



**SUBURBAN
RAIL LOOP**
AUTHORITY



Annual Report 2021-22



Authorised and published by the Victorian Government, 1 Treasury Place, Melbourne.

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. The Traditional Owners have lived continuously and sustainably in the region for thousands of years, moving within their lands, making use of seasonal plant and animal resources and sharing similarities in speech, burial practices, initiation, kinship marriage ties and beliefs.

The Traditional Owners continue to be custodians of the region today, maintaining their connection to Country.

Suburban Rail Loop Authority acknowledges the Wurundjeri Woi Wurrung Traditional Owners, Bunurong Traditional Owners and all Traditional Owners of the land on which we stand. We respect their connection to Country as continuing custodians; acknowledge their Elders – past, present and emerging – and their connection to the waterways, land and stories of this Country.

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If you would like to receive this publication in an accessible format, please contact the SRLA call centre on 1800 105 105 or email contact@srla.vic.gov.au.

The Suburban Rail Loop Authority was established as a statutory authority on 1 December 2021.

The SRLA Annual Report 2021-22 covers the period from 1 December 2021 to 30 June 2022. Prior to this, SRLA was an administrative office of the Department of Transport.

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Board Chair Foreword

On behalf of the SRLA Board, I am pleased to present the inaugural Annual Report for the Suburban Rail Loop Authority (SRLA) for the period 1 December 2021 to 30 June 2022 – a highly significant period in the life of this city-and-state-changing project.

On 1 December 2021, SRLA was established as a statutory authority under the *Suburban Rail Loop Act 2021*, to facilitate delivery of the Suburban Rail Loop program. While this report reflects the period from its establishment as a statutory authority to the end of the 2021-22 financial year, it also references the significant milestones and outcomes SRLA has achieved while operating as an administrative office in the Victorian Department of Transport.

The past 12 months saw the release of a Business and Investment Case which established the imperative for SRL, and detailed the substantial social, economic and environmental benefits the project will deliver. The passing of the project-specific legislation has enabled SRL to proceed with certainty and consistency.

It was also a year in which substantial progress was made in achieving necessary planning approvals and the procurement of contractors for delivery, including the awarding of an Initial and Early Works package for Suburban Rail Loop (SRL) East, which resulted in the turning of the first sod for preparatory works in June 2022.

As the biggest transport and precincts infrastructure investment in Victorian history, SRL is an opportunity to shape our city and state for future generations.

A 90-kilometre orbital rail loop connecting every major rail line from the Frankston line to the Werribee line, via Melbourne Airport, SRL will change the way we live in, and move around Melbourne. A turn up and go service, it will open up access to major health, education and employment areas across Melbourne and add a

wheel to the hub and spokes of our existing radial and inner-city metropolitan train network

But it must not be seen as simply a hugely beneficial transport project. It is much more.

SRL will be a catalyst for unprecedented opportunities to develop the broader precincts around the new stations, attracting more jobs, housing options, services and opportunities to Melbourne's middle suburbs.

Melbourne will soon overtake Sydney as Australia's largest city and by around 2050, Greater Melbourne will be home to about nine million people – a global city the size of London today. We need to recalibrate how we grow – to help transform Melbourne into a 'city of centres' – and SRL will deliver this change, reshaping our city over time.

In a relatively short period of time, SRLA has established itself as a fully functioning authority with the skills, expertise and capability to drive the delivery of SRL's transport and precinct objectives – designed to ensure a thriving city and state into the future.

This is the beginning of an amazing journey and I look forward to continuing to report on the steady progress being achieved across all elements of the project.

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 period 1 December 2021 to 30 June 2022.



James MacKenzie
Chair, Suburban Rail Loop Authority

CEO Foreword

Suburban Rail Loop Authority (SRLA) has continued to build momentum throughout 2021 and 2022 with the ongoing recruitment of an expert team across the range of disciplines necessary for the design, development and delivery of a project of such unprecedented scale and significance.

It is an ambitious and multi-generational program which will not only deliver improved rail infrastructure and transport connections to key destinations, but a transformation of Melbourne's urban form.

Two of the four stages are underway, SRL East and SRL Airport. SRLA's focus is SRL East, comprising 26 kilometres of twin tunnels and six new underground stations from Cheltenham to Box Hill. This vital transport connection will link growing centres of employment, health, education and retail in Melbourne's south east and east. These stations will become a focal point in the communities they serve – with inviting public spaces that reflect the local character of the area and attract new investment in commercial ventures and housing options. SRL Airport from Sunshine to Melbourne Airport will be delivered by Rail Projects Victoria (RPV)

SRLA is positioning itself to deliver on these project objectives over the long term, bringing onboard local and global experts in their fields, covering everything from rail infrastructure, tunnelling, enterprise planning and digital strategy, to precincts planning, open spaces and urban design.

As a relatively new organisation, there has been an early focus on establishing the right culture and levels of cross-divisional collaboration, as well as learning and development opportunities to foster continuous improvement. Other essential foundation blocks such as information management systems, a digital strategy, risk and integrity safeguards and financial controls are a key priority.

The Business and Investment Case has provided an important platform from which to build greater community and stakeholder understanding of SRL's overarching benefits. This was followed by the comprehensive, fully digital Environment Effects Statement (EES) process to demonstrate how impacts will be managed and mitigated, and to capture valuable feedback.

Ten weeks of EES public hearings by an independent planning panel from late February 2022 saw contributions from a wide range of community members, stakeholders and technical experts, and

culminated in a report to the Minister for Planning, with a formal assessment to follow in the first quarter of the 2022-23 financial year.

Much progress was also achieved 'on the ground', with the Initial and Early Works contract awarded to Laing O'Rourke and with the start of works in Clayton, as well as continuing site investigations and other preparations across the 26 kilometre SRL East alignment.

Overall, procurement is gathering pace, with five bidders lodging an Expression of Interest for the SRL Tunnels packages, and ongoing market engagement creating an encouraging environment as further procurement packages are being prepared for release to market.

In parallel, SRLA has been actively building its Planning and Precincts division to ensure the expertise, capabilities and vision are in place to deliver enhanced precincts around new SRL stations. SRLA is determined to achieve the very best long-term outcomes in conjunction with local communities, councils and other stakeholders and this element of the project will continue to ramp up.

I am proud of SRLA's progress to date and thank the Board and my executive team for their support and advice, and also every staff member and technical adviser who has contributed in the last year. It has truly been a collective effort which sets the scene for ongoing success and making Suburban Rail Loop a reality for Melbourne and Victoria.



Frankie Carroll
CEO, Suburban Rail Loop Authority



1 OVERVIEW

Suburban Rail Loop

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

SRL is a city-shaping project that will connect communities and create thousands of jobs during construction. It will transform Victoria's public transport system and support vibrant precincts across Melbourne. The 90-kilometre orbital rail line will link every major service from the Frankston line to the Werribee line, via Melbourne Airport, connecting people to jobs, education, medical care and retail across Melbourne's suburbs. It will ease congestion and take pressure off the existing transport network.

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

Beyond the greater transport connectivity, SRL will deliver enormous social, economic and environmental benefits. It will recalibrate the projected decades ahead, reshaping Melbourne into a 'city of centres' and delivering on the vision set out in Plan Melbourne.

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

SRL will be delivered in stages over several decades, with construction underway on two stages.

The SRL program is planned in four stages:

1. SRL East – Cheltenham to Box Hill, construction commenced in 2022 and trains will be running by 2035. This phase connects commuters travelling on the Gippsland corridor and delivers six new station precincts at Cheltenham, Clayton, Monash, Glen Waverley, Burwood and Box Hill, and 26 kilometres of twin tunnels.
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 superhub is

located within this stage which is set to be completed by at least 2053.

3. SRL Airport – Sunshine to Melbourne Airport, to be delivered by Rail Projects Victoria (RPV) by 2029. SRL Airport is part of the Melbourne Airport Rail project and was announced in October, 2022, past the reporting period.
4. SRL West – Sunshine to Werribee, connects to the transport super hub at Sunshine and supported by other key infrastructure such as Metro Tunnel, SRL Airport, Geelong Fast Rail and the Sunbury Line upgrade. 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
- 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 areas around new SRL stations (an approximately 1,600 metre radius around stations) through a range of place-making initiatives, including new planning settings, new and upgraded community facilities, new and improved walking and cycling links, open and public space, and investment to attract anchor commercial tenants

- 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, and will help to train skilled workers of the future

Project

Melbourne is growing rapidly and needs a public transport system to meet this challenge. Victoria's population is expected to grow to around 11.2 million by 2056, with Melbourne to be home to around nine million people – a global city the same size as London today. SRL will help take pressure off the existing road and public transport network.

Community benefits

SRL 'precincts' describe the wider local neighbourhoods associated with the new stations. SRLA is considering everything from parkland and recreational space to the urban design, housing mix and other local infrastructure. These neighbourhoods will continue to be vibrant places to live, work and visit, and will be well positioned to enjoy the full benefits of the new employment and housing options SRL will create.

