration Act 2010* and planning objectives of the *Planning and Environment Act 1987*
- integrating a new orbital rail line with existing and planned public transport and road networks in the State
- facilitating sustainable population growth, urban renewal, and improved liveability

¹ Government has determined that Rail Projects Victoria (RPV) is responsible for SRL Airport.

- encouraging land development and the facilitation of timely and coordinated delivery of non-transport infrastructure, transport infrastructure, services, and residential and commercial development
- improving connectivity throughout Melbourne by enhancing orbital public transport movements in relation to the new orbital rail loop
- increasing productivity by facilitating greater employment, activity and investment throughout Victoria
- enhancing regional Victorians' access to Melbourne's health, education, and employment centres by connecting regional rail lines to the new orbital rail loop at major interchange stations
- enhancing opportunities for the Victorian community, Victorian businesses and the State to capture value created by the development of precincts, non-transport infrastructure, transport infrastructure and other investments in relation to SRL.

SRLA values and culture pillars

As part of the Victorian Public Sector (VPS), SRLA staff uphold the VPS values, which are reflected in the VPS Code of Conduct.

Victorian public sector values



In addition to the VPS values of Responsiveness, Integrity, Impartiality, Accountability, Respect, Leadership and Human Rights, SRLA is committed to four cultural pillars: think big, get it done...together, take care and do the right thing, and enjoy the ride.

These pillars reinforce that it is not just about what SRLA does, but how SRLA staff work together within the organisation and with the community and other stakeholders that is important.

SRLA's aim is to remain high performing and agile in delivering on the program – every step of the way.



Governance

Minister

The Hon. Jacinta Allan MP, Minister for the Suburban Rail Loop.

SRLA Board

SRLA's governing Board is responsible for the management and affairs of SRLA, in particular:

- setting SRLA's strategic direction and priorities within the context of the SRL Act and government policy
- ensuring SRLA fulfils its objectives and functions effectively
- ensuring SRLA complies with the SRL Act and the regulatory framework within which it operates.

As at 30 June 2023, the SRLA Board comprised six Directors:

- Mr James MacKenzie (Chair)²
- Ms Christine Wyatt (Deputy Chair)
- Mr Paul Barker
- Ms Megan Bourke-O'Neil
- Ms Sally Freeman
- Mr Ben Hubbard.

The Board ensures the Victorian Government is informed of all significant matters regarding SRLA. The Chief Executive Officer (CEO) and the Executive Leadership Team (ELT) are invited to attend each Board meeting.

The SRLA Board held 15 meetings between 1 July 2022 and 30 June 2023. Attendance by Directors at Board meetings held during the reporting period is detailed below.

Board Director	Eligible to attend	Attended
James MacKenzie	15	12
Christine Wyatt	15	13
Paul Barker	15	15
Megan Bourke-O'Neil	12	11
Sally Freeman	15	15
Ben Hubbard	15	15

² The Victorian Government appointed The Hon. James Merlino as Chair of the SRLA Board from 1 July 2023,

Information about Directors' remuneration is disclosed in the financial statements.

Board committees

The Board has established four committees, listed below together with their membership at 30 June 2023.

Audit and Finance Committee

Paul Barker (Chair)
Ben Hubbard
Sally Freeman

Professional Services Procurement Committee

Megan Bourke-O'Neil (Chair)
Sally Freeman
James MacKenzie
Christine Wyatt

Remuneration and People Committee

Christine Wyatt (Chair)
Ben Hubbard
James MacKenzie

Risk and Integrity Committee

Sally Freeman (Chair)
Paul Barker
Megan Bourke-O'Neil
James MacKenzie
Christine Wyatt

Information provided to the Minister and Treasurer

Reports are provided to, and as required and determined by, the Minister and Treasurer. Reporting includes information:

- regarding financial and delivery performance
- to support the Minister to meet Parliamentary responsibilities in respect of the exercise SRLA functions
- to inform the Minister regarding risk management activities in accordance with the *Public Administration Act 2004*.

Each annual report is provided to the Minister in accordance with the SRL Act and Part 7 of the Financial Management Act 1994.

taking over from Mr James MacKenzie, who continues to serve on the Board.

SRLA Leadership Team

The Board is supported by the Executive Leadership Team, led by the CEO. The CEO is responsible for the day-to-day management of SRLA in accordance with the general policies, strategic direction and priorities determined by the Board.

The CEO also holds the position of Accountable Officer under the *Financial Management Act 1994* and is responsible for the relevant accountability and reporting obligations of SRLA.

ELT members lead SRLA divisions (listed below and reflecting the position at the end of the reporting period) to achieve the organisation's strategic and project outcomes.

Rail and Infrastructure Delivery

Responsible for implementing innovative and effective design and delivery solutions to help realise program objectives and benefits. The division oversees the following work streams:

- safety and quality
- design, including coordination of the technical advisory team
- interfacing with key stakeholders for inputs to the design
- project controls
- project/construction management
- rail operations.

Planning and Precincts

Drives planning and development for SRL precincts to build vibrant, distinctive and innovative communities and to help deliver place-based outcomes for residents, communities and businesses. The division oversees an integrated portfolio of work delivered through the following branches:

- precinct strategy and research
- precinct design
- precinct delivery
- mobility and urban analytics.

Land, Planning, Environment and Sustainability

Delivers planning and environmental approvals for Rail and Infrastructure Delivery and Planning and Precincts projects, and leads on land transactions. Helps ensure the program results in positive environmental and community outcomes,

while driving industry-leading sustainability opportunities.

Activities delivered by the division include:

- land investigations, approvals and acquisition
- planning approvals, strategy and support
- environment and sustainability policy, procedures and management
- managing the impact on communities and the environment during construction and operation.

Strategic Communications and Engagement

Focused on stakeholder engagement and consultation as well as communications activities to raise awareness and understanding of SRL, the division develops and implements strategies to help SRLA engage with local communities, stakeholders, government and the media. It manages SRLA's communication channels and its community relationships, including consultation, public information materials, as well as digital and in-person engagement and events.

The division aims to nurture partnerships, build community awareness of the project, its delivery impacts and its benefits, and support and enhance the development and delivery of all elements of SRL by capturing and incorporating stakeholder feedback into SRLA's transport and precinct plans.

Commercial and Legal

Responsible for efficient and effective commercial, legal and procurement advice and services. The division is made up of the following branches, with support from external commercial, financial, transaction and legal advisers:

- Commercial (Construction Procurement and Delivery)
- Procurement (Goods and Services)
- Governance and General Counsel
- Project Legal (Land and Infrastructure).

Strategy and Policy

Responsible for providing guidance and support to the CEO and SRLA divisions by focusing on the forward plan and articulating a 'whole of SRLA' approach to realising the SRL program benefits

outlined in the *SRLA Business and Investment Case*.

The division:

- Leads and manages the development and delivery of the corporate planning process and updates to each annual plan, including monitoring and reporting of performance against targets.
- Identifies, incubates and facilitates key policy opportunities to leverage the SRL program to generate an optimal whole of project outcome.
- Facilitates the delivery of coherent and integrated outcomes aligned to the vision for SRL.
- Collaborates with other SRLA divisions to ensure the SRL program delivers a positive and sustainable legacy for Victoria, including future reporting for project performance against business case outcomes.

People and Culture

Responsible for fostering an environment where SRLA people can excel and grow, achieving strong outcomes now and for the future. Foci

include: long-term workforce requirements, trends and capabilities; attracting and retaining high-quality talent; investing in the development of SRLA people; and building SRLA's culture so all SRLA people feel safe and empowered to share their ideas and deliver great outcomes.

Functions include:

- People and Performance, including talent acquisition, business partnering and workforce reporting
- Executive Services
- Learning, Development and Inclusion
- Employee Wellbeing and Engagement.

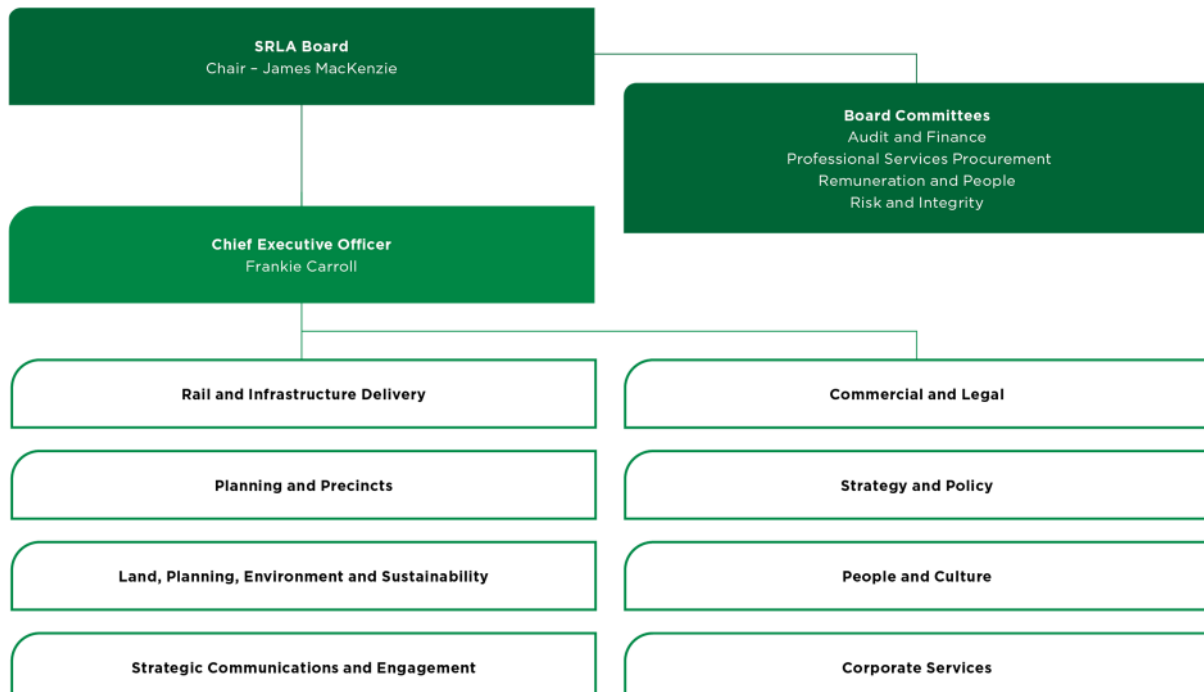
Corporate Services

Responsible for developing and putting in place corporate frameworks, systems and assurance controls, including to meet operational and reporting obligations and ensure compliance with legislative requirements. Functions include:

- Finance and Administration
- Digital, Data and Information Technology
- Integrity and Assurance.

SRLA structure

As at 30 June 2023.



Key achievements

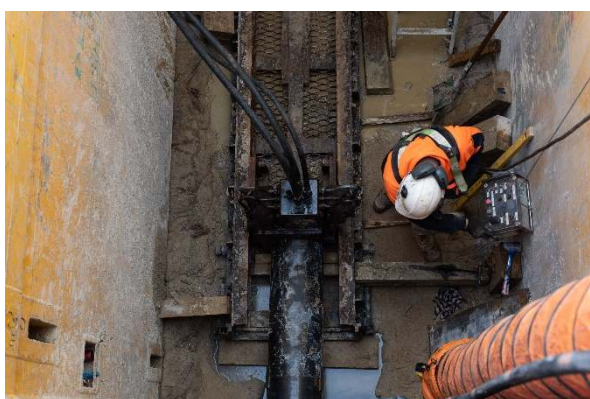
SRLA is tasked with delivering an integrated transport infrastructure and precincts planning program that supports how people move around our city and state and the sustainable growth of our city in the decades ahead. As a city with a projected population of about nine million by the 2050s, Melbourne is among a group of leading global metropolitan cities to be embarking on this level of forward-thinking – leveraging major orbital transport infrastructure to reshape the way the city grows.

In the period between 1 July 2022 and 30 June 2023, significant milestones were achieved. Initial and Early Works ramped up across the SRL East (Cheltenham to Box Hill) alignment, with almost four million hours worked on the project up to the end of the financial year. SRL East Main Works procurement was also well underway, important community and stakeholder engagement continued, and early planning advanced as SRLA prepared for precinct structure planning.

