

Sydney Metro Annual Report

Volume 1 | 2021–2022

sydneymetro.info



Sydney Metro

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Acknowledgement of Country

Sydney Metro pays respect to Aboriginal peoples
as the Traditional Owners and Custodians of the
land on which we work and live. We acknowledge
Elders past and present and recognise their
continued connection to the land and waterways.

Front cover: Windsor Road Bridge.



Letter to the Minister

The Hon. David Elliott MP
Minister for Transport

Parliament House
Macquarie Street, Sydney NSW 2000

Dear Minister,

We are pleased to submit for presentation to Parliament the Annual Report for Sydney Metro for the financial year ended 30 June 2022.

The Annual Report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the regulations under that Act.

The Financial Statements for 2021–22, which form part of the report, have been submitted to and certified by the Auditor-General of NSW.

Yours sincerely,



John Arthur
Chairman
Sydney Metro



John Barraclough
Director
Sydney Metro

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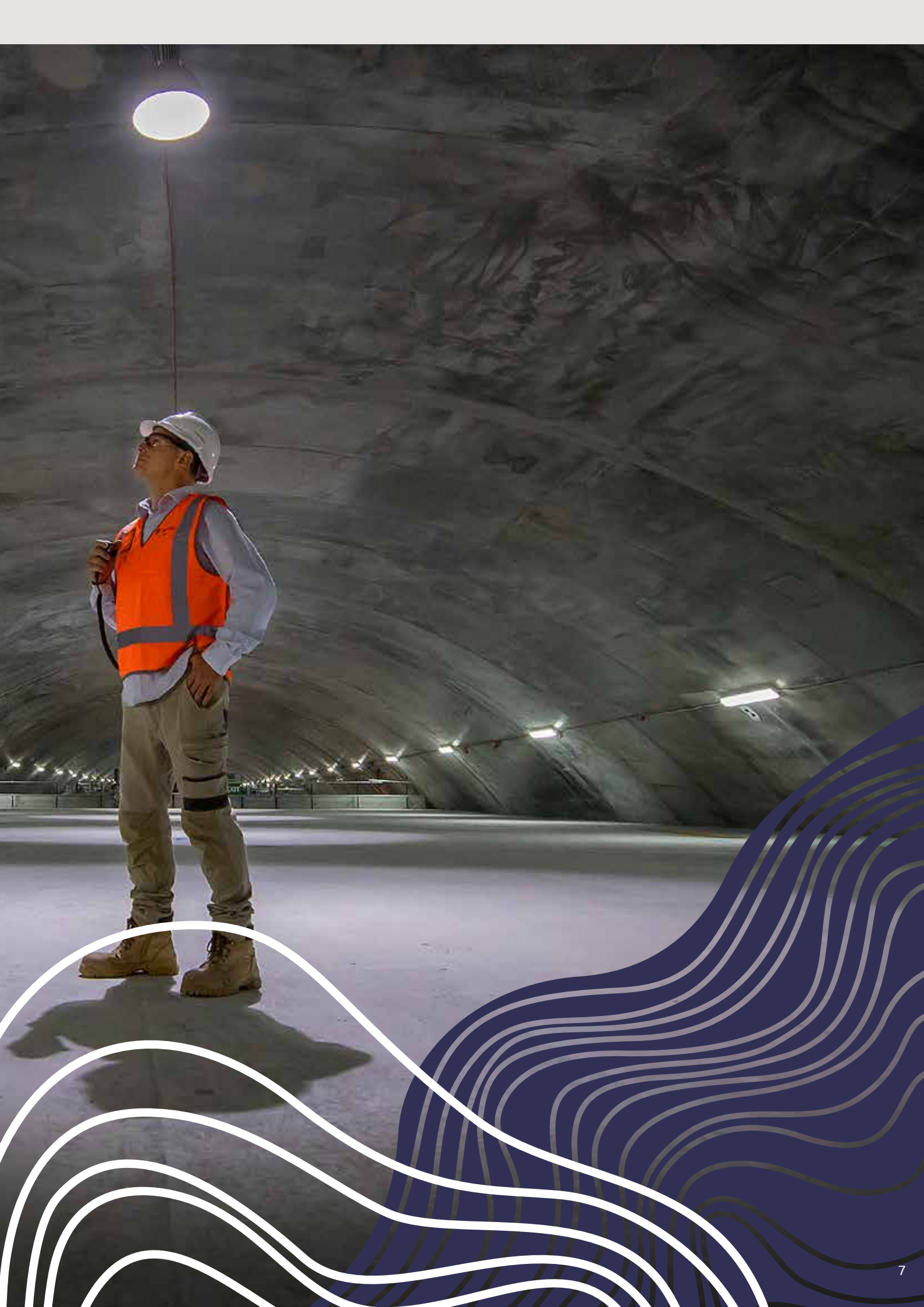


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Foreword

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Barangaroo Station cavern, October 2021.



From the Chairman and Chief Executive

On behalf of Sydney Metro, we are pleased to present the 2021-22 Annual Report. It describes Sydney Metro's key activities and achievements for the year and the benefits for our customers, communities and the State.

During 2021-22 Sydney Metro:

- delivered the third year of operations on Sydney's first metro line, the Metro North West Line
- advanced construction activities on Sydney Metro City & Southwest, with track laid in all but one kilometre of the 31 kilometre twin tunnel alignment between Chatswood and Sydenham
- awarded two out of three tunnelling packages on Sydney Metro West and delivered the new Eastern Creek Speedway
- awarded two major contracts for Sydney Metro – Western Sydney Airport, and completed the temporary bus interchange in St Marys
- responded to the challenges created by the COVID-19 pandemic, as well as a competitive infrastructure market.

The COVID-19 pandemic has profoundly impacted the environment in which we are delivering and operating Sydney Metro, creating challenges of a scale and complexity not seen in generations. These challenges peaked over 2021-22 to include a two-week construction pause, council lockdowns and site capacity limits. Other challenges included supply chain impacts and significant increases in the price of materials.

Despite these challenges, Sydney Metro continued to play its critical role in supporting the NSW Government's State Infrastructure Strategy, Future Transport Strategy and A Metropolis of Three Cities. This includes:

- delivering customer-centric services for the people of NSW, helping relieve congestion and improving journey times and experiences for our customers
- delivering a technology-led improvement in customer experience
- being a commercially astute partner to industry during a record infrastructure boom
- being effective and successful place makers, reflecting the character and needs of dozens of individual communities along the alignments in our precincts and places
- growing a public sector workforce with experienced, inclusive leaders
- collaborating across government to deliver sustainable city-shaping outcomes.

We look forward to continuing to transform our city with a world-class metro and shape our communities and the way we move in the future.



John Arthur
Chairman
Sydney Metro



Peter Regan
Chief Executive
Sydney Metro





Line Wide civil supervisor Richie Weeks inspects the newly laid track inside the Barangaroo Station.

About us

3

Marine geotechnical investigations carried out at Iron Cove Bay, February 2022.



3.1 About Sydney Metro

Charter

Sydney Metro is a NSW Government agency constituted by the *Transport Administration Act 1988*. Sydney Metro has functioned under that Act since 1 July 2018. Before 1 July 2018, Sydney Metro was a delivery office within Transport for NSW.

The principal objectives of Sydney Metro under the Act are to deliver safe and reliable metro passenger services in an efficient, effective and financially responsible manner, and to facilitate and carry out the orderly and efficient development of land in the locality of metro infrastructure. The other objectives of Sydney Metro are:

1. to be a successful business and, to that end:
 - a. to operate at least as efficiently as any comparable business; and
 - b. to maximise the net worth of the State's investment in the metro;
2. to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates;
3. where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development contained in section 6(2) of the *Protection of the Environment Administration Act 1991*.

3.2 Who we are

Our place in the Transport and Infrastructure cluster

Sydney Metro operates within the general government sector. It is a corporation constituted under the *Transport Administration Act 1988* and is administratively arranged within the Transport and Infrastructure cluster. The cluster's principal agency is Transport for NSW.

We act in close partnership with our cluster colleagues and other operating agencies to collectively deliver an easy-to-use, integrated public transport service for NSW. Transport for NSW has accountability for cluster strategic planning, cluster policy development, overall transport service integration, and multi-modal coordination of network disruptions.



*Includes some staff employed by Department of Transport

Sydney Metro Board

Sydney Metro is governed by a decision-making Board. The Board governs Sydney Metro by setting its strategic direction, making key decisions, and appointing a Chief Executive to be responsible for the day-to-day management of Sydney Metro. In addition to this, the Board provides direction, advice, guidance and support to the Chief Executive. The Ministers and the Secretary of Transport for NSW have rights to direct Sydney Metro; and to the extent of any inconsistency, any such direction prevails over a policy or direction of the Board.

The Sydney Metro Board is established in accordance with section 38F and Schedule 2B of the *Transport Administration Act 1988*.

The Board must have a minimum of three and may have a maximum of eight directors, consisting of at least three and not more than seven directors appointed by the Minister; and one additional director who may be appointed by the Transport Secretary. One of the Minister's appointees is to be specifically appointed by the Minister as the Board's Chairperson.

Sydney Metro Board members, 2021-22

Name	Position	Qualification
John Arthur	Chairman	Bachelor of Law Hons
John Barraclough	Director	Bachelor of Engineering (Civil) Hons
Thao Oakey	Director	Bachelor of Economics (Actuarial) Graduate of Australian Institute of Company Directors
Gail Pemberton AO	Director	Master of Arts, University of Technology Graduate Certificate in Finance Fellow, Australian Institute of Company Directors
Louise Thurgood	Director	Master of Business Administration Bachelor of Arts (Economics) Hons Graduate Diploma in Finance
Bob McKinnon	Director	Bachelor of Commerce (Accounting, Finance and Systems) Member, Institute of Chartered Accountants in Australia Member, Australian Institute of Company Directors
Howard Collins	Director	Master of Business Administration (UK) Diploma in Management Studies Fellow of the Institution of Civil Engineers Fellow of Institute of Directors (UK) Fellow of the Institute of Railway Operators (UK) Member of Institute of Advanced Motorists (UK)

John Arthur, Chairman

John Arthur is a highly experienced executive director and advisor across a broad range of industries, including experience as Chairman and later Chief Executive Officer (CEO) of Investa Property Group, Chief Operating Officer of Westpac, General Counsel of listed entities in two industries, Chairman of legal firm Gilbert + Tobin, service on listed and unlisted company boards, advisor on governance and probity issues, and legal and commercial advisor to CEOs, chairmen, executive teams and boards. John became Chairman of Sydney Metro on 1 July 2019. John recently joined the Singapore Telecommunications Limited Board effective 1 January 2022.

John Barraclough, Director

John Barraclough has decades of public and private sector experience at a senior executive level in major infrastructure delivery, including transport infrastructure. He is a member of the Major Transport Infrastructure Board Victoria and was a member of the Sydney Metro Assurance Board and NSW Health Infrastructure Board.

Thao Oakey, Director

Thao Oakey has over 25 years of experience in major infrastructure financing, development and operations, including over 10 years in investment banking prior to undertaking senior executive roles at Leighton Contractors (as General Manager, infrastructure investments) and Sydney Motorway Corporation (as Chief Investment Officer). Thao has an in-depth understanding of project finance and development, mergers and acquisitions, project risk allocation and risk management. Thao is currently a director on the trustee board of Utilities Trust of Australia and the Worley multi-fuel co-generation facility. Her prior board experience includes Westlink M7, SA Health Partnership, WestConnex M4 and Wellington Gateway Partnership.

Gail Pemberton AO, Director

Gail Pemberton's extensive career has had a central focus on technology, technology-intensive businesses, and financial services in a variety of C-level roles. These included Chief Operating Officer UK at BNP Paribas Securities and CEO and Managing Director, BNP Paribas Securities Services, Australia and New Zealand. Prior to PNB Paribas, Gail worked at Macquarie Bank for 20 years, holding the role of the inaugural Group Chief Information Officer for 12 years and subsequently as Chief Operating Officer of the Financial Service Group.

Gail's current board roles include Chair of Eclix (ASX: ECX), Land Services WA and Chair of PropSA (ASX: PGL), Non-Executive Director of HSBC Australia and Non-Executive Director of Symbio.

She has previously served on a variety of boards over the past decade, both ASX listed and unlisted, and in the private, public and non-for-profit sectors, variously as Board Chair, Remuneration and Nomination Committee Chairs, including Onevue (ASX: OVH), PayPal Australia, QIC, and the Sydney Opera House Trust.

Howard Collins OBE, Director

Howard Collins OBE is an experienced Transport executive who has spent more than 44 years working in the British and Australian transport industries.

Currently the Chief Operations Officer (COO) for Transport for NSW, Howard is responsible for overseeing operations for all public transport, roads, and maritime services within the Greater Sydney region. During his long and distinguished career Howard has been involved in operations management, disaster recovery, operational planning, employee relations, business transformation, management, and project portfolio management including commissioning and opening new railways. In addition to his role as COO for Transport for NSW Howard is on the Boards of the Australasian Railway Association (ARA), TrackSAFE Foundation, Transport Heritage New South Wales and Sydney Metro.

In 2013, he was made an Officer of the Order of the British Empire (OBE) in recognition of his success as the Lead Director for the London Underground and London Rail for the 2012 Olympic Games and for services to Public Transport.