Transport benefits

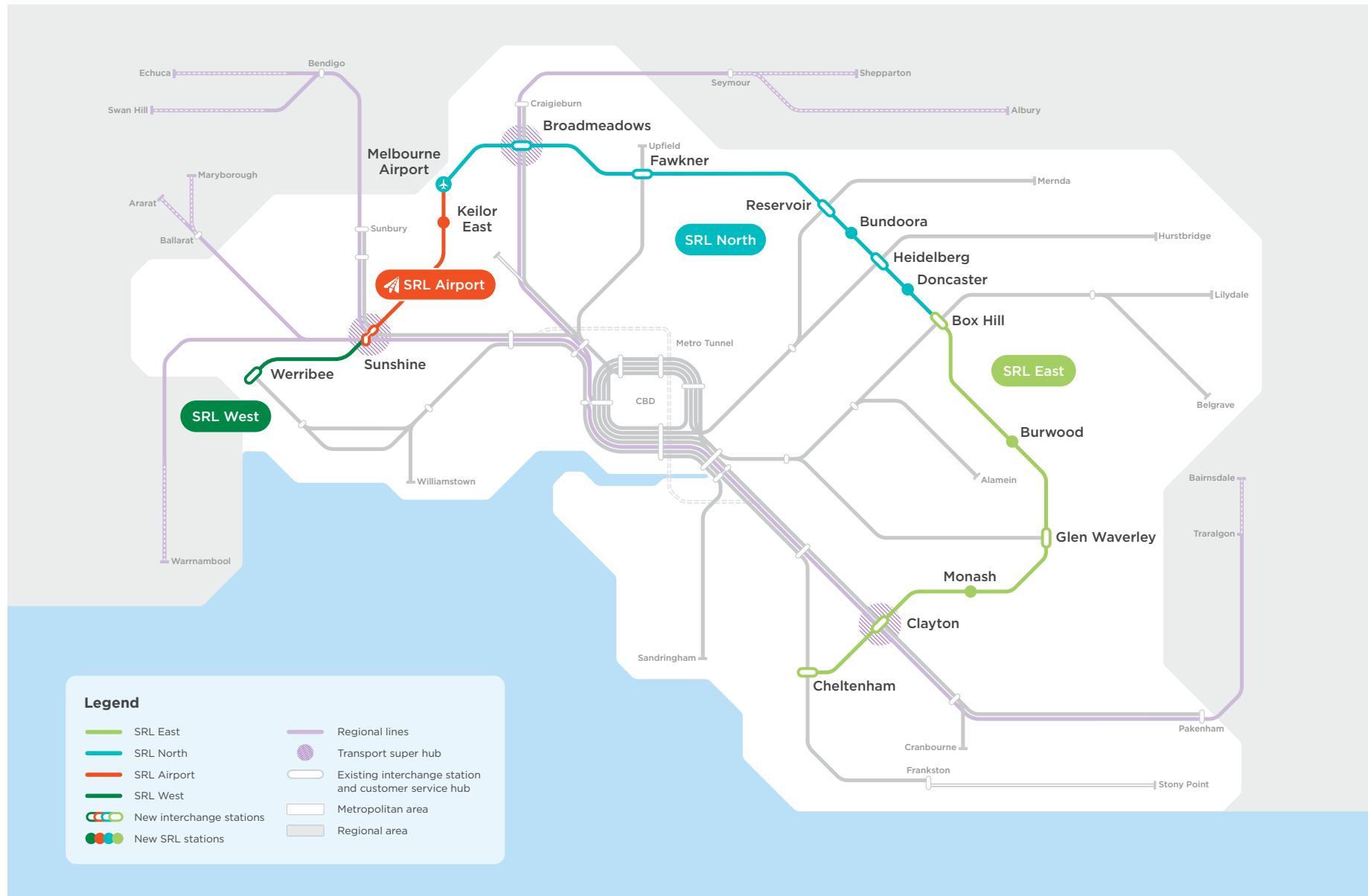
SRL will change how people move around Melbourne, setting a new benchmark for modern, convenient, and efficient public transport. More than 80 per cent of Melburnians will experience reduced travel times with shorter, faster and more reliable journeys. SRL will also ease traffic congestion; make cross-suburb travel easy; link every major rail service from Frankston to Werribee; and deliver a direct link to Melbourne Airport.

Benefits for regional Victoria

Passengers travelling into Melbourne from regional Victoria will no longer have to travel through the city to reach the middle suburbs for access education and health services, jobs and retail. SRL will provide a direct link to Melbourne Airport, as well as faster and easier travel to university campuses and major hospitals.

Regional rail services will be connected to SRL via interchanges at three transport super hubs in Clayton, Broadmeadows and Sunshine.

SRL – an orbital rail line for Melbourne



For illustrative purposes, subject to further detailed technical investigations and consultations. SRL Airport stage announced October, 2022.

Suburban Rail Loop Authority

Suburban Rail Loop Authority (SRLA) was established under Section 30 of the *Public Administration Act 2004* on 3 September 2019 as an administrative office in the Victorian Department of Transport.

SRLA became a statutory authority on 1 December 2021 following the passing of its governing legislation – *Suburban Rail Loop Act 2021* (SRL Act) – by the Victorian Parliament on 7 October 2021.

The primary objective of SRLA is to plan and deliver the Suburban Rail Loop program. It is governed by a board of directors who sets the strategic direction and priorities of SRLA.

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

While SRLA is an independent statutory authority, it is also a key contributor to Victorian Government Department of Transport and transport network initiatives, to ensure Victorians can stay connected to jobs, education and each other.

The Victorian Government transport portfolio vision is to deliver an integrated and sustainable transport system that contributes to an inclusive, prosperous, and environmentally responsible state.

Together, entities in the transport portfolio deliver simple, safe, connected journeys, and are working together to shape the transport system so that it meets the needs of the people that use it now and in the future.

SRLA vision

A thriving global city, ready for the future.

SRLA purpose

SRL will connect people and communities to enhance liveability and create opportunity.

SRLA's vision and purpose have been established to 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.

Underpinning the vision and purpose statements are the principles of connectivity, liveability and productivity:

- Improving transport connectivity between middle suburbs and precincts, and its regions; facilitating sustainable population growth, urban renewal outcomes
- Improving liveability through delivering better connectivity and enhancing the sense of place in SRL precincts
- Increasing productivity by facilitating greater employment, activity and investment in strategic areas within and around SRL precincts and outside the inner Melbourne city.

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's not just about what we do, but how SRLA staff work together within the organisation, with community and other stakeholders that is important.

SRLA's aim is to remain high performing and agile in delivering on the project at each step of the way.



Governance

Minister

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

SRLA Board

As a statutory authority, SRLA has a governing Board.

The Board is responsible for the management and affairs of SRLA, in particular:

- setting the strategic direction and priorities within the context of the 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 2022, the SRLA Board comprised five Directors:

- Mr James MacKenzie (Chair)
- Ms Christine Wyatt (Deputy Chair)
- Mr Paul Barker
- 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 eight meetings between 1 December 2021 and 30 June 2022. Attendance by Directors at Board meetings held during the reporting period is detailed below.

Directors' fees and related party transactions with Directors and their related entities are disclosed in notes 8.1 and 8.1.1 of the financial statements.

Board Director	Eligible to attend	Attended
James MacKenzie	8	8
Christine Wyatt	8	8
Paul Barker	8	8
Sally Freeman	8	7
Ben Hubbard	8	8

Board committees

The Board has established three committees.

Audit and Finance Committee

Paul Barker (Chair)
Ben Hubbard
Sally Freeman

Remuneration and People Committee

Christine Wyatt (Chair)
Ben Hubbard
James MacKenzie

Risk and Integrity Committee

Sally Freeman (Chair)
Christine Wyatt
James MacKenzie
Paul Barker

Prior to its establishment as a statutory authority, SRLA was an administrative office of the Victorian Department of Transport.

An Advisory Board provided strategic advice and guidance to the CEO regarding governance arrangements, project strategy, key project decisions, project monitoring, leading practice in risk management and compliance, and implementation of government policy as it related to SRL.

The Advisory Board ceased when SRLA commenced as a statutory authority on 1 December 2021.

SRLA Leadership Team

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

The CEO is required to manage the strategic direction and priorities set 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.

The ELT lead SRLA divisions to achieve the organisation's strategic and project outcomes.

Rail and Infrastructure Delivery

The Rail and Infrastructure Delivery division is responsible for implementing innovative and effective design and delivery solutions to help contribute to the realisation of program objectives and benefits.

The division oversees the following work streams:

- Safety, quality, and sustainability
- Design, including coordination of the technical advisory team
- Interfacing with key stakeholders for inputs to the design
- Land, planning and environment
- Project controls
- Project/construction management, and
- Rail operations

Planning and Precincts

Planning and Precincts drives planning for SRL precincts to build vibrant, distinctive and innovative communities, to help deliver world class urban design outcomes for residents, communities and businesses.