Early SRL East construction ramped up

Construction of SRL East between Cheltenham and Box Hill started in June 2022 and continued in the first half of 2023 across multiple sites.

In the first phase of works, a major sewer pipe was moved and a site compound established for workers at Clayton.



At Glen Waverley, underground water pipes were moved over May and June 2023 in Coleman Parade to relocate services away from the SRL station construction zone. In Burwood, early works commenced to prepare the station site area for launching tunnel boring machines in 2026.

In May 2023, a new park and playground was opened in Lundgren Chain Reserve in Burwood with accessible play equipment for children of all abilities. The park was delivered as an alternative to the Sinnott Street Reserve, which is required for construction of the SRL station.



Major Works procurement

SRLA's procurement strategy has been structured to maximise market interest, innovation and value for money.

Proposals were received during the reporting period from three shortlisted bidders for Work Package C – the first of two tunnelling packages and the station boxes from Cheltenham to Glen Waverley – following the issue of a Request for Proposal in 2022. The contract is expected to be awarded in late 2023.

The contract for Work Package D, comprising tunnelling and station boxes from Glen Waverley to Box Hill, is expected to be awarded in 2024.

Extensive market soundings were conducted for Work Package G (line-wide) to inform an Expressions of Interest process. The scope includes depot and maintenance facilities, signalling systems, the new fleet of SRL trains and the operation and maintenance of the SRL East network. An Invitation for Expressions of Interest was issued shortly after the reporting year closed

and a Request for Proposal is expected to be issued in 2024.

Sustainability centre stage

The Environment Effects Statement (EES) process in late 2021 and early 2022 culminated in formal planning approvals being granted for the SRL East rail infrastructure in September 2022.

The fully-digital EES included hundreds of public submissions and 10-weeks of open hearings, and in 2023 was also recognised for its innovation and community accessibility with multiple nominations for industry awards.

Approval was secured for the SRL East Environmental Management Framework, Urban Design Strategy, Public Open Space Framework, and Surface and Tunnel Plans.

Delivering a shared vision for SRL precincts

Work throughout the reporting period saw the completion of early planning and technical studies to inform preparations for precinct structure planning and further detailed consultation with local councils, key stakeholders and the community.

Preliminary engagement was undertaken with councils to understand their work to date and aspirations in advance of structure planning formally commencing later in 2023.

Community Projects Fund

Almost 80 community and sporting projects from Cheltenham, Clayton, Monash, Glen Waverley, Burwood and Box Hill were supported by the initial round of the SRL Community Projects Fund (CPF).

Projects delivered in the first half of 2023 included new and upgraded community gardens, concerts and cultural festivals, new sports equipment and updated club facilities, and other local events.

In this first CPF round, community groups, not-for-profits, sports clubs and schools were among those able to apply for grants of between \$10,000 and \$80,000. Future grant rounds will be available as SRL East is built, for both small and large infrastructure projects.

Further information about the CPF, including a list of grant recipients, is available on SRLA's website:

bigbuild.vic.gov.au/projects/suburban-rail-loop/community/community-fund.

Community and stakeholder engagement

SRLA is consulting widely with stakeholders and local communities – ensuring Victorians receive ongoing project updates and have regular opportunities to have their say on this city and state-shaping project.

Key stakeholders and local communities have been engaged on SRL since mid-2019. This has included an ongoing program of consultation with local councils and institutions along the SRL East alignment.

As at 30 June 2023, SRLA had received more than 8,000 responses to community engagement surveys; had undertaken over 16,200 broader community interactions at more than 352 community information pop-ups and events; and had held over 1,000 conversations at 26 dedicated project information sessions.

Project teams also visited several local primary schools and childcare centres to provide engaging sessions about the project and construction equipment. In October 2022, kinder children from Goodstart Early Learning Clayton named the mini tunnel boring machine being used as part of the local works, and they also enjoyed an excursion to the Dunstan Street construction site.



Expanding career opportunities

2022-23 saw the further expansion of SRLA's Graduate Program, which continues to provide an exciting introduction to the world of major infrastructure delivery by offering graduates a

wide range of experiences and mentoring throughout the two-year program.

In February 2023, 11 new graduates from a diverse range of backgrounds joined SRLA. They joined nine graduates from the 2022 group, who are now into their second year and continuing to extend their capabilities by rotating across different areas of the organisation.

In 2023, three graduates from the initial 2021 intake completed the program and successfully transitioned to permanent roles, including as project engineers in the Rail and Infrastructure Delivery Division.

as either direct employees or through the Initial and Early Works Managing Contractor, Laing O'Rourke. To date, Laing O'Rourke has exceeded its month-on-month target of three per cent Aboriginal employment of total hours worked.

SRLA is also developing a deeper understanding of the needs, concerns and expectations of people living with a disability and their carers. Through membership of the Australian Disability Network, SRLA is utilising the most up to date resources to deliver best practice around universal design and to benchmark disability access.



Social value and inclusion

SRLA has developed a Social Procurement Strategy based on the Victorian Government framework and is applying the strategy to SRLA's procurement activities in both goods and services, and construction procurement.

This has seen an increase in engagement with, and appointment of, Aboriginal businesses.



More than 20 Aboriginal businesses and 37 Indigenous workers have worked on SRL to date,

People and workplace

SRLA is supporting and developing its people by providing a workplace that values the contributions of everyone, where diversity and inclusion are embraced, and where the development of capabilities helps the organisation deliver operational excellence.

Public sector values and employment principles

SRLA is pursuing initiatives to foster the highest standard of integrity and conduct across the organisation, supporting staff to build a workplace that demonstrates respect, trust and openness.

Employment and conduct principles

SRLA is committed to meeting the public sector values and employment principles set out in the *Public Administration Act 2004*. In continuing to develop its policies and procedures across 2022-23, SRLA ensured these values and principles were reflected and communicated. Information related to public sector conduct and the VPS employment principles are promoted via policies, procedures and supporting material on the intranet – as well as through training and expert advice provided by the People and Culture Division.

People Strategy

SRLA's success is driven by its high performing and dedicated employees.

SRLA is supporting its workforce by implementing a People Strategy that outlines its approach to: workforce capability; employee wellbeing; building a high-performing environment; future-focussed leadership; and embedding a growth mentality, embracing inclusion and a 'one team' culture.

The People Strategy defines SRLA's commitment to its employees and creates an environment where people can excel and grow, achieving strong outcomes in collaboration.

Workforce inclusion policy

As the organisation grows, SRLA is creating an inclusive culture by raising awareness of and celebrating difference. SRLA invests in building

individual capability to promote diversity of thought and an appreciation of individual differences. The organisation's leadership values and fosters an environment that encourages participation and reflects the community it serves.

SRLA places a priority on ensuring there is a safe and inclusive workplace for people who are:

- Aboriginal and Torres Strait Islander
- Culturally and Linguistically Diverse (CALD)
- living with a disability
- Lesbian, Gay, Bisexual, Trans and Gender Diverse, Intersex, Queer (LGBTIQ+).

Through learning and development programs, SRLA provides all staff with access to opportunities and programs that cover a range of diversity and inclusion topics.

Gender Equality Action Plan

SRLA's Gender Equality Action Plan (GEAP) has been assessed as compliant with the *Gender Equality Act 2020* by the Commission for Gender Equality in the Public Sector. Continuing to build on the priorities listed in the GEAP provides SRLA with an opportunity to demonstrate its strong commitment to gender equality in the workplace.

Employment programs

The size, scope and duration of the SRL program provides a wide range of career opportunities. Multiple employment programs are required to establish and develop an inclusive workplace, as well as to continue to deliver SRL and generate optimal whole-of-program outcomes. Work will continue on initiatives to address workforce challenges and gaps, to gauge workforce capability and capacity challenges, such as skill shortages, and to address also under supply of workers and capability gaps.

SRLA has provided early career entry opportunities through career pathway programs, including internships and cadetships, and has continued to offer pathways through its successful Graduate Program.

Learning and development

SRLA is committed to building the capabilities of all employees and managers, providing a safe and inclusive workplace where everyone can

thrive. SRLA's learning and development program is a key component of the Performance Development Planning (PDP) cycle and focuses on continual learning and exposure to opportunities to promote skills, expand knowledge and to prompt different ways of thinking – leading to better outcomes both personally and professionally.

SRLA has adopted a holistic approach to driving capability development through on-the-job learning, accessing subject matter experts, networking, knowledge sharing, professional associations and formal training.

SRLA held its inaugural Learning and Development (L&D) month during August 2022. Demonstrating SRLA's commitment to a continuous learning culture, the 2023 L&D month was held in May to align with the annual performance and development cycle. During the L&D months, learning events were offered to all SRLA employees across leadership development, diversity and inclusion, skills development and transport portfolio acumen.

Wellbeing

SRLA has continued to offer programs to support employee wellbeing and mental health in the workplace. These include Peer Support and Mental Health First Aid Officer Networks and the WISE Program, which is an outreach support program available to all staff.

SRLA's internal programs are supported by an Employee Assistance Program (EAP), which is facilitated by one of Australia's leading mental health providers. The program is available to all SRLA employees and their immediate family members and includes a range of confidential support services. It also offers a Manager Support program for people managers to discuss confidential issues and gain understanding, coaching and practical strategies on how to support their team.

Peer supporters

In 2022, SRLA established a Peer Support Program, which saw a total of 11 SRLA staff members trained to provide mental health and wellbeing support to their colleagues. Following an expression of interest and selection process, eight staff members were appointed as volunteer SRLA Peer Supporters. As of 30 June 2023, there were six SRLA Peer Supporters.

The Peer Support Program complements other wellbeing offerings and provides informal, confidential support to employees by using an active listening, clarification and referral model.

Mental Health First Aid

In 2022, SRLA offered all staff the opportunity to register and complete accredited Mental Health First Aid (MHFA) training. This is a peer-to-peer program that teaches team members how to help a person who may be struggling with mental health, experiencing a worsening mental health problem or having a mental health crisis.

As at 30 June 2023, 44 staff members had completed the training, becoming accredited Mental Health First Aiders. Following a registration and selection process, 22 staff members were appointed as volunteer SRLA Mental Health First Aid Officers.

Mental health training for people leaders

SRLA places a priority on ensuring our people leaders support positive mental health outcomes, including by offering a tailored training program: 'Creating a Mentally Healthy Workplace – Strategies and Solutions'. This program covers:

- understanding mental health conditions
- the role and responsibility of people leaders in the context of mental health in the workplace
- conversations about mental health
- leading a mentally healthy workplace.

Suburban Rail Loop Authority workforce information

SRLA workforce statistics as at 30 June 2023

Category	All employees		Ongoing			Fixed term & casual	
	Number	FTE	Full time	Part time	FTE	Number	FTE
Gender							
Woman	234	229.5	72	5	76.0	157	153.5
Man	308	307.0	41	3	43.5	264	263.5
Self-described	2	1.8	-	-	-	2	1.8
Age							
15-24	8	8.0	1	-	1.0	7	7.0
25-34	163	162.0	36	-	36.0	127	126.0
35-44	201	197.8	44	4	47.2	153	150.6
45-54	127	125.7	24	4	27.3	99	98.4
55-64	40	39.8	7	-	7.0	33	32.8
65+	5	5.0	1	-	1.0	4	4.0
Classification							
VPS 1	-	-	-	-	-	-	-
VPS 2	-	-	-	-	-	-	-
VPS 3	30	30.0	4	-	4.0	26	26.0
VPS 4	74	72.8	26	1	26.8	47	46.0
VPS 5	100	98.7	37	1	37.8	62	60.9
VPS 6	168	165.9	34	6	38.9	128	127.0
PS	8	8.0	-	-	-	8	8.0
STS	86	85.3	12	-	12.0	74	73.3
Executive	78	77.6	75	3	77.6	-	-
Total employees	544	538.3	188	11	197.1	345	341.2

Notes:

- FTE means full-time equivalent.
- STS refers to Senior Technical Specialist.
- PS refers to Principal Scientist.
- All figures reflect employment levels during the last full pay period of the financial year (June 2023).
- External contractors/consultants and temporary employees employed by employment agencies are, in line with guidance for Victorian Government annual reports, excluded from the above employment data.
- Across 2022-23, SRLA recruited prudently for the workforce necessary to deliver SRL. Recruitment is programmed to reflect delivery timelines, including the progress of Initial and Early Works, the start of Main Works in 2026 and to enable the community consultation and planning for the neighbourhoods around each SRL East station.