Bob McKinnon, Director

Bob McKinnon has over 40 years' experience as a senior executive and as a director in the financial services, property and technology sectors. He is currently a Director of Mirin Digital, a boutique technology advisory firm and is also a Non-Executive Director of several ASX-listed and unlisted companies in the financial services and engineering sectors.

Bob's multi-faceted and unique career allows him to bring a range of specialist expertise to the Board. His previous senior executive roles included Group Executive, Technology and Chief Information Officer of Westpac Group (2008 – 2011) and Commonwealth Bank of Australia (2000 – 2006), Joint Managing Director and Chief Financial Officer of Brookfield Multiplex Group, Chief Executive of State Street Australia, Chief General Manager and Chief Financial Officer of MLC Group, Chief Financial Officer of Lend Lease Corporation. Previous Board roles included Non-Executive Director and Audit Committee Chair of Alesco Corporation and Chair of New Payments Platform Australia.

Louise Thurgood, Director

Louise Thurgood has 25 years of experience in the banking, finance and infrastructure sectors, with extensive risk-management experience extending across a wide range of industries including infrastructure, agriculture, construction, renewable energy, mining and consumables.

Louise is currently Non-Executive Director of Silk Logistics and Advance.org. Louise is also a member of Global Access Partners National Standing Committee on the Environment and Energy, and co-founder and Executive Chair of Orion Mechanical Services. Past roles have included Non-Executive Director of Moorebank Intermodal Company, a member of the Heritage Council of NSW and Chair of several non-for-profit boards.

Directors appointed, 2021–22

Member	Term of appointment
John Arthur	1 January 2019 – 31 December 2023
John Barraclough	1 July 2020 – 30 June 2021 1 July 2021 – 30 June 2023 (reappointed)
Thao Oakey	1 January 2019 – 31 December 2023
Gail Pemberton AO	1 July 2019 – 30 June 2020 1 July 2020 – 30 June 2023 (reappointed)
Louise Thurgood	1 January 2019 – 31 December 2022
Bob McKinnon	5 July 2021 – 30 June 2024
Howard Collins OBE	5 July 2021 – 30 June 2024

Each Director attended the following meetings of the Board and its Committees

Director	Board		Audit and Risk Committee	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
John Arthur	18	18	7	7
John Barraclough	18	17	—	—
Thao Oakey	18	18	—	—
Gail Pemberton AO	18	17	7	7
Louise Thurgood	18	14	7	5
Bob McKinnon	17	17	7	7
Howard Collins OBE	17	15	—	—

Note: Three circular resolutions were considered and passed during the period.

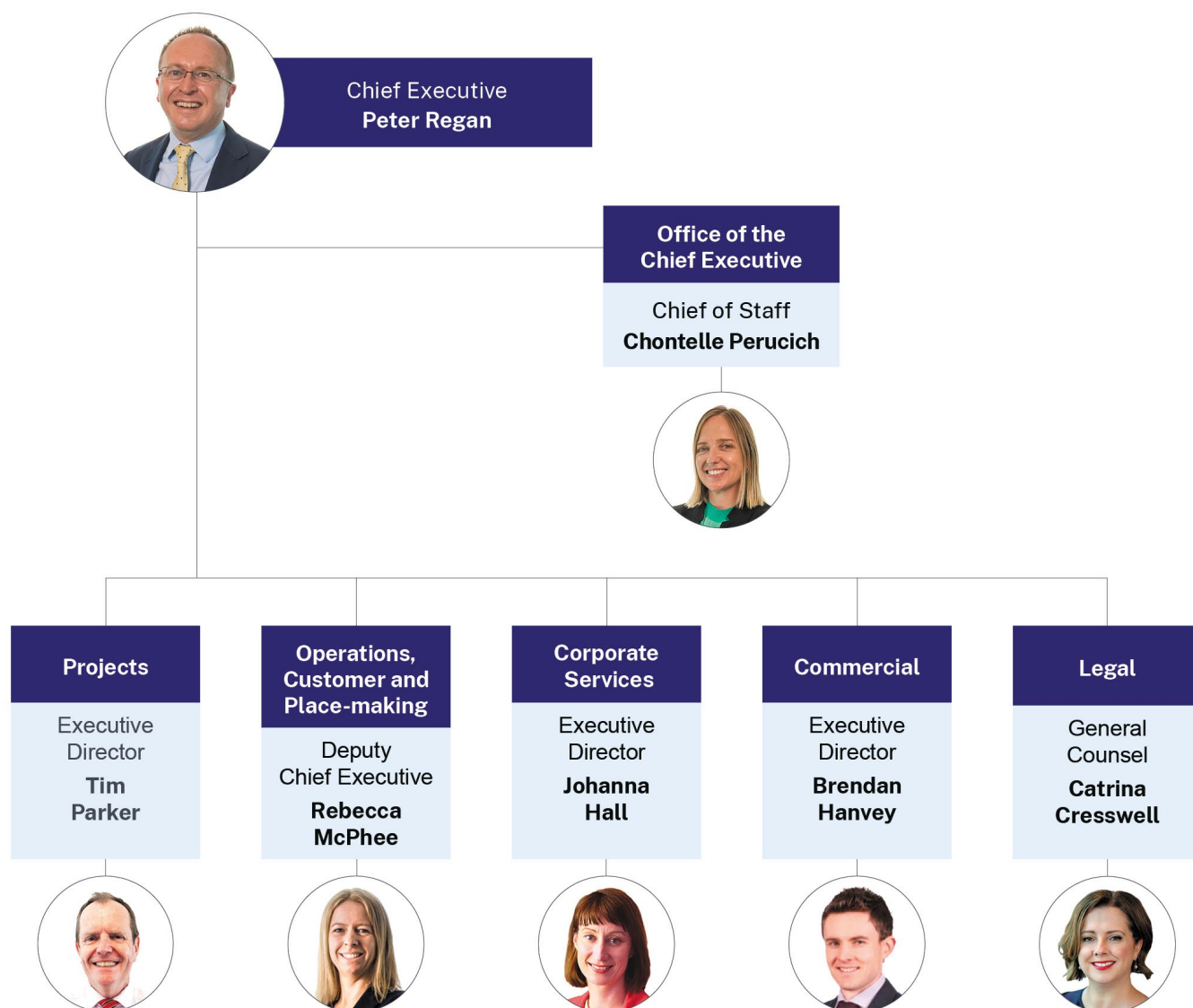
Special Board Subcommittee Meeting attendance, 2021–22¹

Board		
Director	Meetings eligible to attend	Meetings attended
John Arthur	2	2
John Barraclough	7	7
Thao Oakey	7	7
Gail Pemberton AO	—	—
Louise Thurgood	5	5
Bob McKinnon	—	—
Howard Collins OBE	—	—

¹ Sydney Metro may delegate functions that are currently required to be exercised by a quorum of Sydney Metro Board (Board) members, to a smaller group of Board members (a Board Subcommittee). All Board Subcommittees will be comprised of at least three Board Members and the delegation is exercised by those persons jointly.

Our organisational structure

Sydney Metro Executive structure as of 30 June 2022



3.3 Our strategic priorities

Sydney Metro is the NSW Government agency tasked with delivering the high-capacity, high-frequency metro network across the Greater Sydney region – Australia’s biggest public transport program and the largest urban railway infrastructure investment in the nation’s history. It is Australia’s first fully automated, fully accessible railway.

Our mandate is to support the economic development of the State, working to deliver the NSW Government’s vision of integrated, connected and liveable cities.

We commit to easy, safe and reliable turn-up- and-go services, active and attractive precincts and places, and delivering these customer- centric outcomes in a socially, financially and environmentally responsible way. We want to work together to grow the public value of the State’s investment, for the benefit of all.

Our vision is to transform Sydney with a world-class metro.

Our mission is to deliver Sydney a connected metro service, providing more choice to customers, and opportunities for our communities – now, and in to the future.

Our strategic objectives sharpen our focus as a successful business. Our strategic objectives for 2021–22 were:

- meeting delivery commitments
- successful engagement
- operational excellence
- financial responsibility
- organisational capability.

Sydney Metro’s corporate values



SAFETY & WELLBEING

We think ‘safety’ and act safely. We strive for a healthy work-life balance and extend our caring approach to each other, the environment and the community in which we work



COLLABORATION

We create positive relationships – proactively solving problems and achieving with each other, our customers, stakeholders and partners



INTEGRITY

We listen and act with integrity, respect decisions and opinions of others and promote mutual respect and trust



INNOVATION

We are leading edge, creative and forward thinking. We deliver sustainable and innovative solutions. We are committed to our continual improvement delivering effective outcomes



EXCELLENCE

We take pride in being customer-centric. We are efficient and adaptable and make timely, risk-informed decisions. Together, we aim for excellence in delivery and a sustainable future



ACHIEVEMENT

We support each other to meet priorities, delivering outcomes for our customers and stakeholders. We are accountable, adaptable and always ready to take ownership



Future Transport Strategy

Sydney Metro's strategic direction is guided by external and internal strategies and plans, including the Premier's Priorities, Future Transport Strategy, and Transport's Outcomes.

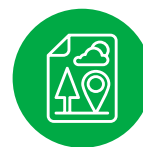
The Future Transport Strategy is a suite of strategies and plans that set the 40-year vision, directions and principles for customer mobility in NSW – guiding transport investment over the long term.

The Strategy foreshadows the introduction of high-capacity mass-transit corridors. It envisages a future in which Sydney Metro will play a more significant role in delivering mass transit 'turn-up-and-go' services. The 'turn-up-and-go' network is identified as key to achieving the 30-minute cities vision – providing 30-minute access for customers to their nearest metropolitan or strategic centre by public transport, walking or cycling, seven days a week.

Transport's Outcomes describe the value that Transport as a cluster creates for customers, communities, the people of NSW and the people of Transport. Transport is aligning its efforts to deliver these Outcomes and enable budgets to be allocated at an Outcomes level across the cluster.



Customers
Connecting our customers' whole lives



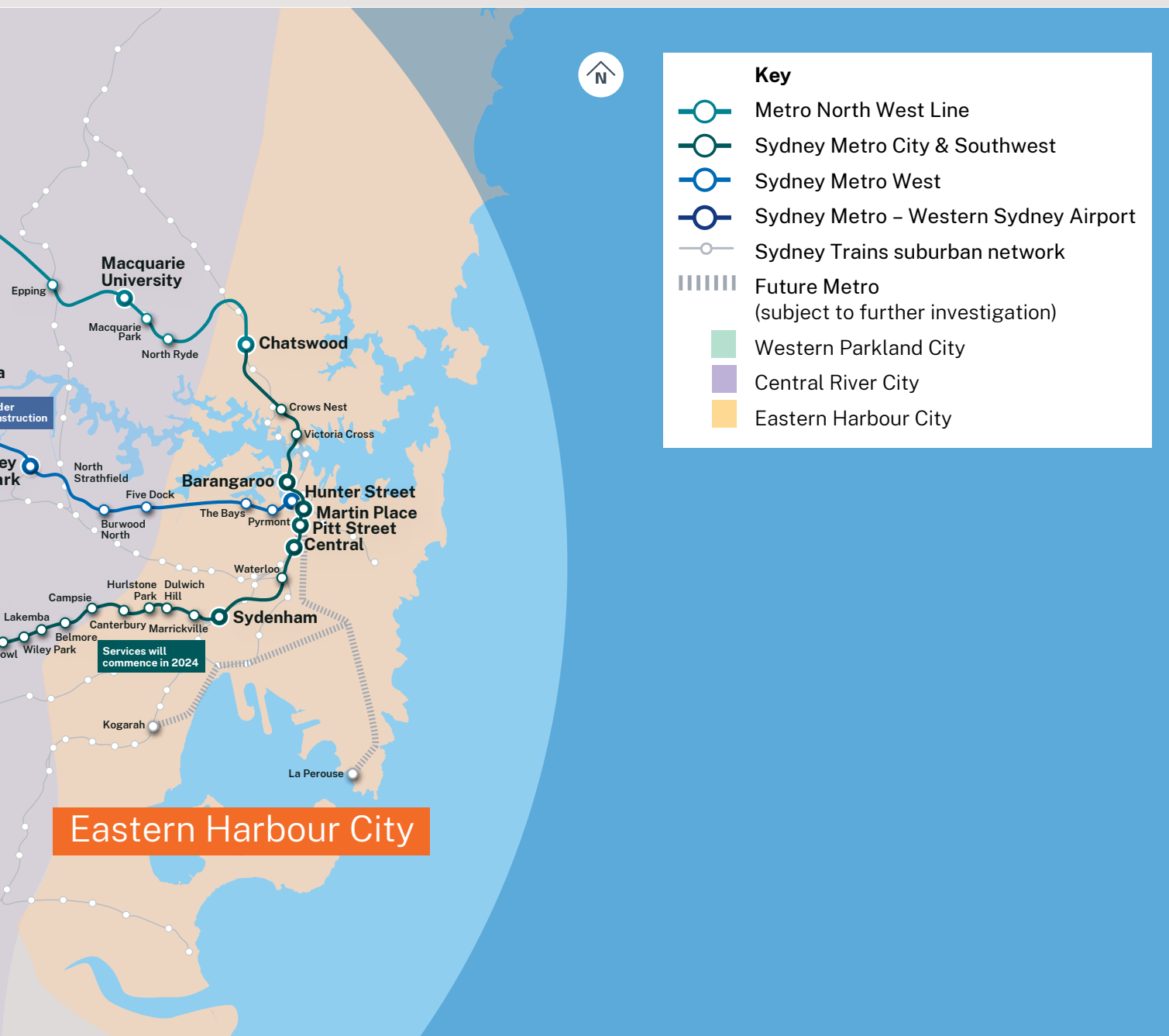
Communities
Successful places for communities



People of NSW
Transport systems and solutions enabling economic activity



People of Transport
Thriving people doing meaningful work



Moving Metro

Moving Metro encompasses several organisational initiatives underway in 2022 to allow Sydney Metro to meet its legislative mandate more fully, contribute to Transport for NSW's ambitions for future transport and deliver on the strategic objectives of the Sydney Metro Corporate Plan 2022-24.