The division oversees the following work streams:

- Strategic planning
- Urban design
- Precinct activation
- Placemaking
- State government infrastructure coordination and sequencing

Planning and Precincts interfaces with key stakeholders and partners for input into strategic planning and cross-sector delivery, catalyst development proposals, urban design and thought leadership, to realise structure program

objectives of liveability, productivity and connectivity.

Commercial and Legal

The Commercial and Legal division is responsible for leading the procurement of SRL East Main Works packages, overseeing contract management for works projects in delivery, and supporting the management and coordination of commercial and legal activities for SRL infrastructure delivery.

The division includes separate Commercial and Legal teams who work closely to provide advice across a range of key project matters, supported by external commercial, financial and legal advisers.

Enterprise Planning

Enterprise Planning is responsible for the development of an enterprise strategic plan and supporting the CEO in the delivery of the plan.

The Enterprise Planning division:

- Develops strategic initiatives to generate optimal whole of project outcomes, including collaborating with other SRLA divisions to advance the SRL business model in both infrastructure and precincts delivery streams
- Leads and manages the development and delivery of the strategic planning process and updates to each annual plan, including monitoring and reporting of performance against targets
- Collaborates with other SRLA divisions to develop and execute strategic initiatives including partnerships with external stakeholders to ensure positive and sustainable results

Strategic Communications and Engagement

The Strategic Communications and Engagement division develops and implements key strategies to ensure proactive and effective engagement with the community and other stakeholders, government, industry groups and media. The division also oversees the management of all channels of communications and community relations to raise awareness and understanding of the project and its benefits, including:

- Consultation
- Public information materials
- Media engagement
- Issues management
- Online and digital communication
- Marketing, advertising, brand and design
- Events

Corporate Services

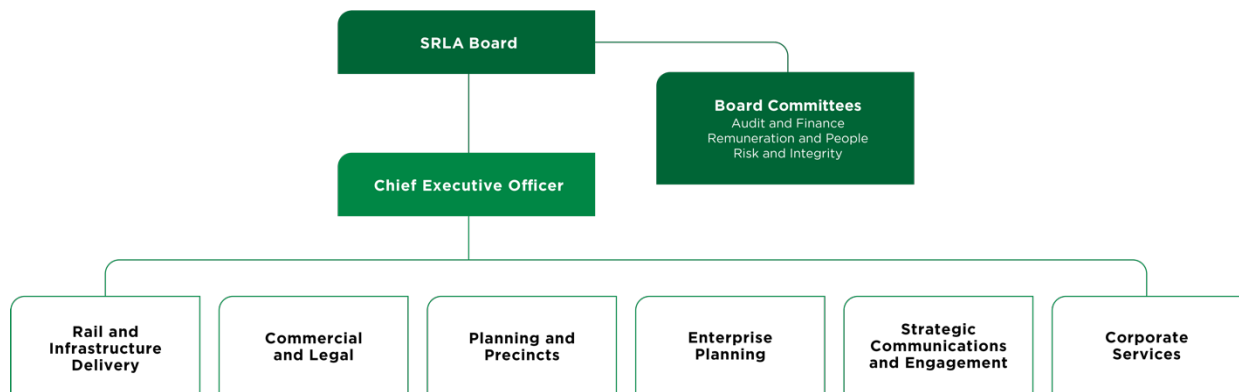
The Corporate Services division is responsible for developing and having the right people, culture,

systems, and assurance controls in place, including leading SRLA operational and reporting obligations, and ensuring compliance with legislative requirements.

Functions include:

- Finance and Administration
- People and Culture
- Digital, Data and Information Technology
- Governance and General Counsel, and
- Integrity and Assurance

SRLA Structure



Key achievements

Suburban Rail Loop Authority (SRLA) is responsible for planning and delivering Suburban Rail Loop (SRL).

In August 2021, the Victorian Government released the Suburban Rail Loop *Business and Investment Case* outlining how the SRL program will deliver more jobs, better services and access to housing as Victoria grows.

In the period 1 December 2021 to 30 June 2022 SRLA delivered several early milestones to set the project up for success. Over the forward years SRLA will see significant focus on delivering initial and early works on SRL East, which will pave the way for main works, delivering a rail tunnel and six new underground stations between Cheltenham and Box Hill, as well as place-making initiatives in and around the station precincts.

SRL East initial works underway

Construction of SRL East began in mid-2022 with works commencing in Clayton to lay a new 630 metre sewer pipe to make way for the new SRL Clayton station site – this began a massive program of initial and early works which will create up to 800 local jobs.

These works will include road modifications, further service relocations and the preparation of three sites where the tunnel boring machines will be launched in 2026.



Site investigations

A huge program of geotechnical investigations continues to gather crucial information about ground conditions to support the design and planning for SRL.

More than two million hours have been worked on the project, with more than 12,000 lab tests,

surveys and geotechnical investigations conducted across the SRL East alignment – including geotechnical investigations at more than 860 sites.

These ground investigations are critical for detailed design and de-risking underground elements of the project.

Environment Effects Statement

The SRL East Environment Effects Statement (EES) assessed the potential impacts of construction and operation of SRL East rail infrastructure, and proposed ways to reduce and avoid impacts on the community and the environment.

Victoria's first fully digital EES – an equivalent of 33,000 pages – was on public exhibition in late 2021, with more than 10,000 people visiting the site, and 366 making a submission.

A public hearing was held from 28 February to 5 May 2022 with organisations and community members providing evidence in support of their submissions. Eighty-eight parties and 47 witnesses shared their feedback across 39 days.

The independent joint Inquiry and Advisory Committee (IAC) submitted its report and recommendations to the Minister for Planning in June 2022.

Finalisation of the main works packaging and procurement strategies and release of EOI for tunnelling packages

Due to the size and scale of the project, the procurement strategy for SRL has been devised in consultation with the market.

- Works Package A (WPA): Initial and Early Works package
- Works Package B (WPB): Power Construction Supply Package

Major works on SRL East will be delivered through five rail and infrastructure major works packages:

- Works Packages C & D (WPC, WPD): Tunnel packages between Cheltenham and Glen Waverley, and between Glen Waverley and Box Hill
- Works Packages E & F (WPE, WPF): Station packages between Cheltenham

to Glen Waverley, and Glen Waverley to Box Hill

- Works Package G (WPG): Line-wide package for tunnel fit-out, signalling and systems along the SRL East alignment

A single Expressions of Interest process for the two tunnelling packages (WPC and WPD) for SRL East opened in March 2022. The two packages include the longest tunnelling package in Victorian history – 13.8 kilometres of twin tunnels between Cheltenham and Glen Waverley. The second is to construct tunnels between Glen Waverley and Box Hill.

Five bids from world-class consortia were received.



Community Projects Fund

The SRL Community Projects Fund (CPF) gives local community groups and councils the opportunity to deliver exciting new initiatives and projects along the SRL East corridor from Cheltenham to Box Hill.

The \$250 million fund has been established to support initiatives both large and small to meet current community needs, while ensuring SRL precincts are ready for the changes which will accompany the new rail line.

These projects will support and enhance communities likely to be affected by SRL East's long term construction phase, as well as ensuring that SRL precincts are ready for the accompanying demands on local infrastructure and services when SRL services commence in 2035.

Several funding rounds will be offered during construction of SRL East. Applications for the first CPF funding round for Community Support Grants closed in May 2022, with not-for-profits, sports clubs and schools among those who

applied for grants of between \$10,000 and \$80,000.

Continuing development of precinct planning and early consultation

Urban planners, architects and placemakers are continuing the important preparations for SRL precincts to support vibrant, liveable and accessible 20-minute neighbourhoods around SRL stations.

Precinct planning and technical studies which will inform subsequent phases of the precinct planning program are underway. These include investigations into local infrastructure, land use, housing options, employment, connectivity, and open space.

SRLA is continuing to work with other state government departments and agencies, local government, and the private sector to unlock new possibilities in these precincts through a range of placemaking initiatives.



Community and stakeholder engagement

SRLA is consulting widely with stakeholders and local communities – ensuring Victorians receive regular 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 the potential design of SRL since mid-2019. In the period to 1 December 2021, SRLA had more than 290 stakeholder meetings and engagement with more than 11,000 community members via social research and online engagement tools such as surveys and interactive maps. SRLA also had almost 14,000 interactions across 42 pop-up and drop-in information sessions.

In the period 1 December 2021 to 30 June 2022, SRLA held more than 150 stakeholder meetings and engaged with hundreds of community members through five pop-up and drop-in information sessions.

SRLA has established Precinct Reference Groups (PRGs) for the six SRL East station precincts at Cheltenham, Clayton, Monash, Glen Waverley, Burwood and Box Hill. The PRGs are a forum for SRLA to share project information and test its thinking on relevant issues with community members and other key stakeholders during the planning, development and delivery of SRL East. The PRGs include representation from local communities and trader groups, community representatives and relevant local council officers, as well as relevant state government agencies.