SRLA workforce statistics as at 30 June 2022

Category	All employees		Ongoing			Fixed term & casual	
	Number	FTE	Full time	Part time	FTE	Number	FTE
Gender							
Woman	148	145.0	20	-	20.0	128	125.0
Man	204	202.9	35	1	35.8	168	167.1
Self-described	-	-	-	-	-	-	-
Age							
15-24	5	5.0	1	-	1.0	4	4.0
25-34	92	91.8	3	-	3.0	89	88.8
35-44	131	128.3	21	-	21.0	110	107.3
45-54	90	89	21	1	21.8	68	67.2
55-64	31	30.8	8	-	8.0	23	22.8
65+	3	3.0	1	-	1.0	2	2.0
Classification							
VPS 1	-	-	-	-	-	-	-
VPS 2	-	-	-	-	-	-	-
VPS 3	20	20.0	1	-	1.0	19	19.0
VPS 4	56	54.8	1	-	1.0	55	53.8
VPS 5	59	58.4	1	-	1.0	58	57.4
VPS 6	99	97.7	1	-	1.0	98	96.7
PS	12	11.9	-	-	-	12	11.9
STS	54	53.3	-	-	-	54	53.3
Executive	52	51.8	51	1	51.8	-	-
Total employees	352	347.9	55	1.0	55.8	296	292.1

Notes:

- All figures reflect employment levels during the last full pay period of the financial year (June 2022).
- External contractors/consultants and temporary employees employed by employment agencies are, in line with guidance for Victorian Government annual reports, excluded from the above employment data.

Senior Executive Service data

For SRLA, an Executive Officer (EO) is defined as a person employed as an executive under Part 3 of the *Public Administration Act 2004* or a person to whom the Victorian Government's Policy on Executive Remuneration in Public Entities applies. The definition of an EO does not include a statutory office holder or an Accountable Officer.

All figures in the tables below reflect employment levels at the last full pay period in June of the reporting year.

Total number of executives by gender

Classification	All	Man	Woman	Self-described
Chief Executive Officer	1	1	-	-
SES3	5	3	2	-
SES2	44	40	4	-
SES1	28	15	13	-
Total	78	59	19	-

Reconciliation of executive numbers

	2023	2022
Executives	83	54
Add Accountable Officer (CEO)	1	1
Less leave without pay	0	0
Less separations	-8	-3
Less other	0	0
Total executives	78	52

Notes:

- Figures do not include staff on higher duties in vacant SES positions.
- 'Other' captures executive movements to non-executive roles.

Annualised total salary for senior employees by classification

Range	Executive	STS	PS
<\$160,000	-	-	-
\$160,000 – \$179,000	-	12	-
\$180,000 – \$199,999	3	22	2
\$200,000 – \$219,000	7	19	3
\$220,000 – \$239,000	12	33	3
\$240,000 – \$259,999	13	-	-
\$260,000 – \$279,000	9	-	-
\$280,000 – \$299,999	5	-	-
\$300,000 – \$319,999	3	-	-
\$320,000 – \$339,999	7	-	-
\$340,000 – \$359,999	8	-	-
\$360,000 – \$379,999	1	-	-
\$380,000 – \$399,999	1	-	-
\$400,000 – \$419,999	3	-	-
\$420,000 – \$439,999	3	-	-
\$440,000 – \$459,999	-	-	-
\$460,000 – \$479,999	1	-	-
\$480,000 – \$499,999	-	-	-
>\$500,000	2	-	-
Total	78	86	8

Notes:

- The salaries reported above are the full time equivalent total remuneration less superannuation.
- There was a total of 18 senior employees employed on a part-time basis as at 30 June 2023: 4 SES and 14 STS. The part-time fractions ranged from 0.6 to 0.9 FTE.

Health and safety

Under SRLA's Health and Safety (H&S) Mandate, the Authority strives to achieve unrivalled H&S performance by actively safeguarding and enhancing the wellbeing of its people, industries and the communities in which it works.

SRLA's H&S Mandate recognises the program's unique opportunity, as the largest transport infrastructure project in Victoria's history, to build a strong health and safety culture over time. The fundamentals of health and safety are therefore integrated into SRLA's decision-making, both strategic and day-to-day, processes and actions.

The H&S Mandate is implemented through SRLA's H&S Strategy, which was also informed by targeted research and discovery work with SRLA's employees, delivery partners and industry stakeholders.

The H&S Strategy is underpinned by three pillars: governance, leadership capability and risk management. These pillars and their associated principles are being embedded within the organisation, including through specific focus areas for each SLRA division, and across SRLA's contracting partners. The H&S Strategy also informs the induction processes for SRLA employees; and, at the outset of delivery, the SRLA CEO briefs delivery partner project teams on the H&S Strategy.

Health and safety of SRLA people

There were three H&S hazards and three H&S incidents reported in 2022-23 (noting for context that as at 30 June 2023, SRLA had 538 FTE staff). For all reported hazards and incidents, the severity level was rated 'insignificant'. No reportable injuries occurred in 2022-23.

As at 30 June 2023, 90 per cent of SRLA employees had completed mandatory H&S induction training to support their understanding of their H&S obligations under both the Victorian *Occupational Health and Safety Act 2004* and SRLA's H&S Strategy and its consequential management requirements. In addition to H&S induction, SRLA provides training on due diligence and crisis management preparedness to staff with responsibilities in these areas.

Over the reporting year, SRLA undertook a range of initiatives to foster and maintain a strong H&S culture. SRLA:

- Ran Health and Safety Orientation sessions, which over 160 staff completed, to help employees consolidate and apply H&S induction learnings.
- Held Health and Safety Month to build awareness of H&S and knowledge of Safety in Design (SiD), and to support understanding of rail safety-related topics such as Rail Safety National Law, risk and assurance.
- Delivered a Lunch and Learn Series to develop H&S leadership capability.
- Developed three H&S e-learning modules (Traffic Management, Demolition and Overhead and Underground) for delivery employees (those employees visiting or operating on worksites).
- Developed and implemented Work Activity Risk Assessment (WARA) materials and ergonomic assessment tools.
- Embedded SRLA H&S Strategy concepts in the early stage of the development of Project Scope and Technical Requirements (PSTR), which feed into SRLA's work package contracts.
- Launched an Independent Safety Audit assurance program for SRLA's delivery partners.

Health and safety in delivering SRL

In 2022-23, there was one reportable injury across SRLA's delivery partner works. There were 19 delivery partner H&S incidents reported to SRLA, two 'near miss' reports and three hazards were identified.

SRLA undertakes proactive H&S assurance with its delivery partners. In 2022-23, there were 86 H&S observation exercises (recorded in SRLA's H&S Site Diary), including 12 that were conducted by or with SRLA senior leaders.

SRLA shares its expertise and industry knowledge with delivery partners, embedding H&S into each stage of the program's works, including project design, procurement, planning and risk assessments. SRLA representatives regularly attend delivery partners' workshops covering topics such as SiD, construction risk assessment and project risk.

Rail safety

SRLA's rail safety approach continues to evolve and grow. While SRL East is in the early stages of delivery, work is already underway to lay the foundations for and meet rail safety duties and accreditation requirements, as prescribed by the Rail Safety National Law (RSNL) and SRLA policy.

In 2022-23, SRLA engaged with a wide range of stakeholders, such as the Office of the National Rail Safety Regulator (ONRSR), Energy Safe Victoria

(ESV), DTP and other business partners to ensure SRLA rail safety, risk and assurance were considered in order to meet legislative requirements.

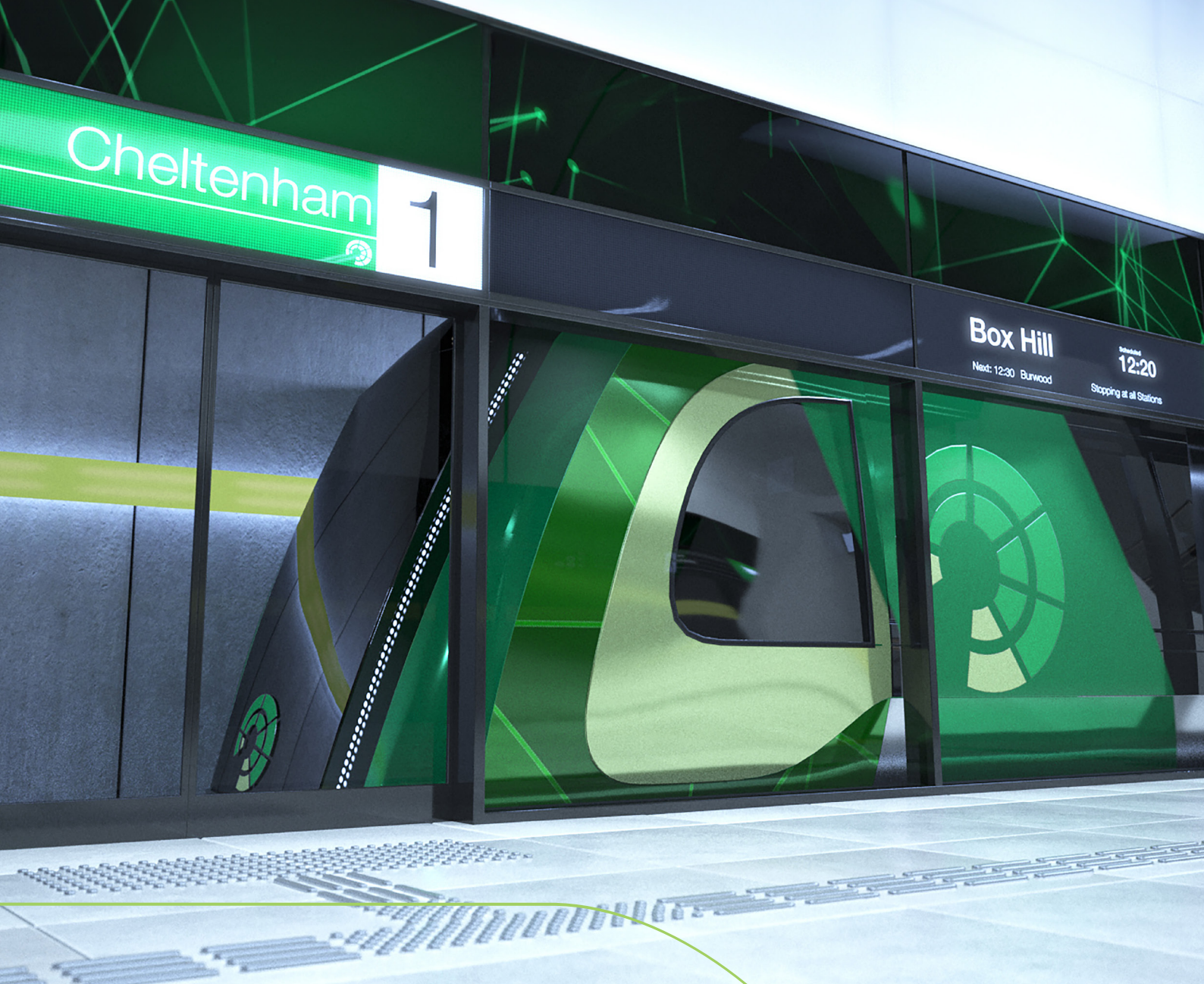
As SRL East has progressed from planning to construction, an SRLA Rail Safety and Accreditation Framework, Rail Safety Management Plan, Rail Safety Worker Competency business rules, Rail Industry Worker Program and a Rail Safety Risk and Assurance approach have all been established.