Moving Metro will ensure that Sydney Metro can continue delivering state-of-the-art transport projects as well as precincts that best serve local communities. The organisation has grown from a delivery office responsible for one project, the Metro North West Line, to delivering three mega projects concurrently, operating passenger services and creating landmark places and precincts.

Sydney Metro has established a common set of principles to guide improvements towards this shared goal and future state across a variety of program areas. Our aim is to create stronger alignment organisationally through leadership, governance and a greater standardisation across processes and systems to move us to a more sustainable organisation.

Key facts and achievements



Track laying in the 15.5 kilometre metro twin tunnels is more than 98 per cent complete on the Sydney Metro City & Southwest project.



Two of three major tunnelling contracts have been awarded for the Sydney Metro West project, with major construction starting between Westmead and The Bays.



The Sydney Metro – Western Sydney Airport project awarded two of three major contracts, including the station boxes and tunnelling contract and the surface and civil alignment works contract.



45.9 million trips and over 11.3 million kilometres travelled on the Metro North West Line, a total of 323,567 services.

Our assets

Sydney Metro is the first fully automated rapid transit system operating in Sydney, currently consisting of the Metro North West Line that commenced operations in 2019. Under a Public Private Partnership (PPP), responsibility for the Operations and Maintenance of the line is contracted to the Northwest Rapid Transit (NRT) consortium.

The management of these assets includes rolling stock, depot equipment, signalling, track and civil structures, high-voltage electrical infrastructure, communication systems, buildings, and tunnels.

Sydney Metro’s assets on the Metro North West Line include:



36 kilometres of twin tracks between Chatswood and Tallawong



22 metro vehicles



15 kilometres of tunnels



13 metro stations



4,000 commuter parking spaces



a train maintenance and stabling facility



4 kilometre ‘skytrain’ viaduct and bridges



8 traction power substations and transmission lines



8 bike parking facilities with 305 spaces for parking and storage

There are numerous assets currently under construction. For the Sydney Metro City & Southwest project these include:



13 of 23 new trains
have been delivered and
are undergoing testing



Seven new underground stations,
and the conversion of 11 stations being
upgraded to metro standards on the
T3 Bankstown line



One kilometre of rail
left to be laid on the 31 kilometre
alignment between Chatswood and
Sydenham, which includes
15.5 kilometres of twin tunnels.

Sydney Metro Canterbury Station lift and stair installation, May 2022.



Delivering outcomes for the people and communities of NSW

4

Pre-cast concrete girders are transported along the Pacific Highway late at night to the Crows Nest Station, September 2021.

CROWS NEST STATION.



4.1 Connecting our customers’ whole lives

The performance and achievements provided in this chapter are as of 30 June 2022.

Operational Performance

Sydney Metro delivered its third full year of operations on the Metro North West Line during 2021-22. Metro North West Line operations continued to navigate the impacts of the COVID-19 pandemic, with patronage declining by 25 per cent in 2021-22 compared with 2020-21 due to lower public transport use.

Despite the sustained impacts of the COVID-19 pandemic, Sydney Metro continued to achieve operational excellence through delivering customer-centric services. We modified services to adhere to continuing COVID-safe protocols throughout 2021-22, while responding to the demands of our customers, delivering optimal journey outcomes and improving the customer experience.

Since the first passenger service on 26 May 2019, a total of 11,366,546 kilometres and 323,567 services have been delivered. Patronage on the Metro North West Line reached 45.9 million, despite the continued impact of COVID-19 and the associated movement restrictions for parts of the year.

Metro North West Line performance 2021-22

A total of 90,398 services and 3.19 million kilometres were delivered in 2021-22.

Measure	2021-22
Customer satisfaction	98%
Planned services delivered	99.80%
Headway within tolerance	99.49%
Journey time within 37 minutes	97.93%

Delivery achievements

Sydney Metro City & Southwest

The Sydney Metro City & Southwest project includes a new 30 kilometre metro line extending from the end of the Metro North West Line at Chatswood, under Sydney Harbour, through the central business district (CBD) and southwest to Bankstown.

Key progress was made during 2021-22 with all tunnelling works completed and handed over to Sydney Metro. Track laying is more than 98 per cent complete, with about one kilometre of rail remaining to be laid on the alignment between Chatswood and Sydenham.

The construction of stations along the Sydney Metro City & Southwest project has also progressed throughout 2021-22, including at Central Station. Central Walk is an 80-metre-long thoroughfare that will make it easier for customers to navigate between different platforms and services and is due to open in 2022. Construction of Central Walk has taken place directly beneath eight live suburban platforms and tracks.

The first expansion area of new stabling sidings at the Sydney Metro Train Facility at Rouse Hill was handed over to NRT following final testing and commissioning in February 2022. This milestone marks the first significant handover of rail assets into operation on the project.

Work to connect Sydney’s newest metro line with the existing Metro North West Line at Chatswood is almost complete. In a single weekend in June 2022, a team of more than 100 workers removed, realigned, and rebuilt two 50 metre lengths of track that will soon join the 15.5 kilometre twin tunnels of the Sydney Metro City & Southwest project with the existing Metro North West Line to Tallawong.

COVID-19 impacts on Sydney Metro

Sydney Metro experienced a number of COVID-19 related challenges since March 2020 including resource constraints, working restrictions and material supply issues. These impacts were in addition to already rising construction costs across the sector, as well as a competitive infrastructure market.

While COVID-19 impacted all Sydney Metro construction projects in 2021, it was felt most acutely on the Sydney Metro City & Southwest project due to its complexity and the fact it was at peak construction when NSW experienced its strictest COVID-19 restrictions. These restrictions included a two-week construction pause, local government areas (LGAs) lockdowns and limitations on worker movements, site capacity limits and testing requirements, and site closures for cleaning.

The construction pause prohibited construction work across all sites for two weeks in July 2021, and for longer at sites within LGAs of concern (which included most of the Southwest part of the project).

These extended LGA lockdowns (and prohibited movements between LGAs) also limited the ability of construction workers to return to work sites after the construction pause was lifted.

Further disruptions to construction activities caused by industrial action also impacted project progress and cost.

The NSW Government committed a further \$2 billion towards the construction of Sydney Metro City & Southwest in the 2022-23 Budget, ensuring the delivery of this city-shaping project.

The final cost of the project includes additional scope such as Central Walk as part of the more than \$1 billion transformation of Central Station, COVID-19 impacts, supply chain impacts, industrial relations disruption to date and significant increases in the price of materials.

The additional funding will enable passenger services to begin on the Chatswood to Sydenham section of the project in 2024 as planned, with services to Bankstown commencing within 12 months of the first trains running under the harbour.

An artist's impression of the Sydney Metro Victoria Cross Station lane-way.





An artist's impression of the Sydney Metro Aerotropolis Station.

Sydney Metro West

Sydney Metro West is the new 24 kilometre underground railway that will connect Greater Parramatta and the Sydney CBD. It will transform Sydney for generations to come, doubling rail capacity between the two CBDs, linking new communities to rail services and supporting employment growth and housing supply. The project is expected to create about 10,000 direct and 70,000 indirect jobs during construction and has already delivered the new Eastern Creek Speedway.

Tunnelling and excavation works have been separated into geographically specific contract packages between Westmead and the Sydney CBD due to the scale of the project. A significant achievement in 2021-22 was the award of two major tunnelling contracts.

The first major tunnelling contract was awarded to Acciona Construction Australia Pty Ltd and Ferrovial Construction (Australia) Pty Ltd Joint Venture in July 2021 to deliver 11 kilometres of twin tunnels between Sydney Olympic Park and The Bays.

Sydney Metro awarded the second tunnelling contract to Gamuda Australia and Laing O'Rourke Consortium in March 2022 to deliver nine kilometres of twin tunnels between Sydney Olympic Park and Westmead.

Sydney Metro has also begun the process to appoint its third major tunnelling contractor to deliver 3.5 kilometres of twin tunnels under Sydney Harbour between The Bays and the Sydney CBD, and the excavation of Pyrmont and Hunter Street stations. This contract is expected to be awarded by late 2022.

Construction on the next Sydney Metro precast facility is underway at Eastern Creek where the bespoke facility will be used to manufacture more than 70,000 precast concrete segments to line the Sydney Metro West twin tunnels from The Bays to Sydney Olympic Park.

Sydney Metro – Western Sydney Airport

The Sydney Metro – Western Sydney Airport project is a new 23 kilometre metro railway which will link the new Western Sydney International (Nancy-Bird Walton) Airport and Western Sydney Aerotropolis with St Marys. The project, which received final planning approval in 2021-22, will create a new public transport spine for Greater Western Sydney and serve the region for generations to come.

The first major contract was awarded to CPB Contractors and Ghella in December 2021 to build 9.8 kilometres of twin tunnels and associated portal dive structures.

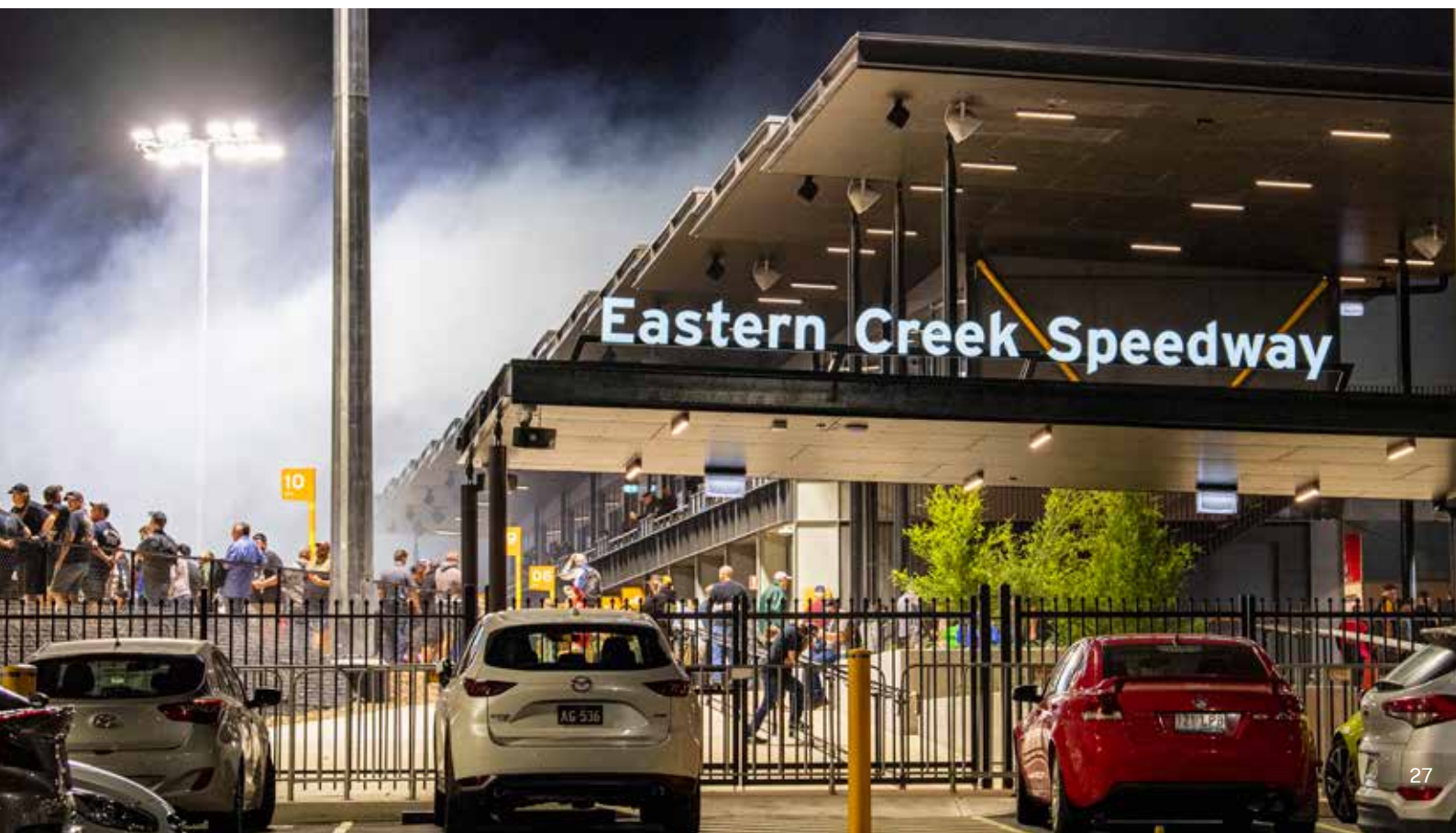
A second package was awarded to a joint venture between CPB Contractors and Western Sydney business, United Infrastructure, for the Surface and Civil Alignment Works in February 2022.