A Community Reference Group (CRG) for the Heatherton community regarding the stabling facility will be established following project approvals. The CRG will provide a forum for SRLA to directly engage with community members, local businesses and other key stakeholders during the planning, development and delivery of the SRL East stabling facility, with particular focus on urban design and landscaping treatments as well as helping to address any construction issues.

Corporate affairs activities

SRLA has made a concerted effort to support the delivery of the project by raising awareness and understanding of what it will achieve for Melbourne and Victoria.

This has been done through proactive media stories and events, a project website, virtual information sessions (due to public health restrictions), online surveys, electronic newsletters and social media engagement (Facebook, Twitter, Instagram, YouTube and LinkedIn) – driven by compelling content and imagery.

SRLA now has a combined total of more than 20,000 followers across these platforms, providing an invaluable avenue to achieve direct interaction with the community.



Graduate Program

The SRLA Graduate Program provides an exciting introduction to the world of transport infrastructure, offering graduates a wide range of experience over the two-year program.

The Graduate Program has expanded in its second year, with 11 new graduates joining the organisation in February 2022, in addition to three 2021 graduates. Preparations are underway for an even bigger program in 2023, helping to train the next generation of skilled Victorians.

Transition to a statutory authority

SRLA became a statutory authority on 1 December 2021, governed by the *Suburban Rail Loop Act 2021* (SRL Act).

Under the SRL Act, SRLA is established as a body corporate for a public purpose with overall responsibility to plan and deliver not only the largest infrastructure project in Victoria's history, but the state's biggest investment in transport and precinct development.

The legislation provides SRLA with the power to act as a planning authority for land to which an SRL planning declaration applies. This allows for consistent planning across the entire project area and gives SRLA tools to plan, procure and deliver this critical project, delivering the best possible outcomes for Victorians.

People and workplace

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

Public sector values and employment principles

SRLA is pursuing initiatives to foster the highest possible standard of integrity and conduct across the organisation, supporting staff to build a workplace which demonstrates respect, trust and openness in the way it operates.

Employment and conduct principles

SRLA is committed to meeting public sector values and employment principles set out in the *Public Administration Act 2004*. In continuing to develop and maintain its policies and procedures across 2021-22, the organisation ensured these values and principles were reflected and communicated. Information related to public sector conduct and the Victorian Public Service (VPS) employment principles are promoted via policies and procedures on the intranet and through expert advice provided by People and Culture.

People strategy

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

SRLA will continue to support its workforce by implementing a well-developed People Strategy which outlines a strong approach to workforce capability, employee wellbeing, building a high-performing environment, future-focused leadership, and embedding a growth mentality, embracing inclusion and a 'one team' culture to facilitate operational excellence.

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

Workforce inclusion policy

As SRLA grows, the organisation is focused on 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 which encourages participation and reflects the community it serves.

SRLA is particularly focussed on ensuring it is a safe and inclusive workplace for people who are:

- Aboriginal and Torres Strait Islander
- Culturally and linguistically diverse
- 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 which cover a range of diversity and inclusion topics.

Gender Equality Action Plan

SRLA's first 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.

The development of the GEAP was in line with the Commission guidelines. It was developed in consultation with SRLA staff, incorporating feedback collected through consultation activities for the People Strategy, data obtained from the People Matter Survey, engagement with the Community and Public Sector Union (CPSU) and included guidance and support from executive leaders.

The priorities listed in the GEAP provide SRLA an opportunity to genuinely demonstrate commitment to gender equality in the workplace.

Employment programs

The size, scope and duration of the SRL project provides a wide range of career opportunities. Multiple employment programs are required to support the establishment and development of an inclusive workplace, as well as continuing to deliver SRL and generating optimal whole of project outcomes. Work will continue to identify and design initiatives to address workforce challenges and gaps, to gauge workforce capability and capacity challenges such as skill

shortages, and under supply of workers and capability gaps.

SRLA has provided early career entry opportunities by participating in career pathway programs including internships and cadetships, and has established a Graduate Program which runs for two years and has an annual intake of graduates from multiple disciplines.

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, expanding knowledge, and to prompt different ways of thinking, leading to better outcomes both personally and professionally.

Throughout the COVID-19 pandemic SRLA has been able to maintain professional development by incorporating blended learning approaches, such as eLearning, virtual classrooms, online webinar-based training and face-to-face training and workshops.

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

Wellbeing

SRLA has embedded a culture of supporting the health and wellbeing of all employees. SRLA's focus is on encouraging good working habits and ensuring staff are checking in on each other.

SRLA has an ongoing focus on its obligations under the VPS Mental Health and Wellbeing Charter, and has made a commitment to continuously develop awareness and understanding of positive mental health and wellbeing by offering people managers and team members training options, such as Psychologically Safe Workplace sessions.

SRLA has launched programs to support employee wellbeing by providing other vehicles for supporting mental health in the workplace. These include a Peer Support Program and Mental Health First Aid Officer Network, and the

WISE Program, which is a proactive outreach support program available to all staff.

SRLA's internal programs are supported by an Employee Assistance Program (EAP), which is facilitated by EAP provider, Assure, which is one of Australia's leading mental health providers. This program is available to all SRLA employees and their immediate family members, and includes a range of confidential support services.

PERMAH model

SRLA's Wellbeing Framework is anchored by the PERMAH model. This model uses a positive psychology to focus on elements that intrinsically motivate people and contribute to optimal human functioning, including wellbeing and happiness:



Peer supporters

In 2022, SRLA established a Peer Support Program, which saw a total of eleven 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.

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

Seventeen staff members completed the training as accredited Mental Health First Aiders delivered by Girraway Ganyi Pty Ltd; and were invited to become SRLA Mental Health First Aid Officers. Following a registration and selection process, eight staff members were appointed as volunteer SRLA Mental Health First Aid Officers. People leaders creating a mentally healthy workplace

As of 30 June 2022, over 80 per cent of SRLA People Leaders completed Creating a Mentally Healthy Workplace - Strategies and Solutions training. This program was uniquely tailored for SRLA and delivered by AP Psychology and Consulting Services; it provided training on:

- Understanding mental health conditions
- The role and responsibility of people leaders in the context of mental health in the workplace
- Having conversations about mental health
- Leading a mentally healthy workplace.

Suburban Rail Loop Authority workforce information

At June 2022							
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

Note:

- FTE means full-time equivalent.
- All figures reflect employment levels during the last full pay period of June 2022
- Excluded are external contractors/consultants, temporary employees employed by employment agencies

Senior Executive Service data

For Suburban Rail Loop Authority (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.

All figures reflect employment levels at the last full pay period in June of the current and corresponding reporting year. The definition of an EO does not include a statutory office holder or an Accountable Officer.

The following tables disclose SRLA's EOs for 30 June 2022:

- Table 1 provides the total EO numbers for SRLA, including a breakdown of gender
- Table 2 provides the reconciliation of EO numbers
- Table 3 discloses the annualised total salary of senior employees by classification

Table 1: Total number of executives by gender

	All	Man	Woman	Self-described
Classification				
Chief Executive Officer	1	1	0	0
SES3	5	3	2	0
SES2	24	20	4	0
SES1	22	11	11	0
Total	52	35	17	0

Table 2: Reconciliation of executive numbers

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

Note:

- The above table does not include staff on higher duties in vacant SES positions.
- Other includes executive movements to non-executive roles.

Table 3: Annualised total salary for senior employees

	Executives	STS	PS
<\$160,000	0	0	0
\$160,000 – \$179,999	1	0	0
\$180,000 – \$199,999	4	8	1
\$200,000 – \$219,999	12	13	2
\$220,000 – \$239,999	5	14	5
\$240,000 – \$259,999	3	19	4
\$260,000 – \$279,999	4	0	0
\$280,000 – \$299,999	3	0	0
\$300,000 – \$319,999	2	0	0
\$320,000 – \$339,999	4	0	0
\$340,000 – \$359,999	7	0	0
\$360,000 – \$379,999	0	0	0
\$380,000 – \$399,999	0	0	0
\$400,000 – \$419,999	3	0	0
\$420,000 – \$439,999	1	0	0
\$440,000 – \$459,999	1	0	0
\$460,000 – \$479,999	0	0	0
\$480,000 – \$499,999	0	0	0
>\$500,000	2	0	0
Total	52	54	12

Note:

- The salaries reported above are the full time equivalent total remuneration, less superannuation.
- STS refers to Senior Technical Specialist
- PS refers to Principal Scientist

Health and safety

SRLA is committed to providing a healthy and safe working environment for its staff, contractors and the community it engages with. To enable this, SRLA has developed a Health and Safety Strategy, a behaviours-based strategy founded on a platform of strong, diligent practices, connecting people across networks and industries, and taking lessons learnt from each other.

SRLA aims to have a culture of unrivalled health and safety performance. This is core to the way the organisation works and acknowledges the project's unique position delivering the largest transport infrastructure project in Victoria's history.

With a delivery program spanning decades, this strategy has been developed to continue to be receptive, scalable, and relevant as both the organisation and the SRL project evolve. This goal of achieving unrivalled health and safety performance moves away from traditional models of policing the actions of others, and moves towards a collaborative, progressive working relationship which underpins high performance and excellence in project delivery.