Health and safety metrics

Indicator	2022-23	1 December 2021 – 30 June 2022 ¹
Health and safety walks ²	86	57
Assurance and governance ³	25	8
High potential incidents	0	0
Regulatory notices ⁴	0	0
Incidence rate (VPS) ⁵	4.1	5.56
Lost time injury frequency rate	0	0
Total recordable injury frequency rate ⁶	0	0
Average cost per worker compensation claim ⁷	N/A	N/A

Notes:

1. Data for 2021-2022 cover December 2021 to June 2022, the period of the year for which SRLA was a statutory authority. Note data for 2021-22 reported here are not directly comparable to data published in the Annual Report 2021-22, in part because the figures reported above now exclude SRLA's works delivery partners.
2. 'Health and safety walks' captures the number of SRLA representatives who conducted H&S walks, as recorded in Health and Safety Site Diary and Senior Leader Health and Safety Site Diary, for the reporting period.
3. 'Assurance and governance' captures the number of SRLA Critical Risk Inspections and Office and Site Inspections conducted during the reporting period.
4. 'Regulatory notices' are notices issued to SRLA by WorkSafe or ONRSR.
5. 'Incidence rate' is calculated as: (number of incidents [divided by] number of hours of works) [multiplied by] 1,000,000 hours. Note 'incidents' exclude COVID-19 cases, hazard, environmental, and 'report only' consequence types. In 2022-23, four recordable incidents were reported.
6. 'Total recordable injury frequency rate' is calculated as: (number of recordable injuries [divided by] number of hours of works) [multiplied by] 1,000,000 hours. In 2022-23, there were no recordable injuries.
7. No worker compensation claims were lodged by SRLA with WorkSafe Victoria in 2022-23.



2 DISCLOSURES

Local Jobs First

The Local Jobs First policy supports Victorian businesses and workers by ensuring that small and medium size enterprises are given a full and fair opportunity to compete for both large and small government contracts. This helps create job opportunities, including for apprentices, trainees and cadets.

The Local Jobs First policy comprises the Victorian Industry Participation Policy (VIPP) and Major Projects Skills Guarantee (MPSG) policy. Victorian Government bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in metropolitan Melbourne or state-wide projects, and \$1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more.

Note, SRLA did not complete any Local Jobs First standard or strategic projects in the reporting period.

Local Jobs First – Strategic projects commenced

SRLA did not commence any Local Jobs First – Strategic projects in the reporting period.

Local Jobs First – Standard projects commenced

SRLA commenced six Local Jobs First – Standard projects with a total value of \$32 million. The projects represent metropolitan works.

Committed outcomes include:

- a local content average of 99 per cent
- a total of 28.2 annualised employee equivalent jobs
- a total of 3.8 apprentice, cadet and trainee positions.

Major Project Skills Guarantee

SRLA did not commence any projects to which the MPSG applied in the reporting period.

Small and medium business engagement

The above noted commenced projects committed to engaging 33 small to medium sized businesses through the supply chain.

Social procurement

SRLA is committed to supporting the Victorian Government's directions under its Social Procurement Framework and recognises the important role social procurement has in advancing social value.

Value for money underpins Victorian Government procurement. This means achieving a desired procurement outcome at the best possible price – not necessarily the lowest price – based on a balanced judgement of financial and non-financial factors.

SRLA acknowledges its leadership role to influence innovative, consistent, whole-of-industry social procurement practices. SRLA also recognises the critical need to work in partnership to deliver its social procurement goals: success will be supported by open and ongoing engagement with government and SRL Precinct stakeholders and supplier networks.

Social Procurement achievements at SRLA

SRLA applies the Victorian Government Social Procurement Framework. During the reporting period, SRLA:

- Implemented its inaugural Social Procurement Strategy, which will guide procurement activities, setting strong foundations for social impact, over 2023-2025.
- Continued to work with delivery partners and the supply chain to identify meaningful spend and employment opportunities to support the project's commitment to creating positive social impact. In March 2023, Laing O'Rourke (SRLA's Initial and Early Works contractor) engaged OCC Enterprises, a social enterprise that employs over 100 people living with disability, to support its move to Collins Street.

Consultancy expenditure

A consultant, in the context of annual reporting, is defined as a specific category of a contractor: one which is primarily engaged to perform a discrete task to facilitate decision-making through the delivery of expert analysis and advice or the creation of written reports or other intellectual outputs.

Details of consultancy engagements in the period 1 July 2022 to 30 June 2023 where the total fees

payable were \$10,000 (excluding GST) or higher can be found on SRLA's website.

Details of consultancies under \$10,000

For the period 1 July 2022 to 30 June 2023, there were no consultancy engagements where the total fees payable for each consultancy was less than \$10,000 (excluding GST).

Disclosure of major contracts

In line with Victorian Government Purchasing Board directives and guidelines, SRLA has disclosed all contracts exceeding a value of \$10 million (including GST) awarded in the year ending 30 June 2023.

Details of these contracts are available at www.tenders.vic.gov.au.

Contractual details have not been disclosed where disclosure is exempt under the *Freedom of Information Act 1982* (FOI Act) and/or government guidelines.

Emergency procurement

During the year ending 30 June 2023, SRLA did not start or conclude any emergency procurements.

Government advertising expenditure

In 2022-23, there were no government advertising campaigns with a total media spend of \$100,000 or greater (excluding GST).

Information and communication technology expenditure

SRLA had total Information and Communication Technology (ICT) expenditure of \$23.3 million for the reporting period.

Business as usual ICT expenditure (\$m)	ICT expenditure related to projects to create or enhance ICT capabilities (\$m)		
	Non-business as usual ICT expenditure (A+B)	Operational expenditure (A)	Capital expenditure (B)
12.5	10.8	9.2	1.6

Environmental performance

This is the first year SRLA is reporting against a range of indicators for energy consumption, transportation and greenhouse gas emissions. Note SRLA is a tier 3B organisation for the purposes of reporting against Financial Reporting Direction 24, which governs requirements in this area.

Data below pertaining to electricity and gas usage are based on 11 months of actuals, from 1 July 2022 to 31 May 2023, and estimated data for June 2023, to cover the financial year. Data relating to fuel usage are actuals for the full financial year.

SRLA's office is managed by the Department of Government Services (DGS) Shared Services Provider, which supplied data for office-based electricity and gas usage.

SRLA's fleet is managed by VicFleet, which supplied data for vehicles and petrol consumption.

SRLA places a high priority on minimising its environmental impact and aims to work constructively with DGS and VicFleet to improve environmental performance.

Electricity production and consumption

Reference	Indicator	Unit	2022-23 output
EL1.1	Electricity purchased directly through an electricity retailer	Megawatt hours (MWh)	478
EL1.2	Electricity directly purchased	MWh	340
EL1	Total electricity consumption (EL1.1 + EL1.2)	MWh	818
EL2	On-site electricity generated	MWh	0
EL3	On-site installed generation capacity	Megawatts (MW)	0
EL4	Total electricity offsets	MWh	0

Stationary fuel use

Reference	Indicator	Unit	2022-23 output
F1	<i>Total fuels used in buildings and machinery</i>		
	Natural gas	Megajoules (MJ)	560,538
F2	<i>Total emissions from stationary fuel consumption</i>		
	Natural gas	Tonnes CO2-e	28.885

Transport vehicle types and emissions

Reference	Indicator	Unit	2022-23 output
T1	<i>Total energy used in transportation within the entity</i>		
	Petrol – unleaded/premium	MJ	259,648
	Petrol – E10	MJ	0
	Diesel	MJ	166,764
T2	<i>Number and proportion of vehicles in the organisational boundary (number and percentage)</i>		
	Petrol – unleaded	Number/%	13/62%
	Diesel	Number/%	7/33%
	Hybrid	Number/%	1/5%
	Natural gas	Number/%	0
T3	<i>Total greenhouse gas emissions from vehicle fleet</i>		
	Petrol – unleaded (including E10, premium)	Tonnes CO ₂ -e	17,557
	Diesel	Tonnes CO ₂ -e	11,742
	Hybrid (unleaded)	Tonnes CO ₂ -e	0
	Natural gas (unleaded)	Tonnes CO ₂ -e	0

Note:

- The SRLA fleet is made up of passenger vehicles only and use only the fuel types referenced in the table above

Total energy use

Reference	Indicator	Unit	2022-23 output
E1	Total energy usage from fuels (F1 + T1)	MJ	986,949
E2	Total energy usage from electricity (EL1)	MJ	2,943,806
E3.1	Total energy usage renewable	MJ	548,725
E3.2	Total energy usage non-renewable	MJ	3,382,030
E3	Total energy usage (E1 + E2)	MJ	3,930,755
E4	Total energy usage normalised by area	MJ/m ²	503

Sustainable buildings and infrastructure

Reference	2022-23 output
B1 and B2	SRLA does not own its office accommodation, rather it is leased and managed by DGS through the Shared Services Provider.
B3	The leased office accommodation has a NABERS energy rating of 4.5 stars.
B4	This indicator relates to the environmental performance ratings of newly completed non-office buildings, infrastructure projects and/or upgrades with a value of over \$1 million. It does not, at this time, apply to SRLA.

Performance against output performance measures

SRLA must report annually on expected and actual performance as part of DTP's departmental performance statement in Budget Paper No. 3 (BP3).

SRLA has a quality measure to track performance in delivering Initial and Early Works milestones.

The table below captures SRLA's performance measure, target, actuals and result. Commentary is included where there is a variance between the target and actual of greater than five per cent (which was not the case in 2022-23).

Transport Infrastructure output group – SRLA performance measure

Performance measure	Unit	2021-22 actual	2022-23 target	2022-23 actual	2022-23 % variation	Result
Suburban Rail Loop Initial and Early Works: Milestones delivered in accordance with agreed budget and timelines	Per cent	New measure	100	100	0%	✓

Note:

- ✓ indicates that the target was achieved; ✗ indicates that the target was not met.

As well as the performance measure in BP3, SRLA reports on two capital projects in Budget Paper No. 4:

Budget Paper No. 4 – Capital projects delivered by SRLA

Budget Paper 4 measures	Total estimated investment (\$'000)	Est. exp to 30 Jun 2023 (\$'000)	Est. exp 2023-24 (\$'000)	Remaining expenditure (\$'000)	Est. completion date
Suburban Rail Loop East – Development, Initial and Early Works	2,371,618	672,251	574,438	1,124,929	Qtr 4 2024-25
The TEI has increased by \$11.913 million due to budgeted amounts being reclassified as capital instead of operating expenditure, in line with accounting standards.					
Suburban Rail Loop East – Main Works	TBC	TBC	TBC	TBC	TBC
The TEI, estimated expenditure and estimated completion date will be disclosed following the procurement of the Main Works packages. The TEI includes \$2.200 billion of Commonwealth Government funding.					

Freedom of Information

The Victorian FOI Act gives members of the public the right to apply for access to documents held by Victorian Government departments and agencies, including SRLA. Agencies are required to make a decision within 30 calendar days, subject to any allowable extensions under the FOI Act.

If an applicant is not satisfied by a decision made by SRLA, 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.

FOI statistics

Freedom of Information (FOI) requests received by SRLA in the period 1 July 2022 to 30 June 2023:

FOI requests from Members of Parliament	2
FOI requests from media	0
FOI requests other	2
Total	4

SRLA received four FOI requests in the reporting period. SRLA transferred one FOI request to the Department of Premier and Cabinet for processing.

SRLA finalised decisions / resolved the other three FOI requests. One of those decisions was referred to OVIC for review.

Decisions made in respect of two FOI requests received in the previous reporting period progressed to VCAT during this reporting period and were awaiting an outcome.

Lodging FOI requests

FOI requests should be lodged online at: online.foi.vic.gov.au/foi/request.doj.

A request must be:

- made in writing and clearly identify which documents are sought
- be accompanied by the application fee, which can be paid by credit card via the FOI Portal (or evidence supporting waiver of the application fee).

Any general enquiries regarding FOI arrangements can be directed to the Freedom of Information Officer (FOI@srla.vic.gov.au) or via the SRLA contact centre (1800 105 105).

Compliance with the Building Act 1993

SRLA's leased accommodation is managed by the Department of Treasury and Finance (DTF) through the State's Shared Services Provider.

SRLA acquired 16 residential (including common property) and 42 commercial buildings in June 2023 as part of the land assembly program for SRL project delivery. It is expected these buildings will be demolished by SRLA's construction works partners after possession of the relevant buildings is transferred to the construction works partner for the purposes of SRL project delivery. SRLA will arrange routine inspections and maintenance of these buildings in order to keep the buildings in good repair and maintain building safety features in accordance with the Building Act 1993.

One building permit was issued in respect of demolition works at a public park acquired by SRLA in the relevant period.

Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure that where services compete, or potentially compete, with the private sector, any advantage arising solely from their government ownership is removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. 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.

The Competitive Neutrality Policy did not apply to SRLA in 2022-23 as SRLA did not provide services that compete with the private sector.

Compliance with the Public Interest Disclosure Act 2012

The *Public Interest Disclosures Act 2012* (PID Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The PID Act provides protection to people who make disclosures in accordance with the PID Act and establishes a

system for disclosed matters to be investigated and rectifying action be taken.

SRLA does not tolerate improper conduct by its employees, contractors or consultants, nor the taking of reprisals against those who come forward to disclose such conduct. SRLA 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 substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

SRLA 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 or persons who are the subject of the disclosure, to the extent it is legally possible.

Reporting procedures

Disclosures of improper conduct or detrimental action by SRLA or any of its employees may be made to:

The Independent Broad-based Anti-corruption Commission (IBAC)
Level 1, North Tower, 459 Collins Street
Melbourne, VIC 3000
1300 735 135 | info@ibac.vic.gov.au
ibac.vic.gov.au

The Victorian Ombudsman
Level 2, 570 Bourke Street
Melbourne, VIC 3000
03 9613 6222
www.ombudsman.vic.gov.au

The Victorian Inspectorate
PO Box 617, Collins Street West
Melbourne, VIC 8007
03 8614 3232
www.vicinspectorate.vic.gov.au

Further information

For further information about public interest disclosures, please visit the IBAC website at ibac.vic.gov.au.

Compliance with the Carers Recognition Act 2012

SRLA has taken practical measures to comply with its obligations under the *Carers Recognition Act 2012*. SRLA also ensures its policies, such as flexible working arrangements and hybrid work design and guidance material, are inclusive of carers.

Measures include:

- incorporating an opportunity for all employees to engage in discussions about workplace flexibility during their regular performance check-ins with their manager
- providing every employee with a laptop/tablet device
- a commitment to flexibility in the workplace and a variety of flexible working options to support staff
- parental leave
- providing new starters with information about hybrid work as part of their induction.

Compliance with the Disability Act 2006

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

SRLA has taken steps to value the rights of people with a disability. These steps include:

- Maintaining office facilities that provide wheelchair accessibility.
- Offering Mental Health First Aider training to all employees and embedding a Peer Support Program to equip staff to provide support to others who experience mental health issues in the workplace.
- Compulsory training that emphasises human rights and provides a refresher on anti-discrimination legislation and employer obligations.
- Providing access to a range of online inclusion programs covering diversity topics including disability.
- Developing actions in the People Strategy relating to designing environments and spaces for diversity, recruitment and promotion related opportunities and training and education across the organisation.

- Facilitating reasonable adjustments and equipment to support people in the workplace.

SRLA's People Strategy includes accessibility and people with a disability as an area of commitment. SRLA is committed to removing barriers and creating a supportive and enabling workplace culture for people with disability, mental health, long-term health conditions – and for their carers.

Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by SRLA and are available on request, subject to the provisions of the FOI Act. To request any of this additional information, please submit an FOI request.

- Statement that declarations of pecuniary interests have been duly completed by all relevant officers of SRLA.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications produced by SRLA about SRLA, and how these can be obtained
- Details of changes in prices, fees, charges, rates and levies charged by SRLA.
- Details of any major external reviews carried out on SRLA.
- Details of major research and development activities undertaken by SRLA.
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken by SRLA to develop community awareness of SRLA and its services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees [covered in this Annual Report].

- General statement on industrial relations within the entity and details of time lost through industrial accidents and disputes.
- List of major committees sponsored by SRLA, the purposes of each committee and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors.

Requests should be lodged online at: online.foi.vic.gov.au/foi/request.doj.

A request must be:

- made in writing and clearly identify which documents are sought
- be accompanied by the application fee, which can be paid by credit card via the FOI Portal (or evidence supporting waiver of the application fee).

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

SRLA is required to comply with the Standing Directions of the *Financial Management Act 1994*, which set the standard for financial management by Victorian Government agencies. SRLA undertakes an annual review of its performance against these Directions, reviewed by a formal internal audit program.

I, James Merlino, on behalf of the Responsible Body, certify that Suburban Rail Loop Authority has no Material Compliance Deficiencies with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



The Hon. James Merlino
Chair, Suburban Rail Loop Authority



3

FINANCIAL STATEMENTS

Suburban Rail Loop Authority Financial Report for the year ended 30 June 2023

How this report is structured

Suburban Rail Loop Authority (SRLA) has presented its audited general-purpose financial statements for the financial year ended 30 June 2023 in the following structure to provide users with the information about Suburban Rail Loop Authority's stewardship of resources entrusted to it.

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Declaration in the financial statements

The attached financial statements for Suburban Rail Loop Authority have been prepared in accordance with Direction 5.2 of the Standing Directions of 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, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and financial position of Suburban Rail Loop Authority as at 30 June 2023.

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

We authorise the attached financial statements for issue on 27 September 2023.



The Hon. James Merlino
Board Chair
Melbourne
27 September 2023



Frankie Carroll
Chief Executive Officer
Melbourne
27 September 2023



Sarmila Palaniandy
Director, Finance and Administration
Melbourne
27 September 2023

Independent Auditor's Report

To the Board of Suburban Rail Loop Authority

Opinion I have audited the financial report of Suburban Rail Loop Authority (the authority) which comprises the:

- balance sheet as at 30 June 2023
- 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 significant accounting policies
- declaration in the financial statements.

In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information The Board of the authority is responsible for the Other Information, which comprises the information in the authority's annual report for the year ended 30 June 2023, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Board's responsibilities for the financial report The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board 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.

In preparing the financial report, the Board is responsible for assessing the authority'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.

Auditor's responsibilities for the audit of the financial report


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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's 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 authority'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 authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board 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
4 October 2023



Sanchu Chummar

as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2023

	Notes	(\$ thousand)	
		2023	2022 ^(a)
Income from transactions			
Grants and other income	2.1	83,872	41,824
Interest income	2.2	708	-
Total income from transactions		84,580	41,824
Expenses from transactions			
Employee benefits	3.1.1	42,003	16,726
Supplies and services	3.2	20,524	8,021
IT and telecommunications expenses	3.2	5,488	2,052
Shared support services	3.2	7,922	9,463
Office Accommodation	3.2	2,435	3,634
Grant expenses	3.2	991	-
Other operating expenses	3.2.1	5,229	1,928
Depreciation and amortisation	4.1.3	187	97
Total expenses from transactions		84,779	41,921
Net (loss) from transactions		(199)	(97)
Other economic flows included in net result			
Net gain/(loss) on disposal of non-current assets	8.2	12	-
Net gain/(loss) arising from revaluation of long service leave provisions	8.2	270	-
Total other economic flow included in net result		282	-
Net Profit / (loss)		83	(97)
Total other economic flows - other comprehensive income		-	-
Comprehensive result		83	(97)

(a) The period for 2022 covers 1 December 2021 to 30 June 2022.

The above comprehensive operating statement should be read in conjunction with the accompanying notes.

Balance sheet

As at 30 June 2023

		(\$ thousand)	
	Notes	2023	2022
Assets			
Financial assets			
Cash and deposits	6.3	14,056	6,988
Receivables	5.1	149,859	38,667
Total financial assets		163,915	45,655
Non-financial assets			
Property, plant and equipment	4.1	66,139	172
Construction in progress	4.1	938,511	437,672
Other non-financial assets	5.3	3,707	96,758
Total non-financial assets		1,008,357	534,602
Total assets		1,172,272	580,257
Liabilities			
Payables	5.2	56,951	40,032
Employee-related provisions	3.1.2	13,520	8,868
Borrowings	6.1	748	-
Other provisions	5.4	166,421	-
Total liabilities		237,640	48,900
Net assets		934,632	531,357
Equity			
Contributed capital from government	6.3.2	934,646	531,454
Accumulated deficit		(14)	(97)
Total equity		934,632	531,357

The above balance sheet should be read in conjunction with the accompanying notes.

Cash flow statement

For the financial year ended 30 June 2023

		(\$ thousand)	
	Notes	2023	2022 ^(a)
Cash flows from operating activities			
Receipts			
Receipts from Government		84,289	31,283
Interest received		708	-
Goods and Services Tax received from the ATO		25,739	24,046
Total receipts		110,736	55,329
Payments			
Payments to suppliers		(65,379)	(42,625)
Payments to employees		(36,686)	(8,254)
Interest and other costs of finance paid		(6)	-
Total payments		(102,071)	(50,879)
Net cash flows from/(used in) operating activities	6.3.1	8,665	4,450
Cash flows from investing activities			
Proceeds from sale of non-financial assets		28	-
(Purchase) of non-financial assets		(404,642)	(148,669)
(Purchase) of plant and equipment		(923)	(47)
Net cash flows from/(used in) investing activities		(405,537)	(148,716)
Cash flows from financing activities			
Contributed capital from Victorian Government	6.3.2	403,192	151,254
Principal portion of lease liabilities		748	-
Net cash flows from/(used in) financing activities		403,940	151,254
Net increase in cash and cash equivalents		7,068	6,988
Cash and cash equivalents at the beginning of the financial year		6,988	-
Cash and cash equivalents at the end of the financial year	6.3	14,056	6,988

(a) The period for 2022 covers 1 December 2021 to 30 June 2022.

The above cash flow statement should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the financial year ended 30 June 2023

(\$ thousand)				
	Notes	Contributed capital	Accumulated deficit	Total equity
Balance at 1 December 2021		380,200	-	380,200
Capital contributions by State Government	6.3.2	151,254	-	151,254
Net result for the period		-	(97)	(97)
Balance at 30 June 2022		531,454	(97)	531,357
Balance at 1 July 2022		531,454	(97)	531,357
Capital contributions by State Government	6.3.2	403,192	-	403,192
Net result for the year		-	83	83
Balance at 30 June 2023		934,646	(14)	934,632

The above statement of changes in equity should be read in conjunction with the accompanying notes.

1. About this report

Suburban Rail Loop Authority is a statutory authority of the State of Victoria, established under the *Suburban Rail Loop Act 2021* (SRL Act).

Its principal address is:

Suburban Rail Loop Authority
80 Collins Street
Melbourne VIC 3000

A description of the nature of its operations and its principal activities is included in the Report of Operations, which does not form part of these financial statements.

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.

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

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 SRLA.

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 in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated. Figures in the financial statements may not equate due to rounding.

SRLA commenced operations as a statutory authority on 1 December 2021 and the prior year (2022) amounts relate to the period from 1 December 2021 to 30 June 2022.

Compliance information

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

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

2. Funding delivery of our services

Introduction

The primary purpose of SRLA is to plan and deliver the Suburban Rail Loop program, in line with its objectives under the SRL Act.

Structure

- 2.1 Grants and other income
- 2.2 Interest income

2.1. Grants and other income

	(\$ thousand)	
	2023	2022
Income recognised as income of not-for-profit entities		
Current grants from Department of Transport and Planning	83,872	41,333
Other miscellaneous non-operating revenue	-	491
Total grants and other income	83,872	41,824

Grants recognised under AASB 1058

SRLA has made the judgement that the grant income included in the table above under AASB 1058 has been earned under arrangements that are either not enforceable and/or linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when SRLA has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, SRLA recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004,
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15,
- a lease liability in accordance with AASB 16,
- a financial instrument, in accordance with AASB 9, or
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Income from grants to construct the SRL program is recognised progressively as the asset is constructed based on actual costs incurred. This cost is captured as construction in progress (Note 4.1) which aligns with SRLA's obligation to construct the asset.

2.2. Interest income

	(\$ thousand)	
	2023	2022
Interest on bank deposits	708	-
Total interest income	708	-

Interest income is recognised in the reporting period when received. Interest income includes interest received on bank deposits.

3. The cost of delivering services

Introduction

This section provides an account of the expenses incurred by SRLA in delivering services. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

- 3.1 Employee benefits
- 3.2 Operating expenses

3.1. Employee benefits

3.1.1. Employee benefits in the comprehensive operating statement

		(\$ thousand)	
	Notes	2023	2022
Post-employment benefits			
- Defined contribution superannuation expense	3.13	3,522	1,243
- Defined benefit superannuation expense	3.13	18	19
Salaries, wages, annual leave and long service leave		38,463	15,464
Total employee benefits		42,003	16,726

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

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. SRLA 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 State as the sponsoring employer).