The works to be delivered include 3.5 kilometres of elevated viaduct at Orchard Hills and Luddenham, 6.7 kilometres of earthworks for track formation, two long rail bridges and construction of temporary and permanent access roads.

Independent project reviews

The following reviews have been conducted in accordance with the Infrastructure NSW Infrastructure Investor Assurance Framework, administered by Infrastructure NSW during the reporting period:

- Sydney Metro City & Southwest
- Sydney Metro West
- Sydney Metro West – Eastern Tunnelling Package
- Sydney Metro West – Precinct Development Partner
- Sydney Metro West – Systems Framework Packages
- Sydney Metro West – Western Tunnelling Package
- Sydney Metro – Western Sydney Airport
- Sydney Metro – Western Sydney Airport – Stations Systems Trains Operations and Maintenance
- Sydney Metro – Western Sydney Airport – Station Boxes and Tunnels
- Sydney Metro – Western Sydney Airport – Surface and Civil Alignment Works.



4.2 Successful places for our communities

Achievements

Sydney Metro has a unique opportunity to demonstrate an exemplary approach to integrated transport and land use planning. Quality architecture, good urban design and a user-friendly and interconnected transport system are critical to ensuring that Sydney Metro meets customer needs and expectations and maximises the city-shaping potential and broader urban benefits for Sydney’s future.

Through excellence in design and delivery, Sydney Metro aims to create places which:

- respond to the community’s needs and the character and context of each station
- are architecturally unique and easy to get around
- are intuitive and safe, and promote people’s health and wellbeing
- are active and vibrant, with a mix of uses and activities.

Northwest precinct development

Sydney Metro, together with the Metro North West Line development partner Landcom, have submitted five major Concept State Significant Development Applications totalling up to 8,800 dwellings, and 180,000 square metres of non-residential floor space for retail, commercial and community use. Approvals have been received for new precinct developments at Tallawong, Hills Showground and Epping, with Bella Vista and Kellyville currently being assessed by the Department of Planning and Environment. The proposals include new public spaces for communities to enjoy, and a minimum of five per cent affordable rental housing for people on low to moderate incomes.

A large new urban neighbourhood will be created by linked precincts at Kellyville and Bella Vista that will stretch to 2.5 kilometres. This new neighbourhood creates opportunities through easy access to schools, healthcare and open space, recreational and cultural facilities for the community.

Key development sites at Tallawong, Hills Showground and Epping have now been sold to developers. Land sales completed during 2021-22 include:

- Epping – Sydney Metro sold a site near Epping station to DASCO Pty Ltd. The site has concept approval for retail and commercial spaces and 432 apartments.
- Hills Showground – Sydney Metro sold a site to Deicorp to develop a new mixed use local centre opposite Hills Showground metro station. The site will include an activated public plaza fronting Doran Drive, a supermarket, other retail and commercial spaces, and around 440 apartments.

Leasing activity has also progressed for Metro North West Line’s retail buildings, with a gym tenancy commencing operations and other tenant fit-outs underway in retail spaces at Bella Vista station.



Hills Showground Precinct Development.
Image source: Landcom.

Sydney Metro creates city-shaping projects that support well-connected and vibrant places through integrated strategic planning and good urban design, with our integrated station developments being at the forefront of global best practice. Our approach to placemaking focuses on creating thriving, welcoming hubs for local communities to enjoy, with new public spaces designed to encourage walking, cycling and social interaction.

Sydney Metro City & Southwest

Integrated station developments at Crows Nest, Victoria Cross, Martin Place, Pitt Street and Waterloo stations will provide more than 350,000 square metres of new floorspace for commercial office, retail and community uses and diverse housing types – including social and affordable housing, student accommodation and build-to-rent – when complete. Crows Nest achieved a major milestone in 2021-22 by receiving state significant planning approval to create a modern precinct that meets the community's needs, now and into the future.

All seven Sydney Metro City & Southwest underground stations were awarded a top sustainability rating, making the project a world leader in station design and construction.

The Green Star rating of World Leadership (6 Star Green Star – Custom (Sydney Metro) Design Review rating) is the highest possible rating in its category and recognises how the needs of customers and the environment are at the heart of station design and construction. Our commitment to customers also contributed to the rating, recognising best practice wayfinding, public art and focus on customer comfort within stations.

Sydney Metro West

Sydney Metro continues to work closely with local councils and planning agencies to align and realise the visions for the precincts along the corridor, including commencing state significant development planning approval for Parramatta and Sydney Olympic Park station sites in 2021-22.

Hunter Street Station will become a new hub in the commercial heart of the Sydney CBD, with easy connections to George Street, Light Rail, Sydney Trains services at Wynyard and Martin Place and the new Sydney Metro City & Southwest station at Martin Place. A large, activated precinct between George, Hunter, O'Connell and Bligh streets will prioritise pedestrians and support a vibrant public domain in the heart of the Sydney CBD.

The NSW Government announced in February 2022 that the Hunter Street Station development would be delivered under the Hunter Street Precinct Development Partner Model. Bidders for the new Hunter Street metro station will be required to demonstrate how they will improve the local area and create a precinct and a sense of place, not just a station, as part of the procurement. This is a first of its kind model for an Australian public infrastructure project.

Sydney Metro – Western Sydney Airport


Sydney Metro is working closely with the Western Parkland City Authority, councils and local communities to plan vibrant places and landmarks that will support the success of the Western Parkland City.


Early enabling delivery works progressed on the project throughout 2021-22, including the opening of the temporary bus interchange in St Marys in March 2022. An extension to the existing multi-storey commuter car park at St Marys also opened to the public in April 2022, delivering an additional 250 commuter car spaces to help manage local parking changes ahead of the construction of the project.

Some examples of the activities Sydney Metro has been involved in to create new and enhanced places are described on the following pages.


Northwest art hoardings refresh


Caring for Country Maddison Gibbs – Cherrybrook



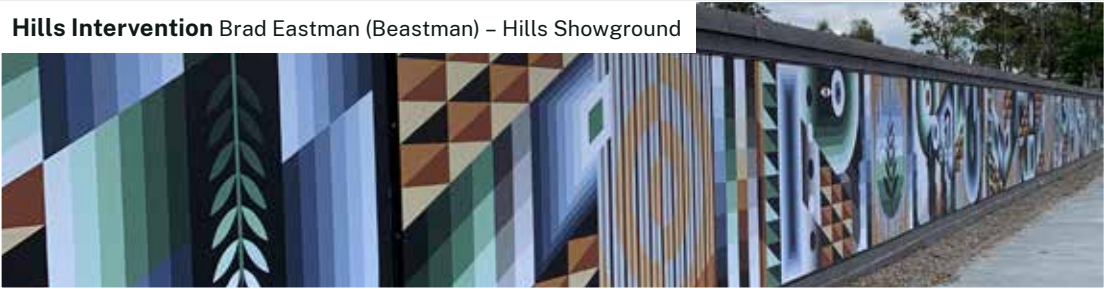



Everything Comes Alive! Nadia Hernandez – Kellyville







Hills Intervention Brad Eastman (Beastman) – Hills Showground






Casuarinas and Black Cockatoos Tina Barahanos, Alexandra Byrne, Leanne Watson – Tallawong





Reprise Ian Mutch – Bella Vista



Images source: Landcom.

Five new artworks have been commissioned to refresh the hoarding artworks across the Sydney Metro Northwest Places program in partnership with Landcom. The new artworks were selected from 59 submissions received through an open expression of interest process to replace the existing art that was installed in 2019, prior to the commencement of Metro North West Line operations.

Reconnecting Bankstown's City Centre

Sydney Metro is delivering a new activated cross-corridor plaza at Bankstown station that will transform Bankstown by creating a bridge-free public connection between the north and south sides of the city centre for the first time, overcoming the historic severance created by the rail corridor.

The new plaza supports Canterbury Bankstown Council's strategic vision for Bankstown CBD and will create a welcoming civic space that will connect public life, activities and adjoining precincts. The design includes landscape elements that provide shade and promote a pedestrian-focused environment. The new cross-corridor plaza and arrival of metro services will be a catalyst in the continued transformation of Bankstown as a key strategic centre.

The cross-corridor plaza plans are set out in Sydney Metro's Station Design and Precinct Plan for Bankstown, which was endorsed by the Department of Planning and Environment in late 2021.



An artist's impression of Bankstown Cross-Corridor Plaza (view from North Terrace).

Environment, sustainability and planning

Sydney Metro is committed to undertaking our activities in a socially, financially and environmentally responsible way, and we have achieved significant outcomes in 2021–22.

Appendix 17 contains a list of State Significant project applications and approvals under the *NSW Environmental Planning and Assessment Act 1979* and the *Commonwealth Airports Act 1996*.

Sustainability

Sydney Metro's approach to sustainability is governed by the Sydney Metro Environment and Sustainability Statement of Commitment, which outlines our commitments to:

- minimising our impact and leaving a positive environmental and social legacy
- delivering a resilient asset and service for our customers
- collaborating with stakeholders to innovate and drive sustainable outcomes
- embedding sustainability into our activities.

The Sydney Metro Sustainability Framework (2020–2025) outlines our approach to delivering sustainable outcomes across the business. The Statement of Commitment and Sustainability Framework are supported by project-specific sustainability strategies and plans.

The Sydney Metro City & Southwest Sustainability Strategy sets out 48 targets to be achieved across the design, construction and operation of the project. Currently more than 90 per cent of the targets are on track to be achieved including targets related to waste recycling, spoil reuse, replacement of Portland cement in concrete, and reduction of carbon emissions during construction. At-risk targets are being mitigated through our 100 per cent operational carbon emissions offset commitment and other initiatives.

The Sydney Metro – Western Sydney Airport Sustainability Plan was published in January 2022, and the Sydney Metro West Sustainability Plan will be published in the next year.

Sustainability performance and initiatives are described in more detail in the annual Sydney Metro Sustainability Reports.

Climate change mitigation: energy efficiency and carbon offsets

Sydney Metro is committed to reducing our operational carbon footprint through the specification of energy-efficient trains, operating systems and stations.

A solar panel array (covering more than 6,500 square metres) on the roof at the Sydney Metro Trains Facility at Tallawong continues to provide power for the facility and some of our stations. Solar panel arrays have also been installed at Central Station and Sydenham Station as part of the Sydney Metro City & Southwest project.

Sydney Metro is committed to using zero emission electricity for its Metro operations. In 2021–22, the Metro North West Line operations consumed 75,909,000 kilowatt hours (kWh) of electricity. A total of 76,987 large-scale generation certificates (LGCs) generated by Beryl Solar Farm in regional NSW, procured through a Green Products Purchase Agreement, have been retired to fulfil Sydney Metro's commitment for this year of operation.

Options for sourcing zero-emission electricity will continue to be explored for Sydney Metro City & Southwest operations.



An artist's impression of the Sydney Metro Victoria Cross Station entrance.

Environmental management

All works for Sydney Metro are carried out in accordance with the project's environmental requirements, as set out in the relevant planning approval and environment protection licences (if applicable).

EMS Certification

Sydney Metro achieved certification of its Environmental Management System (EMS) to ISO 14001 through SAI Global in July 2020. An annual surveillance audit is required as part of EMS certification which is undertaken by an external independent agency. A surveillance audit was undertaken in May 2022 with the aim of assessing Sydney Metro's standards, systems and procedures to determine compliance with requirements of ISO 14001:2015 and identify any areas for improvement.

Sydney Metro successfully completed the audit with only one area for improvement identified, namely the development of an internal audit program. It is noted that actions are already underway to address this matter in preparation for the recertification audit scheduled for 2023.

Sydney Metro establishes the minimum acceptable environmental management standards for construction-related activities through our Construction Environmental Management Framework, which applies to all Principal Contractors when developing Construction Environmental Management Plans and sub-plans.

Environmental Compliance

Across the Sydney Metro program throughout 2021-22 there were:

- Zero (0) Class 1 environmental incidents
 - Two (2) Class 2 environmental incidents:
 - A pollution incident involving the spill of contaminated water into the local stormwater system. The incident is deemed to have caused material harm to the environment as defined by the *NSW Protection of the Environment Operations Act 1997*.
 - Minor damage to a building of local heritage significance caused by demolition activities undertaken on an adjacent site. The incident is deemed to have caused material harm as defined in the Planning Approval SSI 10038.
- Immediate actions were taken to adequately address each of the above listed Class 2 incidents.
- 153 Class 3 environmental incidents. These incidents caused no material harm to the environment as defined by the *NSW Protection of the Environment Operations Act 1997*.

Compliance tracking with relevant Planning Approval requirements recorded a total of 95 non-compliances. The majority of the non-compliances related to noise and vibration or management system issues and have been responded to in a timely manner.

Aboriginal cultural heritage and historic heritage

The NSW Government Architect NSW has developed a draft framework for developing connections with Country. Sydney Metro is actively participating in a Connect with Country pilot program to promote understanding of the value of Aboriginal knowledge in the design and planning of our projects.