To do this, the SRLA strategy focuses on building the right platform, creating active networks, and having a lasting impact on health and safety performance.

This approach is supported by SRLA key health and safety fundamentals:

- Health and Safety Capability
- Risk Management:
- Governance:

SRLA's health and safety performance is monitored by the Executive Leadership Team and Board.

Health and safety reporting focuses on core elements of the SRLA program of work: the organisation, program, delivery, and rail safety with key metrics including compliance to senior leader due diligence obligations, alignment with legislative compliance, adherence to the *Occupational Health & Safety Act 2004* (OHS Act), monthly performance statistics and any incidents which may have occurred.

Health and safety of SRLA people

The COVID-19 pandemic has presented challenges everywhere. The SRLA workforce continued to work in a hybrid manner during 2021-22, with staff working from both the office and remote locations. Supporting SRLA staff has been an integral part of maintaining momentum on the large program of work. SRLA has continued to monitor staff experience and ensured that working remotely has not been a barrier to accessing health and safety offerings.

SRLA's health & safety consultative group consists of representatives from each division and meets monthly to discuss health and safety matters across the project. This forum allows for the health and safety program to be delivered in a connected way and has focused on COVID-19

pandemic impacts, including mental health and wellbeing, work from home ergonomics and arrangements, and returning to the office environment. There is also a continued focus on orientating staff with the health and safety requirements for accessing project sites, as well as maintaining office-based health and safety obligations while working in a hybrid environment. Other improvements in 2021-22 include:

- Ensuring new starters have the right information through online orientation models, conducting monthly health and safety inductions and embedding safety shares in staff meetings
- Inclusion and promotion of health, safety and wellbeing accountabilities in performance development plans for all VPS and executive employees
- Establishing and promoting a return to office Intranet site which is easy to navigate and encourages staff to be proactive in managing their hybrid working arrangements
- Further developing online resources for health and safety, which enable staff to easily access support materials and embed health and safety into the operating rhythm of SRLA
- Tailored support which incorporates proactive engagement with employees, focusing on all levels including leadership

- Conducting senior leader due diligence training and crisis simulation with executives, and ensuring that senior leader walks are performed routinely
- Introduction of a digital safety incident management report which supports managing strategic risks
- Establishing the SRLA Health & Safety Management System to comply with legislative requirements. Due to the complexity and longevity of the SRL project, this system has been designed to accommodate and mature with the organisation over the project's lifespan
- Reviewing and implementing a support model which considers hybrid working arrangements when supporting an emergency response. In doing so, SRLA has inducted and trained new wardens and updated support materials

Delivery health and safety

Under the health and safety model, SRLA work closely with its contractors to ensure that all sites operate in a safe and healthy way. This partnered approach sees SRLA's contractors conducting health and safety risk assessments of high risk works including mobile plant, traffic, confined space, excavation, drilling, working at heights, rail, working on/near water. To set SRLA staff and contractors up for success, planning interventions have been focused on:

- Utilising the project scope and technical requirements for the project
- Early engagement through procurement and alignment of the Managing Contractor Initial and Early Works with SRLA's health and safety strategy and vision
- Development and implementation of the SRLA Contractor Engagement Strategy – Health and Safety
- Requirement for Safety in Design workshops to transfer knowledge
- Management and participation of SRLA senior leaders in visible safety walks
- Supervision of on-site activities.
- Bi-weekly site safety inspections
- Appointment of an Independent Auditor with detailed criteria for pre-mobilisation, mobilisation and ongoing activities

Rail safety

The SRLA Rail Safety framework outlines project-wide rail safety and accreditation requirements for all relevant entities involved in the construction and operation of SRL, in accordance with the Rail Safety National Law (RSNL).

The SRL East Rail Accreditation approach identified no accreditation is required for the Initial and Early Works package. SRLA continues to work towards SRL accreditation for the civils and tunnels and is developing accreditation milestones for our major work packages.

Health and safety metrics

1 December 2021 – 30 June 2022	
H&S Leadership ¹	74
Risk Management & Governance ²	120
High Potential Incidents	0
All Injury Frequency Rate (12 month rolling average)	1.21
Total Recordable Injury Frequency Rate (12 month rolling average)	0.00

Note:

1. Measure reported is Senior Leader Health & Safety Walks

2. Measure reported is Critical Risk Control Inspections, Site Inspections and Safety Observations

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.

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

The projects described below commenced just prior to the reporting period (i.e. at the time when SRLA was an administrative office of the Department of Transport) and transferred to SRLA on commencement as a statutory authority. Department of Jobs, Precincts and Regions Industry Capability Network reporting has been established identifying SRLA as the Delivery Agency for these projects, therefore these projects are included in this annual report as SRLA projects commenced.

Local Jobs First – Strategic projects commenced

SRLA commenced one Local Jobs First – Strategic project. The project represents metropolitan works. Committed outcomes from this project includes:

- a local content average of 95 per cent
- a total of 157 annualised employee equivalent (AEE) jobs
- a total of 75 apprentice, cadet and trainee positions

Local Jobs First – Standard projects commenced

SRLA commenced one Local Jobs First – Standard project. The project represents metropolitan works. Committed outcomes from this project include:

- a local content average of 100 per cent
- a total of 15 AEE jobs
- a total of 0.3 apprentice, cadet and trainee positions

Major Project Skills Guarantee

SRLA commenced one project to which the MPSG applies. Committed MPGS outcomes include 147,596 apprentice, cadet and trainee hours.

Small and medium business engagement

The strategic and standard projects commenced committed to engaging 115 small to medium sized businesses through the supply chain.

Social Procurement

Victorian Government procurement is one of the largest drivers of the Victorian economy and makes a significant contribution to building a fair, inclusive and sustainable Victoria.

Value for money underpins Victorian Government procurement. It is the achievement of 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 relevant to the procurement. The Victorian Government recognises environmental, social and economic factors as a core component of value for money.

The Victorian Government is committed to using its purchasing power to generate social value above and beyond the value of the goods, services and construction it procures. In the Victorian Government context, social value means the benefits that accrue to all Victorians when the social and sustainable outcomes in Victoria's Social Procurement Framework are achieved.

The Victorian Social Procurement Framework has seven social procurement targets that align with important government work in relation to:

- First Nations businesses and social enterprises
- Victorian First Nations people
- Victorians with disability
- gender equality
- the prevention of family violence

- industrial relations and secure employment
- socioeconomic disadvantage

Social Procurement Achievements at SRLA

SRLA applies the Victorian Government Social Procurement Framework.

During the reporting period, SRLA achieved the following:

- Increased Aboriginal Business engagement from previous period, including the successful appointment of an Aboriginal Business for prescription safety glasses
- Membership of the Australian Disability Network utilising the resources of the network to help improve SRLA's understanding and requirements for benchmarking disability access
- Mental Health First Aid Training and awareness provided by an Aboriginal Business
- Appointment of Aboriginal Business to provide Technical Heritage Advice and participate in ongoing stakeholder workshops for tunnelling and rail infrastructure
- Commenced development of a Social Procurement Strategy tailored specifically to SRLA to be applied during 2022 and 2023

Consultancy expenditure

A consultant is defined as a particular type of contractor engaged primarily to perform a discrete task that facilitates decision making through the provision of expert analysis and advice, or the development of a written report or other intellectual output.

Details of individual consultancies where the total fees payable to the consultants were \$10,000 or greater for the period from 1 December 2021 to 30 June 2022 can be found on SRLA's website.

Details of consultancies under \$10,000

For the period from 1 December 2021 to 30 June 2022, there were two consultancy engagements where the total fees payable for each consultancy was less than \$10,000. The total expenditure incurred during the reporting period in relation to these consultancies was \$9,000 (excl GST).

Disclosure of major contracts

SRLA has disclosed, in accordance with the requirements of government policy and accompanying guidelines, all contracts greater than \$10 million in value entered into during the year ended 30 June 2022.

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

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

Government advertising expenditure

In 2021-22, there were no government advertising campaigns with a total media spend of \$100,000 or greater (excl GST).

Information and communication technology expenditure

SRLA had a total Information and Communication Technology (ICT) expenditure of \$7.9 million for the 2021–22 reporting period. Details are shown below.

All operational ICT expenditure (\$m)		ICT expenditure related to projects to create or enhance ICT capabilities (\$m)		
Business as Usual (BAU) ICT expenditure	Non Business as Usual (non BAU) ICT expenditure		Operational expenditure	Capital expenditure
Total	A+B		A	B
5.6	2.3		2.3	0.0

Office-based environmental performance

SRLA is committed to reducing its environmental impact. Office-based environmental impacts are being reduced by:

- Discouraging printing documents as part of a clean desk procedure
- Ongoing implementation of technology uplifts and the provision of personal ICT equipment
- Maximising natural light and using movement activated energy-efficient lighting
- Turning off heating, cooling and lighting in the evenings
- Separating waste bins to encourage recycling and green waste disposal

The SRL East Environmental Effects Statement (EES) was the first fully digital EES in Victoria. This innovative approach was released digitally in late 2021 – an equivalent of 33,000 pages – to minimise environmental impacts while ensuring easy access to information for everyone during a period of public health restrictions.