3.1.2 Employee benefits in the balance sheet

	(\$ thousand)	
	2023	2022
Current provisions		
Annual leave		
Unconditional and expected to be settled within 12 months	3,562	2,440
Unconditional and expected to be settled after 12 months	2,969	2,056
Long service leave		
Unconditional and expected to be settled within 12 months	366	219
Unconditional and expected to be settled after 12 months	1,723	1,030
Provisions for on-costs		
Unconditional and expected to be settled within 12 months	693	455
Unconditional and expected to be settled after 12 months	828	528
Total current provisions	10,141	6,728
Non-current provisions		
Long service leave	2,873	1,827
On-costs	506	313
Total non-current provisions	3,379	2,140
Total provisions for employee benefits	13,520	8,868

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered. All leave entitlements have been transferred for employees who have rights under continuous services from the Victorian Public Service and are reflected within the balances above.

Reconciliation of movement in provisions for on-costs

	(\$ thousand)	
	2023	2022
Opening balance	1,296	726
Additional provisions recognised	637	339
Additional due to transfer in	338	232
Unwind of discount and effect of changes in the discount rates	(41)	(1)
Reductions due to transfer out	(203)	-
Closing balance	2,027	1,296
Current	1,521	983
Non-current	506	313
Total	2,027	1,296

Wages and salaries, annual leave and sick leave: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, as SRLA does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As SRLA expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as SRLA does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the comprehensive operating statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Unconditional LSL is disclosed as a current liability even where SRLA does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value – if SRLA expects to wholly settle within 12 months, or
- present value – if SRLA does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

3.1.3 Superannuation contributions

SRLA employees are entitled to receive superannuation benefits and SRLA contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

	(\$ thousand)	
	Contribution for the year	
	2023	2022
Defined benefits plans^(a):		
State Employees Retirement Benefit Scheme (SERBS)	18	19
Defined contribution plans:		
Various Superannuation Funds	3,522	1,243
Total	3,540	1,262

(a) The basis of contributions is determined by the various schemes.

3.2. Operating expenses

		(\$ thousand)	
	Notes	2023	2022
Supplies and services		20,524	8,021
IT and telecommunications expenses		5,488	2,052
Shared support services		7,922	9,463
Office accommodation		2,435	3,634
Grant expenses		991	-
Other operating expenses	3.21	5,229	1,928
Total		42,589	25,098

Operating expenses are recognised as an expense in the reporting period in which they are incurred.

Supplies and services expenses include mainly contractual payments for professional services to support SRLA's operations and project delivery.

IT and telecommunication costs relate to SRLA expenditure for IT and telecommunications expenses for the financial year.

The Department of Transport and Planning (DTP) continues to provide Shared support services such as financial and human resources systems and payroll support services to SRLA.

The Office accommodation lease arrangement is expected to expire by 30 June 2024 and is deemed as a short-term lease under AASB 16 *Leases*. For disclosure purposes, SRLA has elected not to apply the requirements in paragraphs 22-49 of the standard.

The reported Grant expenses were incurred under round 1 of the Community Projects Fund, supporting community projects along the SRL East corridor that enhance community connectedness, meet community needs and enhance community cohesion.

3.2.1. Other operating expenses

		(\$ thousand)	
		2023	2022
IT portable and attractive assets		1,071	418
Training and recruitment		1,454	350
Legal fees		634	328
Internal audit costs		398	-
Travel and accommodation		265	69
Other communications		257	182
Insurance expense		258	85
Property management services		222	-
Vehicle and equipment		85	82
Other administrative expenses		585	414
Total		5,229	1,928

Other operating expenses are recognised as an expense in the reporting period in which they are incurred. They generally represent the day-to-day running costs incurred in normal operations.

4. Key assets available to support service delivery

Introduction

SRLA controls land, plant and equipment that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to SRLA for delivery of services.

Structure

4.1 Property, plant and equipment

4.1. Property, plant and equipment

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2023	2022	2023	2022	2023	2022
Land at fair value	65,247	-	-	-	65,247	-
Building leasehold improvements at fair value	-	154	-	(77)	-	77
Plant, equipment and vehicles at fair value	1,190	122	(298)	(27)	892	95
Sub-total property, plant and equipment	66,437	276	(298)	(104)	66,139	172
Construction in progress at cost	938,511	437,672	-	-	938,511	437,672
Total property, plant and equipment	1,004,948	437,948	(298)	(104)	1,004,650	437,844

4.1.1. Right of Use assets: plant, equipment and vehicles

	(\$ thousand)					
	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2023	2022	2023	2022	2023	2022
Plant equipment and vehicles	824	-	(77)	-	747	-
Total plant equipment and vehicles	824	-	(77)	-	747	-

Right of Use assets: plant, equipment and vehicles are a subset of Property, plant, and equipment.

4.1.2 Reconciliation of movements in carrying amount of right of use assets

	(\$ thousand)	
	2023	2022
Opening balance	-	-
Additions	852	-
Assets transfer in / (out) to other government entities	(19)	-
Depreciation expense	(70)	-
Disposals	(16)	-
Closing balance	747	-

Non-financial assets excluding Right of Use

Initial recognition

At the initial commencement of a construction project, assets are reported under construction in progress until the project reaches commercial acceptance. The cost under construction in progress includes costs that are directly attributable to the design, pre-construction and construction of SRL.

Other non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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. In circumstances where SRLA has issued a notice of compulsory acquisition or has taken possession of a property for the purpose of project construction and final settlement has not been achieved at the reporting date, the property value and other additional costs are captured under construction in progress at cost, which will be transferred to land and/or building once the final settlement is achieved.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

Subsequent measurement

Upon capitalisation, Construction in progress is subsequently measured at fair value. The cost approach is determined as fair value for the project that is under construction and currently does not include accumulated depreciation and impairment. The approach captures all the costs incurred that are directly attributable to the design, pre-construction and construction of SRL until the project reaches commercial acceptance.

Items of non-financial physical assets are subsequently measured at fair value less accumulated depreciation. Fair value is determined with regard to the asset's highest and best use – considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset – and is summarised below by asset category.

Impairment

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

Right of Use assets

The Right of Use (RoU) assets are disclosed as part of the corresponding underlying assets. The items that include RoU assets are identified in the table above.

Initial recognition

SRLA recognises an RoU asset and liability at the lease commencement date. The RoU 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, plus
- 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, less any lease incentive received.

Subsequent measurement

SRLA depreciates the RoU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the RoU asset or the end of the lease term.

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

4.1.3. Depreciation and amortisation

	(\$ thousand)	
	2023	2022
Plant equipment and vehicles	187	24
Building leasehold improvements	-	73
Total depreciation and amortisation expense	187	97

Plant and equipment and other non-financial physical assets that have finite useful lives are depreciated.

Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Typical estimated useful lives for the different asset classes for current and prior periods are included in the table below.

	2023	2022
Building leasehold improvements	Leasehold terms	Leasehold terms
Plant equipment and vehicles	3 to 10 years	3 to 10 years

RoU assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where SRLA obtains ownership of the underlying leased asset or if the cost of the RoU asset reflects that SRLA will exercise a purchase option, SRLA depreciates the RoU asset over its useful life.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Land are considered to have an indefinite life and are not depreciated. Depreciation is not recognised in respect of land because their service potential has not, in any material sense, been consumed during the reporting period.

4.1.4. Reconciliation of movements in carrying amount of property, plant and equipment

	(\$ thousand)				Total
	Land at fair value	Building leasehold improvements	Plant equipment and vehicles	Construction in progress	
Year ended 30 June 2023					
Opening balance	-	77	95	437,672	437,844
Additions	65,247	-	942	500,839	567,028
Assets transfer in / (out) to other government entities	-	-	(19)	-	(19)
Depreciation expense	-	-	(187)	-	(187)
Disposals	-	-	(16)	-	(16)
Transfer between asset classes	-	(77)	77	-	-
Closing balance	65,247	-	892	938,511	1,004,650

	(\$ thousand)				Total
	Land at fair value	Building leasehold improvements	Plant equipment and vehicles	Construction in progress	
Period ended 30 June 2022					
Opening balance	-	-	-	-	-
Allocation statement transfers in at 1 December 2021	-	216	101	379,883	380,200
Additions	-	-	47	57,789	57,836
Transfer (out) to other government entities	-	-	(95)	-	(95)
Transfer between asset classes	-	(66)	66	-	-
Depreciation expense	-	(73)	(24)	-	(97)
Closing balance	-	77	95	437,672	437,844

5. Other assets and liabilities

Introduction

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

Structure

- 5.1 Receivables
- 5.2 Payables
- 5.3 Other non-financial assets
- 5.4 Other provisions

5.1. Receivables

	(\$ thousand)	
	2023	2022
Contractual		
Receivables - Department of Transport and Planning	145,160	35,812
Total contractual receivables	145,160	35,812
Statutory		
GST input tax credit recoverable from the ATO	4,699	2,855
Total statutory receivables	4,699	2,855
Total receivables	149,859	38,667

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. Contractual receivables have increased in the current year in line with growth in project delivery activities.

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.

All receivables are classified as current.

5.2. Payables

	(\$ thousand)	
	2023	2022
Contractual		
Supplies and services	56,526	39,679
Total contractual payables	56,526	39,679
Statutory		
Fringe Benefits Tax payable	30	12
Payroll Tax payable	395	341
Total statutory payables	425	353
Total payables	56,951	40,032

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

Statutory payables are classified and measured similarly to contractual payables but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

All payables are classified as current.

5.2.1. Maturity analysis of contractual payables

(\$ thousand)					
	Carrying amount	Nominal Amount	Maturity dates		
			Less than 1 month	1-3 months	3-12 months
2023					
Supplies and services	56,526	56,526	33,021	23,505	-
Total	56,526	56,526	33,021	23,505	-

(\$ thousand)					
	Carrying amount	Nominal Amount	Maturity dates		
			Less than 1 month	1-3 months	3-12 months
2022					
Supplies and services	39,679	39,679	38,027	1,432	220
Total	39,679	39,679	38,027	1,432	220

Payables for supplies and services have an average credit period of 30 days. No interest is charged on late payments.

5.3. Other non-financial assets

(\$ thousand)		
	2023	2022
Current		
Prepayments	3,707	96,758
Total other non-financial assets	3,707	96,758

Prepayments represent payments in advance of receipt of goods or services, or the payments made for services covering a term extending beyond that financial accounting period. The amount in 2022 included prepayments of Land and Buildings of \$93.43M which related to properties acquired by the Secretary, DTP for the purposes of SRL where transfer of the registered title in the land to SRLA was not completed by 30 June 2022.

5.4. Other provisions

	(\$ thousand)	
	2023	2022
Current		
Acquisition of land and buildings	96,421	-
Other provisions	70,000	-
Total other provisions	166,421	-

Other provisions are recognised when SRLA 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.

The property value and other additional costs are recognised as property acquisition liabilities in circumstances where SRLA has issued a notice of compulsory acquisition or has taken possession of a property for the purpose of commencing construction and final settlement has not been achieved at the reporting date.

Other provisions relate to future contractual payments for SRL East construction contracts.

5.4.1. Reconciliation of movement in other provisions

	(\$ thousand)	
	2023	2022
Opening balance	-	-
Additional provisions recognised	166,421	-
Closing balance	166,421	-

6. Financing our operations

Introduction

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

This section includes disclosures of balances that are financial instruments (such as cash balances).

Structure

- 6.1 Borrowings
- 6.2 Leases
- 6.3 Cash flow information and balances
- 6.4 Commitments for expenditure

6.1. Borrowings

		(\$ thousand)	
	Notes	2023	2022
Current			
Lease liabilities	6.2	142	-
Non-current			
Lease liabilities	6.2	606	-
Total borrowings		748	-

'Borrowings' refer to interest bearing liabilities mainly raised from lease liabilities.

Borrowings are classified as financial instruments. The measurement basis depends on whether SRLA has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through net result, or financial liabilities at amortised cost. The classification depends on the nature and purpose of the interest-bearing liabilities. SRLA determines the classification of its interest-bearing liabilities at initial recognition.