Connect with Country working groups of Aboriginal knowledge holders have been established across Sydney Metro West and Sydney Metro – Western Sydney Airport projects to provide ongoing advice on Aboriginal culture and heritage. Consultation with Registered Aboriginal Parties continues across the Sydney Metro City & Southwest project.

Sydney Metro City & Southwest

A 180-year-old timber boat was uncovered during excavation works at the Barangaroo station site in 2018 – the oldest boat of its kind ever found in NSW. Conservation of the historic Barangaroo boat timbers is continuing. It is anticipated that treatment will continue for the next 12-24 months before the boat can be permanently displayed.

Mr Joseph Thompson, whose remains were discovered during redevelopment works at Central Station, was reinterred at Eastern Suburbs Memorial Cemetery, with more than 50 descendants attending the ceremony in November 2021. The reinterment of other identified remains continues to progress through consultation with descendants.

Sydney Metro West and Western Sydney Airport

Heritage Interpretation Strategies have been completed for the Sydney Metro West and Sydney Metro – Western Sydney Airport corridors, informing station and precinct designs that reflect identified Aboriginal and historical heritage.

Aboriginal and historical archaeological investigations have commenced along both project corridors.

Name Plate of Mr Joseph Thompson, discovered at Sydney's Central Station, 2019.



Resource management

Waste and spoil

Sydney Metro achieved its target to beneficially reuse 100 per cent of all clean spoil (crushed rock) generated on projects in 2021-22, and to recycle at least 90 per cent of construction waste for Sydney Metro City & Southwest and Sydney Metro West, and at least 95 per cent for Sydney Metro – Western Sydney Airport. The table below provides a breakdown for the reuse of waste and spoil.

Reuse of waste and spoil, 2021-22

	Construction and demolition waste (tonnes)	Spoil (tonnes)
Generated	110,213	257,755
Reused or recycled	106,068	257,755
Percentage reused or recycled	96%	100%

Materials

Sydney Metro seeks to reduce its construction footprint through efficient use and selection of materials. Concrete makes up a significant proportion of the embodied carbon of Sydney Metro projects. Limits on the use of Portland cement and a minimum requirement of 25 per cent of supplementary cementitious materials such as waste fly ash and granulated ground blast furnace slag significantly reduce our carbon dioxide emissions from concrete.

Recycled materials used in construction during 2021-22 include bricks salvaged from Sydney Metro demolition works, 10,306 tonnes of recycled asphalt, Reconophalt (a high-recycled-content asphalt that is derived from waste streams, such as soft plastics, glass and toner), and 155,266 tonnes of tunnelling material reused from the WestConnex project. In addition, sandstone blocks were recovered and donated to Inner West Council where they have been reused on numerous community projects including playgrounds, parklands, waterhole stabilisation works and a stormwater upgrade at Marrickville Golf Course.

Use of steel and concrete, 2021-22

	Steel (tonnes)	Concrete (cubic metres)
Total used	32,878	196,774

Water

Sydney Metro seeks to reduce water consumption and encourages contractors to reduce water usage and use non-potable water sources for suitable construction and operational activities. Water efficiency measures are incorporated into all designs, to ensure potable and non-potable water savings are realised.

Achievements in minimising the use of potable water across 2021-22 construction activities are detailed in the table below. The volume of water use has dropped by a third since 2020-21 and the proportion of non-potable water use has doubled.

Potable and non-potable water use in construction, 2021-22

Water used for construction (kilolitres)	
Potable	63,079
Non-potable	12,178
Total water consumption	75,257
Percentage of water from non-potable source	16%



Solar panels being installed as part of Sydney Metro's major upgrade of Central Station, April 2022.

Energy and carbon

Sydney Metro is on track to achieving a target of at least 20 per cent reduction in carbon emissions associated with construction (compared to business-as-usual construction practices) through a range of energy and materials efficiency measures. Delivery partners are also required to offset 25 per cent of the carbon emissions associated with electricity used during construction. Construction stage carbon emissions for 2021–22 are detailed in the table below.

Carbon emissions associated with construction, 2021–22

Carbon emissions (tonnes CO ₂ equivalent)	
Scope 1 – Direct emissions (e.g. from fuel use)	7,810
Scope 2 – Indirect emissions from electricity use	3,748
Scope 3 – Indirect emissions excluding Scope 2 (e.g. associated with manufacture of materials used in construction)	103,575
Total	115,133

Climate resilience

Sydney Metro aims to increase resilience to a changing climate through assessing, managing and communicating our climate risk.

A range of climate-related risks have been identified across the operational and planned metro network, including increased temperatures and precipitation, flooding, extreme weather events and bushfires. Potential impacts include reduced operational performance, customer amenity and patronage, and increased maintenance costs.

Sydney Metro has incorporated mitigation measures to increase climate change resilience, such as designing adequate capacity into drainage and air conditioning systems.

We also undertook an informal review of our climate change strategy effectiveness by reviewing the Metro North West Line's operational performance during 2021-22 climate 'shock' events against predicted climate risks and ensuing mitigations.

Community

Sydney Metro seeks to benefit local communities during and beyond the construction phase of our projects.

Community Engagement

Sydney Metro works closely with key stakeholders including members of the community, all levels of government, contractors, and other service providers.

Sydney Metro was able to achieve effective communication outcomes on our construction projects through a hybrid engagement model which emphasised face-to-face interaction where possible, while also relying on digital engagement methods.

Numerous stakeholder engagement activities occurred on Sydney Metro City & Southwest, ranging from open days and drop-in sessions at particular station sites, to detailed engagements on key parts of the alignment, such as between Sydenham and Bankstown ahead of a significant rail possession in June 2022.

Stakeholder engagement activities for Sydney Metro West included the lodgement and public exhibition of two environmental impact statements for major civil construction between The Bays and the Sydney CBD (2021), and rail infrastructure, stations, precincts and operations between Westmead and the Sydney CBD (2022). The Metro Connect App continued to be rolled out, providing planning information on the project in over 100 languages.

Extensive stakeholder engagement activities for Sydney Metro – Western Sydney Airport included participating in a Western Sydney Airport open day, which more than 1,000 people attended, an in-person shopping centre display pop-up at St Marys, and doorknocking residents regarding power supply work along the alignment from St Marys to the Aerotropolis.

Sydney Metro internal initiatives

Internal initiatives included participating in the annual Vinnies CEO Sleepout on 23 June 2022. The Sydney Metro City & Southwest, Sydney Metro West and Sydney Metro – Western Sydney Airport Project Directors participated in the sleepout. The initiative was supported by engagement activities across the organisation, raising more than \$30,000 for people experiencing homelessness.

Delivery partner initiatives

Delivery partner initiatives included:

- engaging students through interactive STEM workshops and school visits
- engaging social enterprise Mates On The Move to collect disposable coffee cups for recycling
- participation in Cleanup Australia Day and river clean ups
- a full makeover of Lakemba community gardens, including the addition of new planter beds
- transformation of the garden, backyard, and recreational areas of a youth emergency accommodation and support service
- funding contribution towards the establishment of a new shelter for women and children
- funding contribution to support the Crows Nest Burger Festival
- donation of funding, plants and educational supplies to a number of childcare centres
- participation in the Wayside Chapel Long Walk Home.

Preschoolers take a look at the work at Crows Nest Station, April 2022.



4.3 Transport systems and solutions enabling economic activity

Achievements

Sydney Metro plays an important role in stimulating economic activity through the simultaneous delivery of three mega projects, as well as opportunities that arise from city-shaping infrastructure.

Job creation

Sydney Metro West achieved the opening of the new Eastern Creek Speedway. The Sydney Speedway at Clyde was relocated to the Eastern Creek Motor Sports Precinct to make way for a new stabling and maintenance facility for the new fleet of driverless metro trains. Building the new Speedway was a massive boost to the local Western Sydney economy. The project supported more than 1,250 jobs, with more than 850 workers local to Greater Western Sydney.

The contract for Surface and Civil Alignment Works on Sydney Metro – Western Sydney Airport will have more than 20 per cent of the workforce from Western Sydney. As work on this contract ramps up over the coming months, 50 new jobs, including apprentices and trainees, will be created.

Contract management

In a bid to proactively improve relationships and performance with our industry partners, Sydney Metro is implementing initiatives such as a portfolio-wide approach to collaboration and contract performance.

Sydney Metro has successfully completed the trial of its Contractor Collaboration Performance Management (CCPM) Pilot across 13 major construction contracts on the Sydney Metro City & Southwest project. Using a combination of quantitative performance analysis and behavioural coaching, CCPM helps to form a relationship between Sydney Metro and contractors where both parties mutually support the delivery of jointly owned outcomes. Sydney Metro is now establishing enterprise wide CCPM across 200 major contracts following the successful trial.

Autonomous Tunnel Boring Machines

Australia's first autonomous tunnel boring machines will be used to build nine kilometre twin tunnels between Sydney Olympic Park and Westmead.

Two mega machines will use innovative artificial intelligence software to automatically steer, operate and monitor numerous TBM functions.

While an operator remains in control, the autonomous system takes on all repetitive tasks from the operator with greater accuracy. The technology also allows the TBMs to be more accurate, reducing the time required to excavate tunnels.

4.4 Thriving people doing meaningful work

Achievements

Sydney Metro continues to support Transport's Outcome of 'thriving people doing meaningful work'. Our people are our most valuable resource and are key to delivering high quality services and infrastructure to our customers and community.

The Sydney Metro People and Culture Plan sets the strategic direction for our people from FY2022 – FY2024. Some of the key initiatives being delivered as part of this Plan are highlighted below.

Attracting and retaining the best talent

With the rapidly shifting labour market and accelerated demand for skills and talent, Sydney Metro has a focus on attracting, recruiting and retaining great talent.

Sydney Metro has partnered with Transport for NSW to improve talent pipelines, in-house recruitment practices, focusing on reducing recruitment timeframes and proactively sourcing talent in critical skills shortage roles.

Embracing inclusion and diversity

Sydney Metro's commitment to build an inclusive and diverse workplace includes having a workforce that represents our customers and communities.

To achieve more inclusivity and diversity over 2021-22, we focused on:

- driving an increase in:
 - the number of women in senior leadership roles
 - Aboriginal employees
 - employees with disability
- fostering an inclusive and diverse environment, so that our people feel respected and valued for what they bring to work each day.

Sydney Metro promoted diversity and celebrated a range of initiatives such as Safe Work Month, National Reconciliation Week, NAIDOC week, International Day for People with Disability, Wear it Purple Day and International Women's Day 2021-22.

Workforce development

Sydney Metro uses a blended workforce approach to support our growth and capability needs.

Sydney Metro has continued with our internal mentoring program and partnered with Transport for NSW on the existing Entry Level Talent Program.

We have participated in a new program and intake for Infrastructure NSW Trainees in 2022, and increased focus on entry-level role structures, recruitment and career pathways through organisational design. These initiatives have resulted in an increase in the number of graduates and cadets within critical skill shortage roles such as engineering, projects and commercial.

Sydney Metro has developed a Capability and Engagement intranet site to support increased access to flexible learning and development programs. We have also focused on supporting our leaders by implementing a series that builds leadership skills, mindset and capacity to lead in a mega-project environment.

Industry awards offer Sydney Metro the opportunity to celebrate and promote our people and achievements.

These opportunities demonstrate Sydney Metro's capacity as an infrastructure planner, designer, builder and operator throughout the project lifecycle. They also demonstrate how we are taking a portfolio approach to our work and draw on international expertise and trends to design and build world class metro stations, precincts, rolling stock and systems.

The awards won by Sydney Metro, our people and our contractors during 2021-22 include:

Awards won

Medal of the Order of Australia: Kate Cole, Sydney Metro's Director for Health and Safety, Strategy and Program, was awarded an OAM for service to workplace health and safety. Kate was also recognised as one of 58 Australians on the Australia Day 2022 COVID-19 Honour Roll for her contribution to the safety of health care workers and PPE standards during the COVID-19 pandemic

Women in Security Magazine awards: Chief Security Officer Marie Patane was awarded the Most Outstanding Woman in Protective Security award

Green Star Champion, nominated by the Green Building Council of Australia: awarded to Associate Director Sustainability Joanne Haggerty

Permanent Way Institute Awards: CPB Contractors' Melanie Bowden won the Permanent Way Institute Young Achiever Award for her leadership and management of a major project for Sydney Metro City & Southwest

2021 Deltek Awards – International award for Most Valuable Project Partner: jointly awarded to Sydney Metro and Prescience Technology

Australian Construction Achievement Award 2022: awarded to Sydney Metro City & Southwest Tunnel and Station Excavation (TSE) Works by John Holland, CPB Contractors and Ghella Joint Venture

Awards commended

International Architecture Awards: Central Station team (Woods Bagot, Laing O'Rourke, Aurecon, GHD Woodhead, Sydney Metro)

NSW Awards for Planning Excellence 2021: Sydney Metro Art Masterplan

Place Leaders Asia Pacific Awards 2021: Place Governance Award, Dulwich Hill Station Plaza

Awards shortlisted / finalists

World Architecture Festival Awards 2020-21: Central Station team (Woods Bagot, Laing O'Rourke, Aurecon, GHD Woodhead, Sydney Metro)

Infrastructure Partnerships Australia National Infrastructure Awards 2022: Digital Asset & Reporting Enablement program award for innovation excellence

Sydney Metro City & Southwest and Rusty Goat Media – Engineering News-Record magazine's 2021 Year in Construction

Engineers Australia Young Engineers of the Year (NSW) – MCE Australia's Annabella Duo working on Sydney Metro City & Southwest

National Women in Construction NSW awards 2021: Jacobs' Philippa Lescop finalist for contribution to Sustainability

Financial performance

5

Sydney Metro Sydenham Station,
December 2021.