Freedom of Information

Victoria's *Freedom of Information Act 1982* (FOI Act) gives members of the public the right to apply for access to documents held by ministers, Victorian Government departments, local councils, public hospitals, statutory authorities and most semi-government agencies. The Act allows an agency to refuse access, either fully or partially, to certain documents or information.

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 statistics for SRLA in the period 1 December 2021 to 30 June 2022.

FOI requests from Members of Parliament	2
FOI requests from media	0
FOI requests other	1
Total	3
Total Information Commissioner reviews	1
Total VCAT appeals	0

Lodging FOI requests

A request must be made in writing and accompanied by the application fee. Requests should be addressed to the relevant officer.

Freedom of Information and Privacy, SRLA
PO Box 4509, Melbourne VIC 3001
1800 105 105
FOI@srla.vic.gov.au

Requests can also be lodged online at
<https://online.foi.vic.gov.au/foi/request.doj>.

Compliance with the *Building Act 1993*

The Suburban Rail Loop Authority does not own any buildings and its leased office accommodation is managed by the Department of Treasury and Finance (DTF) through the Shared Services Provider (SSP).

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 does not apply to SRLA in 2021-22 as SRLA did not provide services that compete with the private sector.

Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosures Act 2012* (the 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 and 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
ibac.vic.gov.au | info@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 www.ibac.vic.gov.au.

Disclosures under the *Public Interest Disclosures Act 2012*

	Total
	2021-2022
Public Interest Disclosures	0

Compliance with the *Carers Recognition Act 2012*

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

These include:

- Incorporating an opportunity for all employees to engage in discussions during their regular performance check-ins with their manager about workplace flexibility
- Providing every employee with laptops and tablet devices that foster a hybrid working environment
- A commitment to flexibility in the workplace and a variety of flexible working options to support staff during the COVID-19 pandemic
- Providing access to 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 affirm its position as an employer who values the rights of people with a disability. These include:

- Maintaining office facilities that provide wheelchair accessibility
- Offering Mental Health First Aider training to all employees and embedding a Peer Support Program to better equip staff to provide support to others who experience mental health issues in the workplace
- Compulsory training which emphasises human rights and provides a refresher on anti-discrimination legislation and employer obligations
- Provision of access to a range of online inclusion programs covering a range of diversity topics including disability
- Developing actions in the People Strategy, which relate to designing environments and spaces for diversity, recruitment and promotion related opportunities and training and education across the organisation
- Facilitation of required 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 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 the SRLA and are available on request, subject to the provisions of the *Freedom of Information Act 1982*:

- 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 time lost through industrial 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

The information is available on request from:

Freedom of Information and Privacy, SRLA
PO Box 4509, Melbourne VIC 3001
1800 105 105
FOI@srla.vic.gov.au

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

I, James MacKenzie, 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.



James MacKenzie
Chair, Suburban Rail Loop Authority



3 FINANCIAL STATEMENTS

Suburban Rail Loop Authority Financial Report for the period ended 30 June 2022

How this report is structured

Suburban Rail Loop Authority (SRLA) has presented its audited general-purpose financial statements for the period ended between 1 December 2021 and 30 June 2022 in the following structure to provide users with the information about SRLA's stewardship of resources entrusted to it.

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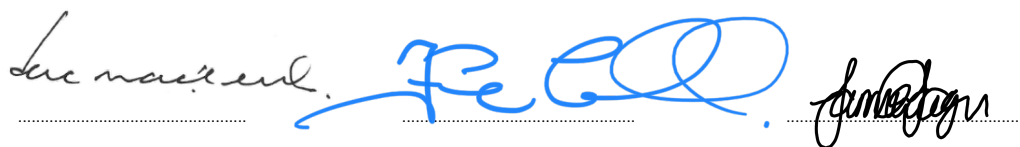
DECLARATION IN THE FINANCIAL STATEMENTS

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 between 1 December 2021 and 30 June 2022 and financial position of Suburban Rail Loop Authority on 30 June 2022.

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 9 September 2022.



James MacKenzie
Board Chair
Melbourne
9 September 2022

Frankie Carroll
Chief Executive Officer
Melbourne
9 September 2022

Sarmila Palaniandy
Director, Finance & Administration
Melbourne
9 September 2022

Independent Auditor's Report

To the Board of Suburban Rail Loop Authority

Opinion	<p>I have audited the financial report of Suburban Rail Loop Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2022 • comprehensive operating statement for the period 1 December 2021 to 30 June 2022 • statement of changes in equity for the period 1 December 2021 to 30 June 2022 • cash flow statement for the period 1 December 2021 to 30 June 2022 • notes to the financial statements, including significant accounting policies • declaration in the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2022 and its financial performance and cash flows for the period 1 December 2021 to 30 June 2022 in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the Audit Act 1994 which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the 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 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>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 <i>Financial Management Act 1994</i>, 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.</p> <p>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.</p>
Other Information	<p>The Board of the authority are responsible for the Other Information, which comprises the information in the authority's annual report for the year ended 30 June 2022, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>

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
14 September 2022



Sanchu Chummar

as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the period from 1 December 2021 to 30 June 2022

		(\$ thousand)
	Notes	2022
Income from transactions		
Grants and other income	2.1	41,824
Total income from transactions		41,824
Expenses from transactions		
Employee benefits	3.1.1	16,726
Contracts and services	3.2	8,021
IT and Telecommunications expenses	3.3	2,052
Shared support services	3.4	9,463
Accommodation	3.5	3,634
Other operating expenses	3.6	1,928
Depreciation and amortisation	4.1.1	97
Total expenses from transactions		41,921
Net (loss) from transactions		(97)
Other economic flows included in net result		-
Net (loss)		(97)
Total Other economic flows – other comprehensive income		-
Comprehensive result		(97)

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

Balance sheet

As at 30 June 2022

		(\$ thousand)
	Notes	2022
Assets		
Financial assets		
Cash and deposits	6.1	6,988
Receivables	5.1	38,667
Total financial assets		45,655
Non-financial assets		
Building leasehold improvements, Plant and equipment	4.1	172
Construction in progress	4.1	437,672
Other non-financial assets	5.3	96,758
Total non-financial assets		534,602
Total assets		580,257
Liabilities		
Payables	5.2	40,032
Employee-related provisions	3.1.2	8,868
Total liabilities		48,900
Net assets		531,357
Equity		
Contributed capital		531,454
Accumulated (deficit)		(97)
Total equity		531,357

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

Cash flow statement

For the period from 1 December 2021 to 30 June 2022

		(\$ thousand)
	Notes	2022
Cash flows from operating activities		
Receipts		
Receipts from government		31,283
Goods and services tax received from the ATO		24,046
Total receipts		55,329
Payments		
Payments to suppliers		(42,625)
Payments to employees		(8,254)
Total payments		(50,879)
Net cash flows from operating activities	6.1	4,450
Cash flows from investing activities		
(Purchase) of non-financial assets		(148,669)
(Purchase) of plant and equipment		(47)
Net cash flows (used in) investing activities		(148,716)
Cash flows from financing activities		
Contributed capital from Victorian Government	6.1.2	151,254
Net cash flows from financing activities		151,254
Net increase in cash and cash equivalents	6.1	6,988
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	6.1	6,988

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

Statement of changes in equity

For the period from 1 December 2021 to 30 June 2022

			(\$ thousand)	
	Notes	Contributed capital	Accumulated (deficit)	Total
Balance at 1 December 2021		380,200	-	380,200
Contributed capital	6.12	151,254		151,254
Net (loss) for the period			(97)	(97)
Balance at 30 June 2022		531,454	(97)	531,357

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

1. About this report

These financial statements represent the audited general-purpose financial statements for Suburban Rail Loop Authority (SRLA) for the period 1 December 2021 to 30 June 2022. The financial report covers SRLA as an individual reporting entity.

The financial statements and supporting notes are competed for the periods in the table below.

	Start of period	End of period
Statement of comprehensive income - 7 months ended	1 December 2021	30 June 2022
Balance sheet - as at		30 June 2022
Statement of cash flows - 7 months ended	1 December 2021	30 June 2022
Statement of changes in equity - 7 months ended	1 December 2021	30 June 2022

SRLA was established under Section 8 of the *Suburban Rail Loop Act 2021* (SRL Act). As advised in the Victoria Government Gazette No S49 dated 23 November 2021, the Governor of Victoria under Section 2(1) of the SRL Act fixed 1 December 2021 as the day on which that Act came into operation.

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

The operations of SRLA commenced on 1 December 2021. The opening equity balances are in accordance with the Allocation Statement - Secretary to the Department of Transport on behalf of the Crown in Right of the State of Victoria to Suburban Rail Loop Authority gazetted on 18 November 2021.