6.1.1. Maturity analysis of borrowings

	(\$ thousand)						
	Maturity dates						
	Carrying amount	Nominal Amount	Less than 1 month	1-3 months	3-12 months	1-5 years	5+ years
2023							
Lease liabilities	748	769	10	21	120	618	-
Total	748	769	10	21	120	618	-

6.1.2. Interest expense

	(\$ thousand)	
	2023	2022
Interest on lease liabilities	6	-

'Interest expense' includes costs incurred in connection with interest component of lease repayments and is recognised in the period in which it is incurred.

6.2. Leases

	(\$ thousand)	
	2023	2022
Lease liabilities		
Current	142	-
Non-current	606	-
Total	748	-

Information about leases for which SRLA is a lessee is presented below.

SRLA leasing activities

SRLA leases motor vehicles through DTF for operational needs with lease term of three years or 60,000 kilometres, whichever occurs first. Please refer to Note 4.1.1.

Leases at significantly below-market terms and conditions

SRLA has a peppercorn lease arrangement with Development Victoria for 36 Gillard Street, Burwood and 37 Cumming Street, Burwood for a term expiring on the date which is the earlier of: the first day of passenger services of SRL East; the date the lease is terminated by agreement between the parties; or 31 December 2035.

The terms of the lease agreement provide for nominal payments of \$1 as annual rent to the lessor upon demand.

Recognition and measurement of leases as a lessee

Lease liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or SRLA's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- payments arising from purchase and termination options reasonably certain to be exercised.

SRLA elected to initially measure the recognition of the RoU asset arising from leases that are significantly below market terms and conditions at cost as per the temporary relief given to Not-For-Profit entities. Therefore, the RoU asset is not recognised in SRLA financial statements due to the significantly below market payments. The corresponding liability of the RoU arrangement is not recognised as per above.

Lease liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the RoU asset, or profit and loss if the RoU asset is already reduced to zero.

6.3. Cash flow information and balances

Cash and deposits comprise cash at bank. Due to the State's investment policy and funding arrangements, SRLA does not hold a large cash reserve in its bank account.

For the purpose of the Cash Flow Statement, cash includes cash at bank. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	(\$ thousand)	
	2023	2022
Total cash and deposits disclosed in the balance sheet	14,056	6,988
Balance as per Cash Flow Statement	14,056	6,988

6.3.1. Reconciliation of net result for the period to net cash flows from operating activities

	(\$ thousand)	
	2023	2022
Net profit / (loss) for the period	83	(97)
Non-cash movements		
Depreciation and amortisation of non-current assets	187	97
(Gain)/loss on sale or disposal of non-current assets	(12)	-
Other non-cash movements	(270)	-
Movements in assets and liabilities		
(Increase)/decrease in receivables	(1,427)	(10,541)
(Increase)/decrease in other non-financial assets	(379)	(3,313)
Increase/(decrease) in payables	5,562	9,436
Increase/(decrease) in provisions	4,921	8,868
Net cash provided from/(used in) operating activities	8,665	4,450

6.3.2 Contributed capital from Government

Contributed capital was provided by the Victorian government during the financial year ended 30 June 2023 to fund the majority of capital investments. Capital contributions from the Statement of changes in equity are reflective of capital investment.

	(\$ thousand)	
	2023	2022
Opening balance	531,454	380,200
Contributed capital (statement of changes in equity)	403,192	151,254
Contributed capital	934,646	531,454

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 SRLA.

6.4. Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These contracts are recorded at their nominal value and are inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

Nominal amounts	(\$ thousand)		
	Less than 1 year	1 year - 5 years	Total
2023			
Capital expenditure commitments	294,891	432,824	727,715
Other commitments	2,252	-	2,252
Total commitments (inclusive of GST)	297,143	432,824	729,967
Less GST recoverable	(27,013)	(39,348)	(66,361)
Total commitments (exclusive of GST)	270,130	393,476	663,606

Nominal amounts	(\$ thousand)		
	Less than 1 year	1 year - 5 years	Total
2022			
Capital expenditure commitments	269,338	476,491	745,829
Total commitments (inclusive of GST)	269,338	476,491	745,829
Less GST recoverable	(24,485)	(43,317)	(67,802)
Total commitments (exclusive of GST)	244,853	433,174	678,027

Capital expenditure commitments include contracts mainly for capital projects relating to the SRL Program. These non-cancellable contracts for commitments were signed prior to the balance date and have established a legal and binding obligation on SRLA to make future payments.

7. Risks, contingencies and valuation judgements

Introduction

SRLA 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 SRLA related mainly to fair value determination.

Structure

- 7.1 Financial instruments specific disclosures
- 7.2 Contingent assets and contingent liabilities
- 7.3 Fair value determination

7.1. Financial instruments specific disclosures

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 SRLA's activities, certain financial assets and financial liabilities arise under statutory obligation rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

Financial assets at amortised cost

Financial assets are measured at amortised cost if both the following criteria are met, and the assets are only designated as fair value through net result:

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

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.

SRLA recognises the following assets in this category:

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

Receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs.

Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment).

SRLA recognises receivables (excluding statutory receivables) in this category.

Financial liabilities at amortised cost

Financial instrument 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.

SRLA recognises the following liabilities in this category:

- payables (excluding statutory payables)

- borrowings including lease liabilities.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- SRLA retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement, or
- SRLA has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where SRLA has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of SRLA's continuing involvement in the asset.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Reclassification of financial instruments

Subsequent to initial recognition, reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when SRLA's business model for managing its financial assets has changed such that its previous model would no longer apply.

However, SRLA is generally unable to change its business model because it is determined by the Performance Management Framework (PMF) and all Victorian government authorities are required to apply the PMF under the Standing Directions 2018 under the FMA.

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.

7.11. Financial instruments: Categorisation

(\$ thousand)					
	Notes	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
2023					
Contractual financial assets					
Cash and deposits		14,056	-	-	14,056
Receivables ^(a)					
Contractual receivables	5.1	-	145,160	-	145,160
Total contractual financial assets		14,056	145,160	-	159,216
Contractual financial liabilities					
Payables ^(a)					
Supplies and services		-	-	56,526	56,526
Borrowings					
Lease liabilities		-	-	748	748
Total contractual financial liabilities		-	-	57,274	57,274

(\$ thousand)					
	Notes	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
2022					
Contractual financial assets					
Cash and deposits		6,988	-	-	6,988
Receivables ^(a)					
Contractual receivables	5.1	-	35,812	-	35,812
Total contractual financial assets		6,988	35,812	-	42,800
Contractual financial liabilities					
Payables ^(a)					
Supplies and services		-	-	39,679	39,679
Total contractual financial liabilities		-	-	39,679	39,679

(a) The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

7.12 Financial risk management objectives and policies

SRLA does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

SRLA's principal financial instruments comprise:

- cash and deposits
- receivables (excluding statutory receivables)
- payables (excluding statutory payables)
- borrowings (including lease liabilities).

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability, are disclosed throughout the notes to these financial statements.

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

SRLA uses different methods to measure and manage the different risks to which it is exposed.

The carrying amounts of SRLA's contractual financial assets and financial liabilities by category are disclosed in Note 7.1.1 – Financial instruments: Categorisation.

Financial instruments: Credit risk

Credit risk arises from the contractual financial assets of SRLA, which comprise cash and deposits and non-statutory receivables. SRLA's exposure to credit risk arises from the potential default of the counter party on their contractual obligations resulting in financial loss to SRLA. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with SRLA's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is SRLA's policy to only deal with entities with high credit ratings of a minimum triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, SRLA does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, SRLA's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that SRLA will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 60 days overdue and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents SRLA's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to SRLA's credit risk profile between 1 July 2022 and 30 June 2023.

Credit quality of financial assets

	(\$ thousand)		Total
	Financial institution (AA- credit rating)	Victorian Government (AA credit rating)	
2023			
Financial assets			
Cash and deposits	14,056	-	14,056
Receivables (with no impairment loss recognised)	-	145,160	145,160
Total contractual financial assets	14,056	145,160	159,216

	(\$ thousand)		Total
	Financial institution (A credit rating)	Victorian Government (AA credit rating)	
2022			
Financial assets			
Cash and deposits	6,988	-	6,988
Receivables (with no impairment loss recognised)	-	35,812	35,812
Total contractual financial assets	6,988	35,812	42,800

Impairment of financial assets under AASB 9

SRLA records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes SRLA's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

Contractual receivables at amortised cost

SRLA applies AASB 9s simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. SRLA has grouped contractual receivables on shared credit risk characteristics and days past due and selected the expected credit loss rate based on SRLA's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, SRLA has determined that its loss allowance at the end of the financial year is Nil.

Financial instruments: Liquidity risk

Liquidity risk is the risk that SRLA would be unable to meet its financial obligations as and when they fall due. SRLA operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

SRLA's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the balance sheet.

SRLA's exposure to liquidity risk is deemed insignificant based on current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the balance sheet.

Financial instruments: Interest rate risk

SRLA does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Foreign currency risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

7.2. Contingent assets and contingent liabilities

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

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

SRLA has Nil contingent assets as at 30 June 2023.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or
 - the amount of the obligations cannot be measured with sufficient reliability.

These are classified as either quantifiable or non-quantifiable.

SRLA has Nil contingent liabilities as at 30 June 2023.

7.3. Fair value determination

This section sets out information on how SRLA has 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 and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result
- land, buildings, plant, equipment and vehicles.

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

SRLA 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.

SRLA determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is SRLA’s independent valuation agency and SRLA will engage them to monitor changes in the fair value of each asset and liability through relevant data sources to determine revaluations when it is required.

How this section is structured

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

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

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 7.3.1 Fair value determination of financial assets and liabilities) and non-financial physical assets (refer to Note 7.3.2 Fair value determination: non-financial physical assets).

7.3.1 Fair value determination: financial assets and liabilities

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

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

SRLA currently holds a range of financial instruments that are recorded in the financial statements at their carrying amounts which approximate to fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2023-2024 reporting period.

These financial instruments include:

Financial assets

Cash and deposits

Receivables

- Receivables
- Other receivables

Financial liabilities

Payables

- For supplies and services
- Other payables

Borrowings

- Lease liabilities

7.3.2 Fair value determination: non-financial physical assets

(\$ thousand)				
	Carrying amount as at 30 June 2023	Fair value measurement at end of reporting period using:		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
2023				
Land at fair value				
Land for future transport use	65,247	-	-	65,247
Total of land at fair value	65,247	-	-	65,247
Leasehold improvements				
Non-specialised leasehold improvements	-	-	-	-
Total buildings leasehold at fair value	-	-	-	-
Plant, equipment, vehicles at fair value				
Plant, equipment and vehicles	892	-	-	892
Total plant equipment, vehicles at fair value	892	-	-	892

(\$ thousand)				
	Carrying amount as at 30 June 2022	Fair value measurement at end of reporting period using:		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
2022				
Leasehold improvements				
Non-specialised leasehold improvements	77	-	-	77
Total buildings leasehold at fair value	77	-	-	77
Plant, equipment, vehicles at fair value				
Plant, equipment and vehicles	95	-	-	95
Total plant equipment, vehicles at fair value	95	-	-	95

(a) Classified in accordance with the Fair value hierarchy.

There has been no transfer between levels during the period.

Land

Subsequent to the initial recognition, the market approach is used for specialised land, although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment reflects the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and considers the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as level 3 assets.

Property, plant and equipment (excluding land)

The fair value of building leasehold improvements, plant, equipment and vehicles is determined as the original acquisition cost less any accumulated depreciation and impairment losses. As depreciation and impairment adjustments are considered as significant, unobservable inputs in nature, these assets are classified as level 3 fair value measurements.