5.1 Financial performance

Revenue and expenses

Sydney Metro received \$7.6 billion for 2021-22 (FY2020-21: \$4.4 billion) in Government grants and other contributions towards capital projects and operations and \$0.4 billion (FY2021-22: \$0.3 billion) of income from operating activities (including cost recovery from other entities). Sydney Metro incurred \$1.2 billion (FY2021-22: \$0.8 billion) in operating expenses, grants and subsidies, depreciation, finance costs and other expenses.

Other comprehensive income for the year was \$1.7 billion (FY2021-22: \$0.4 billion) which related to asset revaluation and other commodity swaps and foreign exchange.

Capital Expenditure

Sydney Metro’s total capital expenditure for the year was \$6.1 billion (FY2020-21: \$4.2 billion). Sydney Metro was also engaged in the delivery of capital works for Transport Asset Holding Entity (TAHE) assets throughout the year, totalling \$391 million (FY2019-20: \$248 million).

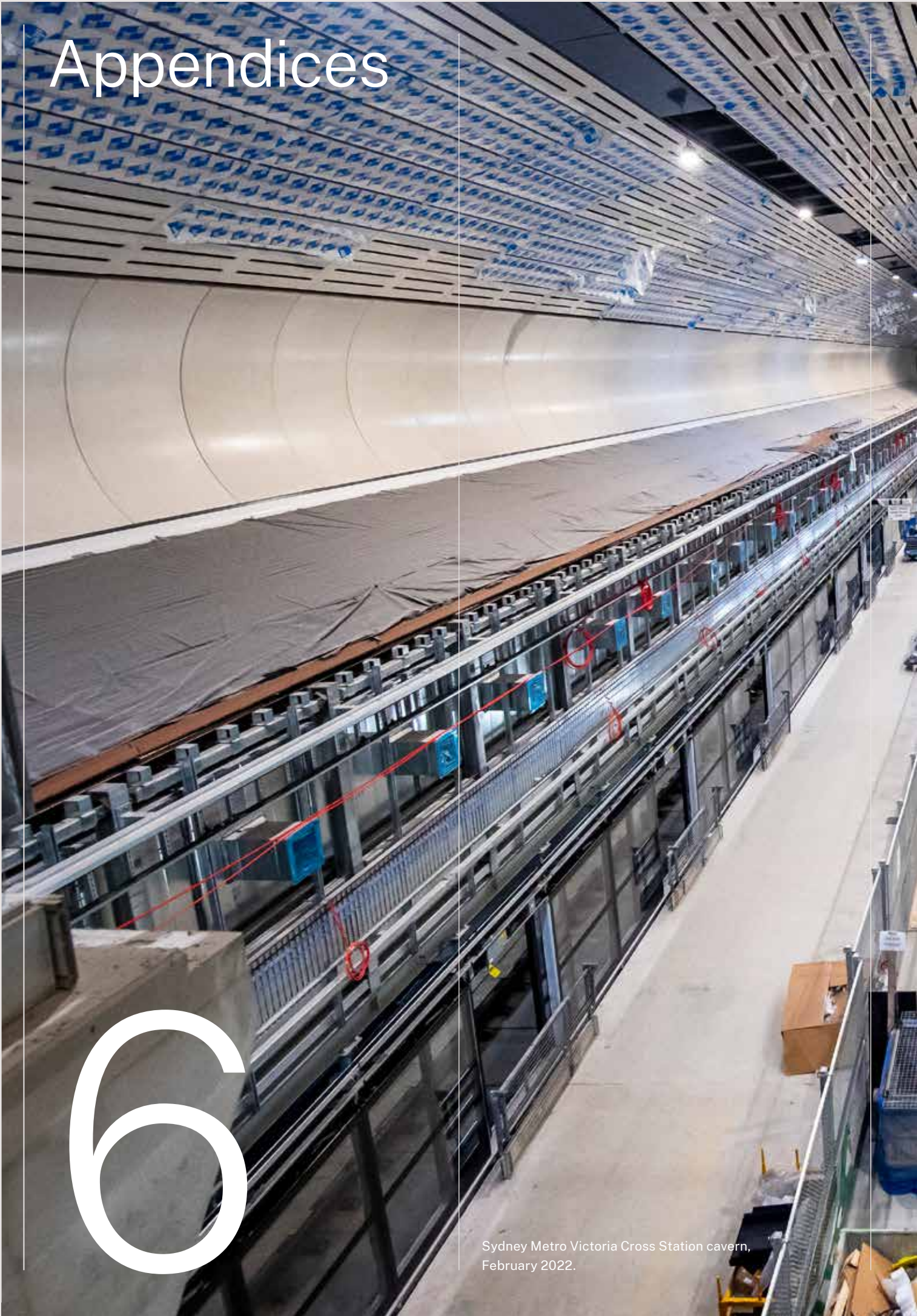


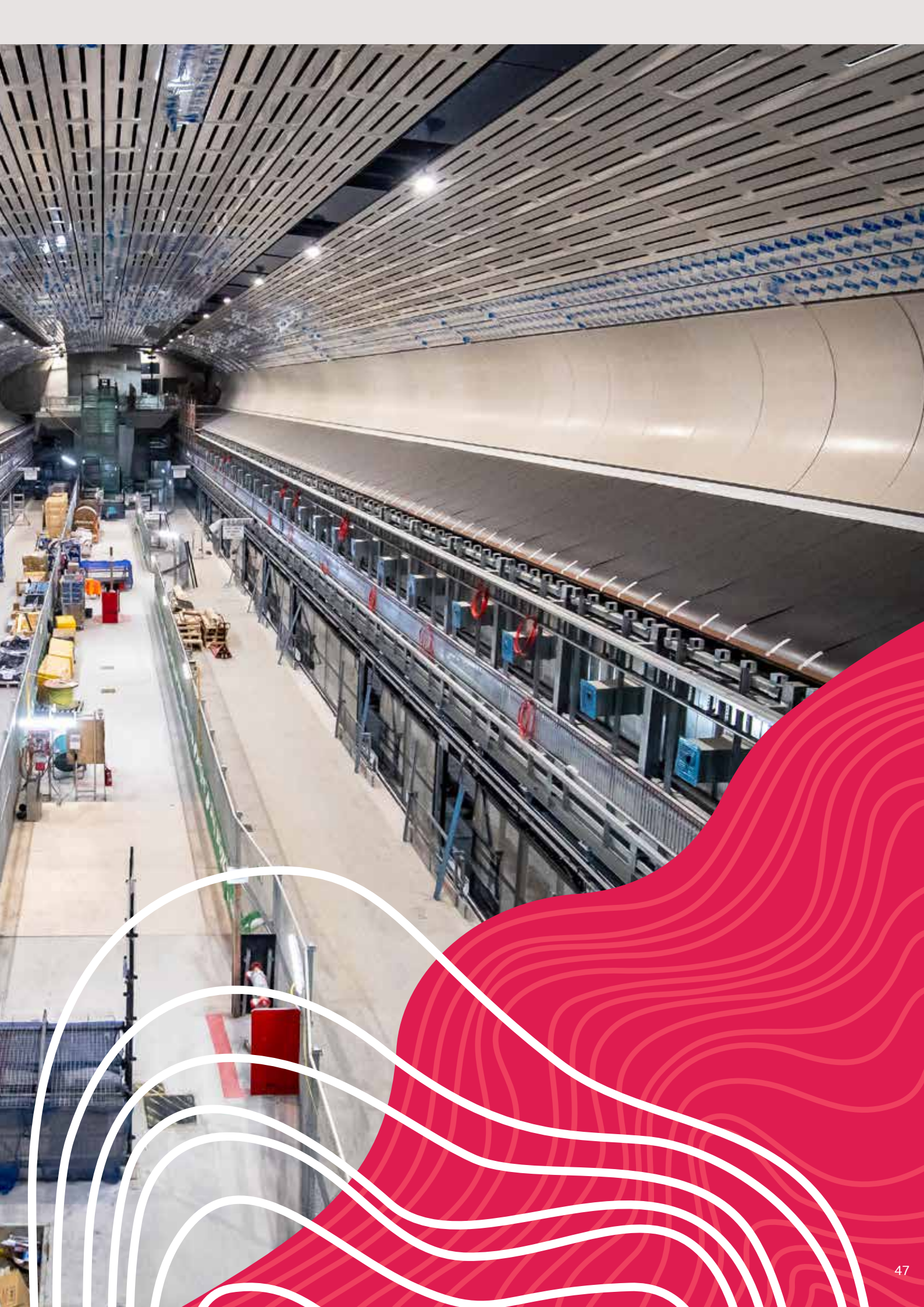
Solar panels being installed as part of Sydney Metro's major upgrade of Central Station, April 2022.

Appendices

6

Sydney Metro Victoria Cross Station cavern, February 2022.





Appendix 1

Customer satisfaction

Customer complaints received in 2021-22

Sydney Metro takes customer and community feedback seriously and seeks to approach every customer interaction as an opportunity to improve our service delivery.

We have established several tools for receiving complaints, including a 24-hour community information line, a community email address, project postal addresses, and a form accessible on the Sydney Metro website.

Sydney Metro received 1,204 complaints in total in 2021-22, most of which were received via Sydney Metro’s 24-hour community information line. These were investigated and responded to promptly.

On the Metro North West Line, complaints were mainly received about the frequency of service during periods where Public Health Orders and Restrictions applied, service disruptions, and maintenance issues at stations. For the three mega projects under construction, complaints were received about noise and vibration; traffic, transport and parking; and property damage and restoration.

On the Metro North West Line, Sydney Metro continues to maintain a high standard of customer satisfaction and service levels, with a consistently high customer satisfaction rating of 98 per cent (May 2022). Overall, customers were most satisfied with the service provided in the areas of safety and security, accessibility and cleanliness.

Appendix 2

Disability Inclusion Action Plan

The *Disability Inclusion Act 2014* (the Act) requires all government departments to develop disability inclusion action plans. Sydney Metro is aligned with the Transport for NSW Disability Inclusion Action Plan 2018 – 2022 (the Action Plan), which outlines practical measures to be taken across Transport to meet the objectives and principles of the Act, as well as obligations under the Transport Standards and Future Transport Strategy.

Other than compliance with legislation, the Action Plan is guided by the social model of disability as outlined in the United Nations Convention on the Rights of Persons with Disabilities. The social model views people with disability as not being disabled by their impairment but by barriers in the community that prevent them from gaining equal access to information, services, transport, housing, education, training, employment and social opportunities.

In 2021-22, Sydney Metro:

- acknowledged and promoted significant dates
- significantly increased representation of employees with disability, from 1.2 per cent in July 2021 to 2.0 per cent² in June 2022 in alignment with the Premier’s Priorities
- actively identified diversity roles across the business and leveraged a range of bespoke approaches implemented by Transport for NSW, such as gender exemptions and the Tailored Talent program, to support attraction of diverse candidates, resulting in the highest levels of representation recorded to date of Aboriginal employees, Women in Leadership and Employees with Disabilities
- increased completion rates of the Public Service Commission Disability Awareness training
- increased executive and senior leaders’ commitment to raising awareness and implementing key deliverables of the Action Plan.

2 Data source: Provided by Transport for NSW as at 30 June 2022.

Appendix 3 Multicultural policies and services

Multicultural policies and services program

Sydney Metro aligns to the Transport for NSW Multicultural Plan 2021–2023 (the Multicultural Plan), which outlines Transport's strategies and commitment to strengthening transport services for culturally and linguistically diverse communities. The specific actions set out in the Multicultural Plan align with the Future Transport Strategy and align with state and national priorities.

Sydney Metro remains focused on the actions to be delivered as part of Transport's commitment to Multicultural NSW. No actions were deferred to ensure we responded to the needs of culturally and linguistically diverse communities.

In 2021-22 Sydney Metro:

- promoted the Multicultural Plan, its deliverables and the tools and resources to support its implementation
- acknowledged and promoted cultural events, which resulted in increased awareness and recognition by our staff
- increased voluntary completion of employee profiles, with 24 per cent of the workforce disclosing that they were born in a country other than Australia
- increased executive and senior leaders' commitment to raising awareness and implementing key deliverables of the Multicultural Plan.

Agreements with Multicultural NSW

Sydney Metro does not have any agreements with Multicultural NSW, however as an agency we continue to remain aligned to Transport for NSW's Multicultural Plan.

Appendix 4 Access to government information

Government Information (Public Access) Act 2009

Review of the proactive release program

The *Government Information (Public Access) Act 2009* (GIPA Act) provides an open and transparent process for giving the public access to information from NSW public sector agencies, and to encourage the proactive public release of government information.

Sydney Metro supports Transport for NSW by releasing information about current and planned transport projects and initiatives on our website. This ranges from media releases to detailed information about contracts and projects.