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.

Transfers of net assets and liabilities arising from the Allocation Statement - Secretary to the Department of Transport on behalf of the Crown in right of the State of Victoria to Suburban Rail Loop Authority are treated as distributions to or contributions by owners.

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.

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 have been applied by management for Note disclosures:

- Employee Benefits in the Balance Sheet,
- Property, Plant and Equipment and
- Fair value determination.

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

Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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 object of SRLA is to undertake the Suburban Rail Loop (SRL) program and SRL projects in accordance with SRL program objectives.

Structure

- 2.1 Summary of revenue and income that funds the delivery of our services
- 2.2 Income from transactions

2.1 Summary of revenue and income that funds the delivery of our services

	(\$ thousand)
	2022
Income from transactions	
Grants and other income	41,824
Total income from transactions	41,824

Income is recognised to the extent it is probable the economic benefits will flow to SRLA and the income can be reliably measured.

2.2 Income from transactions

2.2.1 Grants and other income

	(\$ thousand)
	2022
Income recognised as income of not-for-profit entities	
Current grants from departments - within portfolio	41,333
Other miscellaneous non-operating revenue	491
Total grants and other income	41,824

Revenue and income that fund delivery of SRLA's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

Grants recognised under AASB 1058

SRLA has determined 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 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 SRLA's program are recognised progressively as the asset is constructed. This is captured as construction in progress (Note 4.1) which aligns with SRLA's obligation to construct the asset. The progressive percentage costs incurred reflects the construction progress as costs are incurred for works being completed.

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 Contracts and services
- 3.3 Information Technology (IT) and telecommunication expenses
- 3.4 Shared support services
- 3.5 Accommodation
- 3.6 Other operating expenses

3.1 Employee benefits

3.1.1 Employee benefits in the comprehensive operating statement

		(\$ thousand)
	Notes	2022
Post-employment benefits		
- Defined contribution superannuation expense	3.1.3	1,243
- Defined benefit superannuation expense	3.1.3	19
Salaries, wages, annual leave and long service leave		15,464
Total employee benefits		16,726

Employee benefits expenses include all costs related to employment, including wages and salaries, contractor payments, leave entitlement, termination payments and superannuation contributions. 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).

3.12 Employee benefits in the balance sheet

	(\$ thousand)
	2022
Current provisions	
Annual leave	
Unconditional and expected to be settled within 12 months	2,440
Unconditional and expected to be settled after 12 months	2,056
Long service leave	
Unconditional and expected to be settled within 12 months	219
Unconditional and expected to be settled after 12 months	1,030
Provisions for on-costs	
Unconditional and expected to wholly settle within 12 months	455
Unconditional and expected to wholly settle after 12 months	528
Total current provisions	6,728
Non-Current provisions	
Employee benefits	1,827
On-costs	313
Total non-current provisions	2,140
Total provisions for employee benefits	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)
	2022
Opening balance	726
Additional provisions recognised	339
Additional due to transfer in	232
Unwind of discount and effect of changes in the discount	(1)
Closing balance	1,296
Current	983
Non-current	313
Total	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 Statement of Comprehensive Income 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.

Fund	(\$ thousand)
	Contribution for the period
	2022
Defined benefit plans^(a):	
State Employees Retirement Benefits Scheme (SERBS)	19
Defined contribution plans:	
Victorian Superannuation Fund – VicSuper scheme	1,243
Total	1,262

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

3.2 Contracts and services

	(\$ thousand)
	2022
Contracts and services	8,021

SRLA engages contractors to supplement existing staffing resources. SRLA also engages specialist consultants for the purpose of performing tasks that facilitate decision making through the provision of expert analysis and advice, or the development of a written report or other intellectual output.

3.3 Information Technology (IT) and telecommunication expenses

	(\$ thousand)
	2022
IT expenses and telecommunications costs	2,052

This relates to SRLA's expenditure for IT and telecommunications expenses for the financial period.

3.4 Shared support services

	(\$ thousand)
	2022
Shared support services	9,463

The Department of Transport (DoT) continues to provide services to SRLA while some services are transitioned directly to SRLA resources.

3.5 Accommodation

	(\$ thousand)
	2022
Accommodation	3,634

This relates to SRLA's expenditure for accommodation that has been paid for in the financial period. This lease arrangement is expected to expire by 30 June 2023 and is deemed as a short-term lease under AASB 16 Leases. For disclosure purposes the SRLA has elected not to apply the requirements in paragraphs 22-49 of the standard.

3.6 Other operating expenses

	(\$ thousand)
	2022
Travel and accommodation	69
Vehicle and equipment	82
Other communications	182
Other administrative expenses	1,595
Total	1,928

Other operating expenses includes supplies and services costs which are recognised as an expense in the reporting period in which they were incurred.

4. Key assets available to support output delivery

Introduction

SRLA controls land, buildings, 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 those outputs.

Structure

4.1 Property, plant and equipment

4.1 Property, plant and equipment

	(\$ thousand)		
	Gross carrying amount	Accumulated Depreciation	Net carrying amount
	2022	2022	2022
Building leasehold improvements			
Building leasehold improvements	154	77	77
Total building leasehold improvements	154	77	77
Plant and equipment at cost	122	27	95
Total plant and equipment	122	27	95
Total building leasehold improvements, plant and equipment	276	104	172
Construction in progress at cost	437,672	-	437,672
Total construction in progress	437,672	-	437,672
Net carrying amount	437,948	104	437,844

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. AASB 116 *Property, Plant and Equipment* is applied, which provides guidance on the elements of costs.

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

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

Subsequent measurement

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.

Property, plant, and equipment are subsequently measured at fair value less accumulated depreciation and impairment. 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.

4.1.1 Depreciation and amortisation

	(\$ thousand)
	2022
Plant and equipment at cost	24
Building leasehold improvements	73
Total depreciation and amortisation expense	97

Depreciation is generally 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.

Useful life by asset class	2022
Building leasehold improvements	Leasehold terms
Plant and equipment	3 to 10 years

4.12 Reconciliation of movements of building leasehold improvements, plant and equipment and construction in progress

	(\$ thousand)			
2022	Building leasehold improvements	Plant and equipment	Construction in progress	Total
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

5.1 Receivables

	(\$ thousand)
	2022
Contractual	
Receivables - Government	35,812
Total contractual receivables	35,812
Statutory	
GST input tax credit recoverable	2,855
Total statutory receivables	2,855
Total receivables	38,667

Receivables includes amounts owing from government through accounts receivable, grants and taxes.

Contractual receivables are classified as financial instruments and categorised as loans and receivables. They are initially recognised at fair value plus any directly attributable transaction costs.

Other receivables include assets that relate to SRLA's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. These are transferred to receivables when the rights become unconditional, at this time an invoice is issued. This usually occurs when SRLA issues an invoice to the customer.

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

Payables includes accounts payable, grants and taxes.

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

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Payables represents liabilities for goods and services provided to SRLA prior to the end of the period that are unpaid.

Statutory payables are recognised 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)				
	Maturity dates				
	Carrying amount	Nominal amount	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

5.3 Other non-financial assets

	(\$ thousand)
	2022
Current	
Prepayments (a)	96,758
Total other non-financial assets	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.

(a) Included in prepayments is Land and Buildings and associated costs of \$93.43M as at 30 June 2022 which relates to properties acquired by the Secretary, Department of Transport for the purposes of SRL however transfer of registered title in the land to SRLA is not yet complete. These Land and Buildings were purchased via the Department of Transport as intermediary, with transfer of registered title to SRLA expected to complete in late 2022.

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 Cash flow information and balances
- 6.2 Commitments for expenditure

6.1 Cash flow information and balances

Cash and deposits comprise cash on hand and 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 on hand and in banks. Cash at the end of the period as shown on the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

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

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

	(\$ thousand)
	2022
Net loss for the period	(97)
Non-cash movements	
Depreciation and amortisation of non-current assets	97
Movements in assets and liabilities	
(Increase) in receivables	(10,541)
(Increase) in other non-financial assets	(3,313)
Increase in payables	9,436
Increase in provisions	8,868
Net cash flows from operating activities	4,450

6.1.2 Contributed capital from Government

Contributed capital was provided by the Victorian Government (Department of Transport) during the period 1 December 2021 to 30 June 2022 to fund the majority of capital investments. Capital contributions from the Statement of Changes in Equity are reflective of capital investment.

	(\$ thousand)
	2022
Balance at 1 December 2021	380,200
Contributed capital for the period (statement of changes in equity)	151,254
Contributed capital (cash flow statement)	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.

Transfers of net assets and liabilities arising from the Allocation Statement - Secretary to the Department of Transport on behalf of the Crown in right of the State of Victoria to Suburban Rail Loop Authority are treated as distributions to or contributions by owners.

6.1.3 Cash and cash equivalents at the end of the period

From 31 May 2022 SRLA commenced operation from its own bank account. SRLA uses this account to make payments and receives receipts for accounts payable and accounts receivable transactions respectively. Grant funding from DoT is deposited into SRLA's accounts on a periodic basis.