Reconciliation of Level 3 fair value movements

	(\$ thousand)					
	Land at fair value		Leasehold improvements		Plant and equipment	
	2023	2022	2023	2022	2023	2022
Opening balance	-	-	77	-	95	-
Allocation statement transfers in at 1 December 2021	-	-	-	216	-	101
Additions	65,247	-	-	-	942	47
Transfers in (out) to other government entities	-	-	-	-	(19)	(95)
Depreciation	-	-	-	(73)	(187)	(24)
Disposal	-	-	-	-	(16)	-
Transfer between asset classes	-	-	(77)	(66)	77	66
Closing balance	65,247	-	-	77	892	95

Description of significant unobservable inputs to level 3 valuations

2023 and 2022	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	CSO adjustment
Non-specialised leasehold improvements	Current replacement cost	Cost per unit Useful life
Plant and equipment	Current replacement cost	Cost per unit Useful life

8. Other disclosures

Introduction

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

Structure

- 8.1 Ex-gratia expenses
- 8.2 Other economic flows included in net result
- 8.3 Responsible persons
- 8.4 Remuneration of executives
- 8.5 Related parties
- 8.6 Remuneration of auditors
- 8.7 Subsequent events
- 8.8 Other accounting policies
- 8.9 Australian Accounting Standards issued that are not yet effective
- 8.10 Glossary of technical terms
- 8.11 Style conventions

8.1. Ex-gratia expenses

There were no ex-gratia expenses to report in the financial year and prior reporting period.

8.2. Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the disposal of non-current assets
- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

	(\$ thousand)	
	2023	2022
Net gain/(loss) on disposal of non-current assets		
Proceeds from disposal of assets	28	-
Written down value (WDV) of assets disposed	(16)	-
Net gain/(loss) on disposal of non-current assets	12	-
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave provisions	270	-
Total other gains/(losses) from other economic flows	270	-

8.3. 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. The names of each person who held positions of Ministers, Accountable Officers and members of the Board for the period 1 July 2022 to 30 June 2023 are as follows:

Minister

Hon. Jacinta Allan, MP, Minister for the Suburban Rail Loop

Board Directors

James MacKenzie (Chair)

Christine Wyatt (Deputy Chair)

Paul Barker

Sally Freeman

Ben Hubbard

Megan Bourke-O'Neil (commenced 1 September 2022)

Chief Executive Officer

Frankie Carroll

Remuneration

Amounts relating to Ministers are reported within the State's Annual Financial Report. Remuneration received or receivable by the Accountable Officer in connection with the management of Suburban Rail Loop Authority during the reporting period was in the range: \$820,000 - \$829,999 (period 1 December 2021 to 30 June 2022: \$440,000 - \$449,999).

The number of responsible persons, excluding the Accountable Officer and Minister, and their remuneration during the reporting period is shown in the table below.

Remuneration Bands	2023	2022
\$10,000 - \$19,999	1	-
\$30,000 - \$39,999	-	4
\$60,000 - \$69,999	4	-
\$80,000 - \$89,999	-	1
\$150,000 - \$159,999	1	-
Total number of responsible persons	6	5
Total remuneration (\$ thousand)	427	223

As SRLA commenced as a statutory authority on 1 December 2021, the remuneration reported in 2022 is for the seven months from 1 December 2021 to 30 June 2022.

The compensation detailed in the table above excludes the salaries and benefits the Portfolio Minister 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.

8.4. Remuneration of executives

The number of executive officers, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of fulltime equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by SRLA, or on behalf of SRLA, in exchange for services rendered, and is disclosed in the following categories:

- 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.
- Termination benefits include termination of employment payments, such as severance packages.

	(\$ thousand)	
	2023	2022
Remuneration of executive officers		
Short term employee benefits	18,820	7,627
Post-employment benefits	1,731	640
Other long-term benefits	542	366
Termination benefits	217	-
Total remuneration	21,310	8,633
Total number of executives	83	54
Total annualised employee equivalent (AEE) ^(a)	73.5	48.6

(a) AEE is based on the time fraction worked over the reporting period.

As SRLA commenced as a statutory authority on 1 December 2021, the remuneration reported in 2022 is for the seven months from 1 December 2021 to 30 June 2022.

8.5. Related parties

SRLA is a wholly owned and controlled entity of the State of Victoria.

Related parties of SRLA include:

- all key management personnel and their close family members and personal business interests, including controlled entities, joint ventures and entities they have significant influence over
- all Cabinet Ministers and their close family members
- all departments and 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

SRLA transacts with other State Government Departments and agencies through transactions such as grants in line with budgeted allocations. These notes provide further detail of counterparty and amount. In addition, grant income disclosed in Note 2.2 Grant income is from DTP. Notes 5.1 Receivables and 5.2 Payables identify the balances with other State Government Departments.

Key Management Personnel (KMP) of SRLA includes the responsible persons (see Note 8.3 Responsible persons) and senior executive service officers who report directly to the Accountable Officer.

The following table shows SRLA's KMP:

Name	Positions identified as KMP	Period
The Hon Jacinta Allan MP	Minister for Transport and Infrastructure Minister for Suburban Rail Loop	1 July 2022 to 30 June 2023
James MacKenzie	Board Chairperson	1 July 2022 to 30 June 2023
Christine Wyatt	Board Deputy Chairperson	1 July 2022 to 30 June 2023
Ben Hubbard	Board Member	1 July 2022 to 30 June 2023
Paul Barker	Board Member	1 July 2022 to 30 June 2023
Sally Freeman	Board Member	1 July 2022 to 30 June 2023
Megan Bourke-O'Neil	Board Member	1 September 2022 to 30 June 2023
Frankie Carroll	Chief Executive Officer	1 July 2022 to 30 June 2023
Nick Dickinson	Chief People Officer	20 March 2023 to 30 June 2023
James Tonkin	Executive General Manager, Strategic Communications and Engagement	1 July 2022 to 30 June 2023
Lissa van Camp	Executive General Manager, Land, Planning, Environment and Sustainability	8 March 2023 to 30 June 2023
Ludo Campbell-Reid	Executive General Manager, Planning and Precincts	1 July 2022 to 30 June 2023
Mick Douge	Acting Executive General Manager, Rail and Infrastructure Delivery	30 January 2023 to 30 June 2023
Naomi Kelly	Executive General Manager, Commercial & Legal	5 September 2022 to 30 June 2023
Sashi Balaraman	Executive General Manager, Strategy and Policy	1 July 2022 to 30 June 2023
Nicole Stoddart	Executive General Manager, Rail and Infrastructure Delivery	1 July 2022 to 27 January 2023
Jennifer Gale	Executive General Manager, Corporate Services	1 July 2022 to 27 September 2022

Remuneration of key management personnel

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

	(\$ thousand)	
	2023	2022
Compensation of KMPs		
Short term employee benefits	4,243	1,751
Post-employment benefits	248	76
Other long-term benefits	93	71
Termination benefits	130	-
Total key management personnel compensation	4,714	1,898

As SRLA commenced as a statutory authority on 1 December 2021, the remuneration reported in 2022 is for the seven months from 1 December 2021 to 30 June 2022.

During the year, SRLA had the following government-related party transactions:

Income and receivable transactions over \$10,000 with Government related entities

2023		(\$ thousand)	
Related Party	Nature of Transaction	Income	Receivables
Department of Transport and Planning	Provision of Grant Income	83,872	145,160

Expenditure and Payables transactions over \$10,000 with Government related entities

2023		(\$ thousand)	
Related Party	Nature of transaction	Expenditure	Payables
DEPARTMENT OF TREASURY AND FINANCE	Office accommodation and support services	6,843	171
DEPARTMENT OF ENERGY ENVIRONMENT AND CLIMATE ACTION	Project development and delivery support services for Rail and Infrastructure works	5,078	1,377
DEPARTMENT OF TRANSPORT AND PLANNING	IT desktop and system implementation support services	4,035	2,582
	Shared support services	2,841	2,841
	Project development and delivery support services for Rail and Infrastructure works	4,664	3,112
VICTORIAN MANAGED INSURANCE AUTHORITY	Insurance services	1,077	
CENITEX	IT desktop and system implementation support services	612	538
DEVELOPMENT VICTORIA	Lease outgoing payments	548	47
EPA VICTORIA	Project development and delivery support services for Rail and Infrastructure works	517	89
MELBOURNE WATER	Project development and delivery support services for Rail and Infrastructure works	183	53
VICTORIAN AUDITOR-GENERAL'S OFFICE	External Audit services	59	59
DEPARTMENT OF JUSTICE AND COMMUNITY SAFETY	Access to Freedom of Information portal	53	34
VICTORIAN GOVERNMENT SOLICITORS OFFICE	Legal services	35	2

8.6. Remuneration of auditors

	(\$ thousand)	
	2023	2022
Victorian Auditor-General's Office Audit of the financial report	59	42
Total remuneration of auditors	59	42

8.7. Subsequent events

SRLA's 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/or
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

On 29 August 2023, Suburban Connect was announced as the preferred bidder for the first tunnelling contract for SRL East. Suburban Connect is a consortium that includes CPB Contractors, Ghella and Acciona Construction. Further announcements, including the financial effect on SRLA's operations, will be made once contracts are finalised.

8.8. 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 SRLA.

Additions to net assets that 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.

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.

Foreign currency balances/transactions

All foreign currency transactions during the period are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

Foreign currency translation differences are recognised in other economic flows in the consolidated comprehensive operating statement and accumulated in a separate component of equity, in the period in which they arise.

8.9. Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2022-23 reporting period. These accounting standards have not been applied to SRLA's Financial Statements. SRLA is reviewing its existing policies and assessing the potential implications of these accounting standards, which include:

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

AASB 2022-10 amends AASB 13 *Fair Value Measurement* by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

Among other things, the Standard:

- specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* or if it is highly probable that it will be used for an alternative purpose
- clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services
- specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data
- provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.

This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

SRLA is currently in the process of assessing the potential impact of this amended Standard. It is not anticipated to have a material impact when implemented.

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

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

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

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

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

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

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

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

8.10. Glossary of technical terms

The following is a summary of the major technical items used in this report.

Actuarial gains or losses on superannuation defined benefit plans are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred)
- the effects of changes in actuarial assumptions.

Amortisation is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

Borrowings refers to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, lease liabilities, service concession arrangements and other interest-bearing arrangements. Borrowings also include non-interest-bearing advances from government that are acquired for policy purposes.

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

Current grants are amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

Effective interest method is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans and defined contribution superannuation plans.

Ex gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. 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.

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

Financial asset is any asset that is either:

- cash
- an equity instrument of another entity
 - a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.
- A financial asset can also be a contract that will or may be settled in the entity's own equity instruments and is either:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is either:

- a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity
- a contract that will or may be settled in the entity's own equity instruments and is either:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements in SRLA's report comprises:

- a balance sheet as at the end of the period
- a comprehensive operating statement for the period
- a statement of changes in equity for the period
- a cash flow statement for the period
- notes, comprising a summary of significant accounting policies and other explanatory information
- comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*
- a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Grant expenses and other transfers are transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general-purpose grants, which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Interest expense represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments, service concession financial liabilities and amortisation of discounts or premiums in relation to borrowings.

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Leases are rights conveyed in a contract, or part of a contract, to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net acquisition of non-financial assets (from transactions) are purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write offs, impairment write downs and revaluations.

Net financial liabilities is calculated as liabilities less financial assets, other than equity in public non-financial corporations (PNFC) and public financial corporations (PFC). This measure is broader than net debt as it includes

significant liabilities, other than borrowings (e.g. accrued employee liabilities such as superannuation and long service leave entitlements). For the PNFC and PFC sectors, it is equal to negative net financial worth.

Net financial worth is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

Net operating balance or net result from transactions is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

Net worth is calculated as assets less liabilities, which is an economic measure of wealth.

Non-financial assets are all assets that are not financial assets. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, cultural and heritage assets, intangibles and biological assets such as commercial forests. Non-financial public sector represents the consolidated transactions and assets and liabilities of the general government and PNFC sectors. In compiling statistics for the non-financial public sector, transactions and debtor/creditor relationships between sub-sectors are eliminated to avoid double counting.

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also to 'net result'.

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include: gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include: changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

Payables includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Receivables include amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

8.11. Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

- zero, or rounded to zero

(xxx) negative numbers

200x year period

200x-0x year period

The financial statements and notes are presented based on the illustration for a statutory authority in the *2022- 2023 Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of SRLA's annual reports.

Disclosure index

SRLA's Annual Report is prepared in accordance with relevant Victorian legislation and pronouncements. This index signposts SRLA's compliance with Standing Direction (SD) requirements, Financial Reporting Directions (FRDs) and legislation.

Statutory Disclosure and Financial Reporting Direction requirements

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