Transport also actively considers how to be more proactive and ensure greater access to information. The Proactive Disclosure Committee has representatives from agencies within Transport. The Committee meets quarterly to consider information for proactive release and to update the proactive disclosure program.

Further information about Sydney Metro's GIPA processes and the types of information held by the agency is available through the Sydney Metro Agency Information Guide.

Number of access applications received

Sydney Metro received 16 access applications (including withdrawn applications but not invalid applications) during 2021-22.

Number of refused applications for Schedule 1 information

Sydney Metro refused access to information in four access applications in 2021-22 because the requested information was information referred to in Schedule 1 of the GIPA Act.

Table A: Number of applications by type of applicant and outcome, 2021-22

Type of applicant	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	1	1	0	0	0	0	0
Members of Parliament	0	0	0	0	0	1	0	0
Private sector business	0	0	1	0	0	0	0	0
Not-for-profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (by legal representative)	0	2	0	2	1	0	0	0
Members of the public (other)	3	4	1	3	1	2	0	2

Note: More than one decision can be made in respect to a particular access application. If so, a recording must be made in relation to each decision.

Table B: Number of applications by type of applicant and outcome, 2021-22

Type of applicant	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications	0	0	0	0	0	0	0	0
Access application (other than personal information applications)	3	7	3	5	2	3	0	1
Access application that are partly personal information application and partly other	0	0	0	0	0	0	0	1

Note: More than one decision can be made in a particular access application. If this occurs, each decision must be recorded.

A ‘personal information application’ is an access application for personal information (as defined in clause 4 Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications, 2021-22

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Applications is for excluded information of the agency (section 43 of the Act)	0
Applications contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table D: Conclusive presumptions of overriding public interest against disclosures: matters listed in Schedule 1 of the Act

Consideration category/type	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	3
Executive Council information	0
Contempt	0
Legal professional privilege	1
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environment heritage	0
Privilege generally – Sch 1(5A)	0
Information provided to the High Risk Offenders Assessment Committee	0

* More than one public interest consideration may apply in relation to a particular access application and, if so, each consideration is to be recorded (but only once per application).

Table E: Other public interest consideration against disclosure: matters listed in table to section 14 of the Act, 2021-22

Consideration category/type	Number of occasions when application was not successful
Responsible and effective government	4
Law enforcement and security	0
Individual rights, judicial processes and natural justice	4
Business interests of agencies and other persons	4
Environment, culture, economy and general matters	1
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

More than one public interest consideration may apply in relation to a particular access application and, if so, each consideration is to be recorded (but only once per application).

Table F: Timeliness, 2021-22

Timeliness of decision	Number of applications
Decided within the statutory timeframes (20 days plus any extensions)	18
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	18

More than one public interest consideration may apply in relation to a particular access application and, if so, each consideration is to be recorded (but only once per application).

Work continues at the Sydney Metro Pitt Street Station, May 2022.



Table G: Number of applications reviewed under Part 5 of the Act (by type or review and outcome), 2021-22

Type of review	Decisions varied	Decisions upheld	Total
Internal review	0	0	0
Review by Information Commissioner	1	2	3
Internal review following recommendation under section 93 of Act	3	1	4
Review by NCAT	0	0	0
Total	4	3	7

The Information Commissioner does not have the authority to vary decisions but can make recommendations to the original decision maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

Type of applicant	Number of applications for review
Applications by access applicants	5
Applications by persons to whom information on the subject of access application relates (see section 54 of the Act)	0

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

Type of transfer	Number of applications transferred
Agency-initiated transfer	0
Applicant-initiated transfer	0



Appendix 5 Privacy Management Plan

Privacy and Personal Information Protection Act 1998

Sydney Metro has a Privacy Management Plan (PMP) in compliance with section 33 of the *Privacy and Personal Information Protection Act 1998* (PPIP Act), which includes information about:

- the devising of policies and practices to ensure compliance with the requirements of the PPIP Act and the *Health Records and Information Privacy Act 2002* (NSW)
- the dissemination of those policies and practices to persons within Sydney Metro
- the procedures that Sydney Metro applies in relation to internal review under Part 5 of the PPIP Act.

The PMP is available on our website at transport.nsw.gov.au/about-us/transport-privacy#Privacy_Management_Plans

Sydney Metro did not receive any applications for internal review under Part 5 of the PPIP Act during 2021-22.

Questions, compliments or complaints about the management of personal and health information should be directed to the Privacy Officer at Transport for NSW, who will direct the inquiry to Sydney Metro.

T 02 8202 3768
E privacy@transport.nsw.gov.au

Post The Privacy Officer
Information and Privacy Unit
Transport for NSW
PO Box K659
Haymarket NSW 1240

Appendix 6 Disclosure of controlled entities

Disclosure of controlled entities

Sydney Metro had no controlled entities as of 30 June 2022.

Disclosure of subsidiaries

Sydney Metro had no subsidiaries as of 30 June 2022.

Appendix 7 Legal change

Significant judicial decisions affecting Sydney Metro, 2021-22

The Trustee for Whitcurt Unit Trust v Transport for NSW [2021] NSWLEC 82

Transport for NSW acquired land in Tempe on 20 March 2020 on which a golf driving range business was conducted. The Inner West Council owned the land on which the business was conducted and the critical infrastructure necessary for that business, such as nets, lights and buildings. A tenant occupied the land under an expired lease which was terminable on two months' written notice.

The tenant sought approximately \$4 million for the fit out of a new golf range, ancillary relocation expenses and loss of profits due to business interruption under the provisions of the *Land Acquisition (Just Terms Compensation) Act 1991* (JTC Act). The Court held that fit-out and relocation costs were not claimable, given the limited leasehold interest and that the tenant did not own the critical infrastructure for the business. The likelihood of an extension of the lease was irrelevant. The limited leasehold interest also meant that no compensation was available under s 56(3) (reinstatement claim) or s 57 (special value compensation) of the JTC Act.

Olde English Tiles Australia Pty Ltd v Transport for New South Wales [2021] NSWLEC 90

Roads and Maritime Services acquired 182 and 184-186 Parramatta Road, Annandale for the WestConnex Project. Olde English Tiles (OET) occupied the land, which was owned by Mr and Mrs Gaudioso, the sole directors and shareholders of OET. OET was the only occupant of the land, however there was no evidence of any agreement in relation to payment of rent or other outgoings. The court held that OET had no interest in the land and was thus not entitled to disturbance compensation (including business losses as part of relocation costs) under the JTC Act. Sydney Metro undertakes compulsory acquisitions in delivering our projects.

Antonino Gaudioso v Transport for New South Wales [2021] NSWLEC 91

This matter related to the freehold owner's claim for compensation for the acquisition of the land occupied by OET (above). The owners contended that they were entitled to the stamp duty incurred upon the purchase of the property for relocation of OET. The court held that claims for stamp duty and mortgage discharge were not claimable as a result of disturbance, as the owners were not relocating because of the acquisition.

Acts and subordinate legislation affecting Sydney Metro

Amendments to legislation administered by the Minister for Infrastructure, Minister for Cities and Active Transport, Minister for Transport, Minister for Metropolitan Roads and Minister for Regional Transport and Roads are included in the Annual Report of Transport for NSW.

Appendix 8 Major infrastructure projects, 2021-22

Table J: Major infrastructure projects 2021-22

Project description	Location	Start	Announced estimated total cost (\$'000)	Actuals to 30 June 2022	Allocation 2022-23 (\$'000)
Sydney Metro					
Major Works					
New works					
Sydney Metro – Western Sydney Airport Stage 2 Planning	Aerotropolis to Glenfield	2022	n.a.		40,000
Total, new works					40,000
Works in progress					
Sydney Metro City & Southwest (a)	Chatswood – Bankstown	2014	n.a.	12,829,670	3,134,829
Sydney Metro – Western Sydney Airport (b)	St Marys – Bringelly	2018	n.a.	1,433,055	1,673,500
Sydney Metro West	Westmead – Sydney CBD	2017	n.a.	4,265,295	3,246,000
Total, works in progress					8,054,329
Total, major works					8,094,328
Total, minor works					231,290
Total, Sydney Metro					8,325,619

(a) The Sydney Metro City & Southwest funding allocation includes funding from PPP finance leases. The Central Walk project is part of this project and is under Transport Asset Holding Entity as the asset owner.

(b) Major civil construction work on Sydney Metro – Western Sydney Airport is expected to be completed in 2026 in time for passenger services commencing at the new Western Sydney Airport.

(c) Source: Page 5-53, Infrastructure Statement 2022-23, NSW Budget Paper No. 3.

6.9 Appendix 9 Research and development, 2021-22

Activity	Status	Partners and collaborators
North West Metro Benefits Realisation A benefits realisation study to measure the realised benefits of land use changes, place-making and wider economic impact claimed in the approved North West Metro Business Case. The will assist in building our evidence base for future infrastructure projects and their business cases.	Ongoing	Western Sydney University

Appendix 10 Audit and risk management / internal audit and risk management attestation statement, 2021-22

Audit and risk management

Risk management at Sydney Metro is a significant part of organisational governance. It drives business performance and delivery of project objectives safely and successfully. Sydney Metro is committed to continual improvement in our risk management practices, and to building a strong risk culture to support our projects and operational success.

Our Risk Management Framework complies with the requirements set out in the NSW Treasury Internal Audit and Risk Management Policy for the General Government Sector (TPP 20-08) and conforms to the Australian Standard for Risk Management (AS ISO 31000:2018).

Risk management is embedded in business planning, project development and management processes. Sydney Metro applies an enterprise-wide structured and accountable approach to ensure risks are proactively identified and appropriately mitigated. Sydney Metro adopts the Institute of Internal Auditors Three Lines model to risk governance and oversight. Risks and mitigations are reviewed regularly and reported to the Sydney Metro Board.

Sydney Metro's risk management is also subject to oversight by an Audit and Risk Committee chaired by an independent non-executive member of the Board. Sydney Metro makes decisions and takes actions that are in accordance with the risk appetite set by the Sydney Metro Board.

An artist's impression of the Sydney Metro Waterloo Station.



Internal Audit and Risk Management Attestation Statement for the 2020-2021 Financial Year for Sydney Metro

I, John Arthur am of the opinion that Sydney Metro has internal audit and risk management processes in operation that are compliant with the seven (7) Core Requirements set out in the Internal Audit and Risk Management Policy for the General Government Sector, specifically:

Core Requirements

Risk Management Framework

Component No.	Requirements	Enterprise Risk Response
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS ISO 31000:2018	Compliant

Internal Audit Function

Component No.	Requirements	Enterprise Risk Response
2.1	An internal audit function has been established and maintained. The internal audit function is appropriate and fit for purpose	Compliant
2.2	The operation of the internal audit function is consistent with the international standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	Compliant


Audit and Risk Committee

Component No.	Requirements	Enterprise Risk Response
3.1	The agency has established and maintained an efficient and effective arrangement for the independent Audit and Risk Committee oversight to provide advice and guidance on the governance processes, risk management and control frameworks, and its external accountability obligations.	Compliant
3.2	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	Compliant

Membership

The independent chair and members of the Audit and Risk Committee are:

- Chairman, Bob McKinnon
- Member, John Arthur
- Member, Gail Pemberton
- Member, Louise Thurgood


John Arthur
Chairman, Sydney Metro Board

30 September 2022
Date



Sydney Metro Trains Facility, February 2022.

Appendix 11 NSW Cyber Security Policy attestation statement

Cyber security annual attestation statement for the 2021–22 financial year for Sydney Metro

I, Peter Regan, am of the opinion that Sydney Metro complies with the NSW Government Cyber Security Policy.

Cyber security is an evolving landscape that requires an ongoing program of work. Transport for NSW governs and manages cyber investment through the Transport Cyber Defence Rolling Program.

Sydney Metro has identified its critical assets, the security-related risks, and has an ongoing program of work to manage security-related risks.

Sydney Metro manages its cyber security risks using an enterprise framework and continues to improve the management of its cyber risks. An executive governance forum is in place which is supported by a network of steering committees, portfolio boards and subject matter experts to manage the cyber-security maturity and cyber initiatives across the cluster.

A combination of reviews, independent audits, and certifications of Sydney Metro's critical asset environment were undertaken, and the Agency has an ongoing program of work to identify and assess changing security threats, manage new and current risks, and implement appropriate controls.

This attestation covers the following agencies: Sydney Metro.

Peter Regan
Chief Executive, Sydney Metro
2 September 2022

Appendix 12 Insurance

Sydney Metro is a member agency / authority of the NSW Treasury Managed Fund ('TMF') for our direct insurance requirements (non-project related insurances) including workers' compensation, legal liability, property, motor vehicle and miscellaneous items, including professional indemnity. In 2021-2022, there were no material claims made against any of these insurance categories under the TMF.

Project specific insurances are procured in respect of the delivery of the Sydney Metro program of works. These insurances are procured from the commercial insurance market and / or Insurance and Care New South Wales.

Delivery phase insurances procured by Sydney Metro, typically include:

- Contract works: physical loss or damage to permanent or temporary works
- Public and products liability: legal liability to third parties for personal injury or property damage arising out of the works and delivery phase activities
- On a case-by-case basis, project specific professional indemnity: for claims of alleged negligence or breach of duty arising from an act, error or omission in professional advice or services
- Delay in start-up: loss of revenue following a delay to completion arising from insurable damage. Purchased for PPP contracts.