The cash balance represents the timing difference between grant deposits and the payment of SRLA goods and services. Prior to 31 May 2022, SRLA was entirely funded on a reimbursement basis through a receivable from DoT.

6.2 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.

	(\$thousand)		
Nominal amounts	<i>Less than 1 year</i>	<i>1 year - 5 years</i>	<i>Total</i>
2022			
Capital expenditure commitments - Construction in progress	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

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 the Suburban Rail Loop Authority 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 costs 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, and
- 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; and
- 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).

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 *Financial Management Act 1994*.

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.

7.1.1 Financial instruments categorisation

	(\$ thousand)			
	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	-	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. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

7.1.2 Financial risk management objectives and policies

SRLA's activities expose it primarily to the financial risk of change in interest rates. SRLA does not enter derivative financial instruments to manage its exposure to interest rate.

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); and

Details of significant accounting policies and methods adopted in respect of each class of financial asset and financial liability including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised 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 the Note 7.1.1 – Financial instruments categorisation

Financial instruments: Credit Risk

Credit risk arises from the contractual financial assets of the SRLA, which comprise 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 Victorian 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 December 2021 and 30 June 2022.

Credit quality of financial assets

	(\$ thousand)		
	Financial institution (A credit rating)	Victorian Government (AA credit rating)	Total
2022			
Financial assets			
Financial assets with loss allowance measured at 12-month expected credit loss			
Cash and deposits	6,988	-	6,988
Financial assets with loss allowance measured at lifetime expected credit loss:			
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 include 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. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Although not a financial asset, contract assets recognised applying AASB 15 are also subject to impairment however it is immaterial.

Contractual receivables at amortised cost

SRLA applies AASB 9 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 select the expected credit loss rate based on SRLA's past history, existing market conditions, as well as forward-looking estimates at the end of period.

On this basis, SRLA determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the period as follows:

	(\$ thousand)				
	Less than 1 month	1-3 months	3-12 months	1-5 years	Total
30 June 2022					
Gross carrying amount of contractual receivables	35,812	-	-	-	35,812
Loss allowance	-	-	-	-	-

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 at 30 June 2022.

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; or
- 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 at 30 June 2022.

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.

Fair value hierarchy

Consistent with AASB 13 *Fair Value Measurement*, where it is applicable, assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy (refer 7.3.1).

In addition, 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 is SRLA's independent valuation agency.

7.3.1 Fair value determination: financial assets and liabilities

The fair values and net fair values of financial instrument assets and liabilities are determined according to the fair value hierarchy 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; and
- 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 2022-23 reporting period. These financial instruments include:

Financial assets

Cash and deposits

Receivables

- Receivables
- Other receivables

Financial liabilities

Payables

- For supplies and services
- Other payables

These financial instruments are classified at Level 1 of the fair value hierarchy. There have been no transfers between levels during the period. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair value.

7.3.2 Fair value determination: non-financial physical assets

	(\$ 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 and equipment	95	-	-	95
Total plant, equipment, vehicles at fair value	95	-	-	95

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

There has been transfer between levels during the period.

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 Responsible persons
- 8.2 Remuneration of executives
- 8.3 Related parties
- 8.4 Remuneration of auditors
- 8.5 Subsequent events
- 8.6 Other accounting policies
- 8.7 Australian Accounting Standards issued that are not yet effective
- 8.8 Glossary of technical terms
- 8.9 Style conventions

8.1 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period. The names of each person who held positions of Ministers, Accountable Officers, and members of the Board for the period 1 December 2021 to 30 June 2022 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

Chief Executive Officer

Frankie Carroll

The Directors and the Chief Executive Officer (CEO) were appointed 1 December 2021. The number of responsible persons being the Directors and the CEO, and their remuneration during the reporting period is shown in the table below.

Remuneration Bands	2022
\$0 - \$99,999	5
\$100,000 - \$249,999	-
\$250,000 - \$499,999	1
! \$500,000	-
Total number of responsible persons	6
Total remuneration (\$ thousand) from 1 December 2021 to 30 June 2022	666

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 Department of Parliamentary Services' Financial Report.

8.1.1 Key management personnel and related party transactions

SRLA's Key Management Personnel (KMP) are a combination of the responsible persons and senior executive service officers.

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

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

8.2 Remuneration of executives

The number of senior executive service 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 by short-term employee benefits and post-employment benefits: Short-term employee benefits include amounts such as wages, salaries and annual 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.

	2022
	(\$ thousand)
Remuneration of executive officers	
Short term employee benefits	7,627
Post-employment benefits	640
Total remuneration	8,267
Total number of executives	54
Total annualised employee equivalent (AEE) (a)	48.6

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

8.3 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 (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

During the period 1 December 2021 to 30 June 2022, SRLA had the following government-related entity transactions:

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

2022		(\$ thousand)	
Related Party	Nature of Transaction	Revenue	Receivables
Department of Transport	Provision of Grant Revenue	41,333	

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

2022		(\$ thousand)	
Related Party	Nature of Transaction	Expenditure	Payables
Department of Jobs Precincts and Regions (DJPR)	SRLA - Provision of Delivered Services (FYs 2019-21) through DJPR.	1,500	
Department of Environment, Land, Water and Planning (DELWP)	SRLA- Provision for Land use Framework plan through DELWP - FY 21/22 (no GST)	1,281	
	SRLA- Provision for Surveying Services through DELWP - FY21/22	237	
	SRLA - Provision of Business Valuations through DELWP	114	
	SRLA - Provision of Environmental Effects Statement Inquiry and Advisory Committee through DELWP	981	
Victorian Public Sector Commission (VPSC)	SRLA - Provision of services for the Barring Djinang Internship program - summer internship, through VPSC	16	
Development Victoria (DV)	SRLA - Execution of MoU Terms Sheet between SRLA and DV for Highett Gasworks and Sir William Fry Reserve (Cheltenham Precinct).	50	
Department of Treasury and Finance (DTF)	SRLA - Provision of Legal and other subscriptions from the Victorian Government Library Service	16	
	SRLA - Provision of Shared Service Provider (SSP) CarPools Account through DTF, SSP - FY 21/22	13	
	SRLA - Provision of 2022 Australian Major Projects Leadership Academy (AMPLA) Program through DTF	108	
	SRLA - Provision of office accommodation through DTF - SSP Management Fee - FY 21/22	4,579	
	SRLA - Provision of feasibility process for fit out of potential future accommodation location through DTF	500	
	SRLA - Provision of feasibility process for fit out of potential future accommodation location through DTF - Variation.	350	
	SRLA - Provision of Initial and Early Works Request for Proposal Independent Cost Review through DTF	99	
CenITex	SRLA - Provision of premium onsite support through CenITex.	157	
	SRLA - Field & Remote Support Engineer – onsite premium support	30	
	SRLA - CenITex Project Master Facility: - CenITex Projects - FY 21/22 SRLA approved scope of works is required to draw down on the value of the Purchase Order	40	

8.4 Remuneration of auditors

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

8.5 Subsequent events

Matters and/or circumstances have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of SRLA, the results of those operations, or the state of affairs of SRLA in future periods.

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

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date; and/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.

8.6 Other accounting policies

Contributions by owners [FRD 119, AASB Interpretation 1038.7]

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 [AASB 121.21 and 121.23]

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.

8.7 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2021-22 reporting period. These accounting standards have not been applied to the Model Financial Statements. The State is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current.

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date to defer the application by one year to periods beginning on or after 1 January 2023. SRLA will not early adopt the Standard.

SRLA is in the process of analysing the impacts of these Standards. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on SRLA's reporting.

- AASB 17 *Insurance Contracts*.
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*.
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates*.
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*.
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

8.8 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.

Administered item generally refers to a department lacking the capacity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

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'.

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

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.

Controlled item generally refers to the capacity of a department to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

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.

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.

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

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 the Model 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.

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.

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.

Grants for on-passing are grants paid to one institutional sector (e.g. a State general government entity) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

Infrastructure systems provide essential services used in the delivery of final services or products. They are generally a complex interconnected network of individual assets and mainly include sewerage systems, water storage and supply systems, and public transport assets owned by the State.

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.

Investment properties are properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Joint ventures are contractual arrangements between the department and one or more other parties to undertake an economic activity that is subject to joint control and have rights to the net assets of the arrangement. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Leases are rights conveyed in a contract, or part of a contract, the right 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 lending/borrowing is the financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. It also equals transactions in financial assets less transactions in liabilities. A positive result reflects a net lending position and a negative result reflects a net borrowing position.

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.

Public financial corporations (PFC) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services). Estimates are not published for the public financial corporation sector.

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the marketplace at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments that own them.

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.

8.9 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.x)	negative numbers
20xx	year period
20xx-xx	year period

The financial statements and notes are presented based on the illustration for a statutory authority in the 2021-22 Model Report for Victorian Government departments.

Disclosure index

SRLA's Annual Report is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of SRLA's compliance with statutory disclosure requirements.

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