Other project insurances such as plant and equipment, asbestos liability, workers' compensation, motor vehicle insurance and, where not procured by Sydney Metro, professional indemnity, are procured by the appointed contractors (or their subcontractors). These insurances cover the insurable interests of Sydney Metro as required by contract.

Operations phase insurances for the Metro North West Line are procured by, or on behalf of the operator (NRT) in accordance with the Operations, Trains and Systems Project Deed and are consistent with precedent for PPP principles. These insurances include property damage, business interruption, public and products liability, and professional indemnity insurance. Consistent with delivery phase insurances, Sydney Metro's insurable interests are maintained as required by contract.

Contractors and operators are required to notify Sydney Metro of insurance claims where Sydney Metro is included as an insured party under the relevant policy of insurance. In addition to this, insurers accept notifications of claims by contractors and operators as a notification by Sydney Metro, such that its notification obligations are met. In the event of an insurance claim under the project insurances, contractors and operators deal directly with insurers and loss adjusters and are required to keep Sydney Metro informed of all developments.

Appendix 13 Public interest disclosures

No public interest disclosures (PID) were made to Sydney Metro in 2021-22.

Compliance

In compliance with section 6D(1) of the *NSW Public Interest Disclosures Act 1994* (PID Act), Sydney Metro has a policy that sets out its procedures for receiving, assessing and dealing with public interest disclosures.

Actions taken to ensure staff awareness of responsibilities under section 6E(1)(b) of the PID Act have been met, including the following:

- The Sydney Metro Public Interest Disclosure Procedure, list of Nominated Disclosure Officers and Transport Code of Conduct are published on the Sydney Metro intranet.
- A number of internal fraud and corruption awareness presentations have been held for Sydney Metro personnel under the PID Act as well as outlining the reporting channels for PIDs in Sydney Metro.

PID awareness fact sheets have been published on the Transport for NSW intranet.

Eastern Creek curing chamber, June 2022.



Appendix 14 Accounts payment and grants

Payment of accounts

Table K: Outstanding invoices by age at the end of each quarter, 2021-22

Quarter	Current (i.e., within due date)	Less than 30 days overdue	Between 31 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue
Suppliers \$ millions					
Financial Year 2021/2022 Quarter Average	3.52	0.16	0.23	0.02	0.03
September	1.68	0.01	0.05	0.03	0.00
December	4.08	0.10	0.75	0.00	0.05
March	6.81	0.44	0.00	0.01	0.06
June	1.50	0.09	0.12	0.02	0.02
Small business suppliers \$ millions					
Financial Year 2021/2022 Quarter Average	0.03	0.03	0.01	0.01	0.01
September	0.00	0.01	0.02	0.01	0.00
December	0.06	0.08	0.00	0.00	0.01
March	0.02	0.02	0.00	0.01	0.01
June	0.04	0.03	0.03	0.02	0.03

Table L: Accounts paid on time within each quarter, 2021-22

Quarter	Financial Year 2021/2022	September	December	March	June
All suppliers					
Number of accounts due for payment	20,010	5,306	5,087	4,603	5,014
Number of accounts paid on time	19,913	5,286	5,063	4,558	5,006
Target percentage of accounts paid on time	90.00%	90.00%	90.00%	90.00%	90.00%
Actual percentage of accounts paid on time	99.52%	99.62%	99.53%	99.02%	99.84%
Dollar amount of accounts due for payment (\$ million)	8,321.83	1,794.32	2,528.42	1,522.86	2,476.24
Dollar amount of accounts paid on time (\$ million)	8,316.91	1,792.29	2,526.21	1,522.21	2,476.20
Actual percentage of accounts paid on time (based on \$)	99.94%	99.89%	99.91%	99.96%	100.00%
Number of payments for interest on overdue accounts	—	—	—	—	—
Interest paid on overdue accounts (\$ million)	—	—	—	—	—
Small business suppliers					
Number of accounts due for payment to small businesses	2,577	720	640	577	640
Number of accounts due to small businesses paid on time	2,542	718	634	551	639
Actual percentage of small business accounts paid on time	98.64%	99.72%	99.06%	95.49%	99.84%
Dollar amount of accounts due for payment to small businesses (\$ million)	68.47	17.07	15.23	17.73	18.43
Dollar amount of accounts due to small businesses paid on time (\$ million)	68.27	17.07	15.20	17.59	18.42
Actual percentage of small business accounts paid on time (based on \$)	99.72%	99.98%	99.80%	99.16%	99.94%
Number of payments for interest on overdue accounts	—	—	—	—	—
Interest paid to small businesses on overdue accounts (\$ million)	—	—	—	—	—

Payment to consultants

Table M: Engagements of \$50,000 and over, 2021-22

Consultant	Category	Project	2021-22 expenditure	Total actual cost
Ernst & Young	Management Services	Financial Structuring Advisory Services	241,826	241,826
Ernst & Young	Management Services	Strategic Advisory Services	133,715	133,715
John Yates P/L	Management Services	Strategic Advisory Services	33,200	108,200
Synergy Management Services P/L	Management Services	Strategic Advisory Services	21,037	192,505
LEK Consulting P/L	Management Services	Strategic Project Review	497,280	497,280
The Boston Consulting Group	Management Services	Sydney Metro Strategic Review Services	984,252	984,252
Carolyn Walsh P/L	Management Services	Sydney Metro Independent Safety Advisory Services	10,250	64,750
Tracey, Brunstrom & Hammond P/L	Management Services	Sydney Metro West Baseline Validation Review	13,850	216,629
Procure Group P/L	Probity Services	Probity Advisory Services	264,339	264,339
O'Connor Marsden & Associates	Probity Services	Probity Advisory Services	473,450	473,450
Total			2,673,199	3,176,946

Sydney Metro discloses the engagement of all professional services over \$150,000, on the NSW Government e-Tendering website.

Table N: Engagement/contracts less than \$50,000, 2021-22

Total number of engagements	2021-22 expenditure	Total actual cost
2	46,710	69,775

Funds granted to non-government community organisations

There were no funds granted to non-government community organisations by Sydney Metro in 2021-22.

Economic or other factors

Sydney Metro has a significant pipeline of capital works to deliver to achieve its operational objectives across the three mega projects. As procurements progress for Sydney Metro West and Sydney Metro – Western Sydney Airport’s contract packages, the capacity of the Australian construction industry to deliver amid the influence of uncertain economic conditions is a critical emerging factor impacting Sydney Metro, particularly as the industry recovers from the effects of the COVID-19 pandemic.

The NSW Government is committed to infrastructure projects like Sydney Metro being a key focus for economic recovery from the COVID-19 pandemic, and Sydney Metro is working in conjunction with the NSW Government, Treasury and our delivery partners to ensure the impacts and risks within our supply chain are closely monitored and appropriately mitigated.

Due to the fluid nature of the current economic conditions, material supply, inflation, component and commodity price escalation, labour and workforce risks are all being closely monitored by Sydney Metro. Short-term mitigations and opportunities have been developed collaboratively with delivery partners, including development of new risk sharing mechanisms and early engagement with industry to address risk allocation.

Long-term initiatives are underway to support supply chain performance, including:

- communication of the Sydney Metro Projects’ procurement pipeline with industry
- standardisation of procurement and contract management processes
- development of collaborative performance management with contractor partners
- engagement with industry to develop new approaches.

Implementation of price determination

Sydney Metro’s fare and pricing regimes and matters, as associated with the Independent Pricing and Regulatory Tribunal (IPART), are reserved for implementation and policy via Transport for NSW.

IPART is responsible for determining maximum fares for trips made across all Opal Services, excluding Gold Opal, Child Opal, Concession Opal and travel on the School Student Travel Scheme. From 5 July 2021, Sydney Metro adopted the July 2021-2022 Opal fares in line with the Transport for NSW Pricing Proposal for 2020 and in compliance with IPART’s determination.

Investment performance

Not applicable to Sydney Metro.

Liability management performance

Not applicable to Sydney Metro.

Appendix 15 Land disposal

Sydney Metro acquires and holds properties to construct major projects in accordance with our functions under the *Transport Administration Act 1988*. After completing projects, assets are either transferred to other government agencies for approved functions or divested in accordance with government guidelines subject to land not being required for operational purposes.

There were two sales of property by tender in 2021-22 with a value greater than \$5 million that were not required for operational purposes.

Location	Property Address	Purchaser
Epping	242-244 Beecroft Rd, Epping	Epping Property Investment No.1 Pty Ltd (DASCO)
Hills Showground (Doran Drive)	1-5 Carrington Road, Castle Hill	Deicorp Projects (Showground) Pty Ltd

Appendix 16 Overseas travel

Promotion (overseas visits by employees and officers)

No overseas travel was undertaken in 2021-22.

New art displayed at the Sydney Metro Hills Showground Station.
Image source: Landcom.



Appendix 17 Project planning approvals

Project planning approvals

The following State Significant projects were approved under the *NSW Environmental Planning and Assessment Act 1979* and the *Commonwealth Airports Act 1996* in 2021-22:

- State Significant Development (Stage 1) – Crows Nest Over Station Modification 1 – Administrative Modification
- State Significant Development (Stage 1) – Crows Nest Over Station Modification 2 – Amend design excellence conditions
- State Significant Development (Stage 2) – Crows Nest Over Station Development Site C
- State Significant Infrastructure – Sydney Metro – Western Sydney Airport
- State Significant Infrastructure – Sydney Metro – Western Sydney Airport Modification 1 – Biodiversity credits
- Airport Plan Variation – Sydney Metro – Western Sydney Airport
- State Significant Infrastructure – Sydney Metro West Stage 1 Modification 1 – Administrative Modification
- State Significant Infrastructure – Sydney Metro West Stage 1 Modification 2 – Clyde stabling and maintenance facility
- State Significant Infrastructure – Chatswood to Sydenham Modification 9 – extended construction hours on Saturdays.

In addition, the following Sydney Metro State Significant project applications were commenced or underway in accordance with the *NSW Environmental Planning and Assessment Act 1979* in 2021-22:

- State Significant Infrastructure – Sydney Metro West Stage 2 project: tunnelling and station excavation from The Bays to Sydney CBD
- State Significant Infrastructure – Sydney Metro West Stage 3 project: rail infrastructure, stations, precincts and operations
- State Significant Development (Stage 1) – Sydney Metro West: Parramatta over station and adjacent station development
- State Significant Development (Stage 1) – Sydney Metro West: Sydney Olympic Park over station and adjacent station development
- State Significant Development (Stage 1) – Sydney Metro West: Hunter Street over station and development (East site)
- State Significant Development (Stage 1) – Sydney Metro West: Hunter Street over station and development (West site).

Appendix 18 Work health and safety performance

Work health and safety

Sydney Metro fosters a strong health and safety culture. We engage with our partners, operators, and the broader industry to positively influence health and safety performance.

Health and safety performance

Summary of health and safety performance for Sydney Metro, 2021-22

Measure	2020-21	2021-22
Number of incidents reported (Sydney Metro Head Office)	5	3
Number of events reported to Office of the National Rail Safety Regulator (Sydney Metro as Rail Infrastructure Manager)	19	87
Number of Lost Time Injuries due to workplace-related injury or illness	0	3
Prosecutions reported	0	0

Summary of health and safety performance for Sydney Metro’s principal contractors, 2021-22

Measure	2020-21	2021-22
Number of Significant Incidents reported*	85	118 ³
Number of Lost Time Injuries due to workplace-related injury or illness	22	21
Prosecutions reported	0	0

* Note: Number includes events resulting in actual significant consequence as well as incidents with potential for Significant Incidents.

Summary of health and safety performance for Sydney Metro’s Rail Operations Provider, 2021-22

Measure	2020-21	2021-22
Number of Significant Incidents reported	12	9
Number of Lost Time Injuries due to workplace-related injury or illness	9	3
Prosecutions reported	0	0

The number of incidents reported over 2021-22 increased from the previous year due to an increase in the number of work sites that became operational across the Sydney Metro City & Southwest, Sydney Metro West and Sydney Metro – Western Sydney Airport projects.

The health and safety performance of Sydney Metro and our delivery partners is monitored by the Sydney Metro Board monthly. The Board also receives more detailed reviews on topics including Significant Incidents that may have occurred across our projects and Sydney Metro’s wellbeing program.

3 Omits all NW Operations Significant Incidents and those categorised as ‘COVID-19, as per previous years’ data.

Achievements

Sydney Metro's Health and Safety 2030 Vision is "delivering and operating a world class metro that keeps our people and customers safe from serious injury or illness". The Vision is supported by three key strategic goals over 2021-24:

- strengthen health and safety leadership capability across our operations and industry
- drive innovation in our work and operational practices to eliminate and reduce high-risk work
- transform the measurement of health and safety to improve performance.

The following achievements helped to realise these strategic goals over 2021-22, including:

- developing and implementing an improved health and safety onboarding framework for Sydney Metro personnel
- developing and implementing a supporting framework for onboarding delivery partners, including:
 - standardised systems to monitor and measure Principal Contractor achievement of compliance conditions
 - systems that ensure standardised health and safety requirements are applied during Principal Contractor procurement, mobilisation, and onboarding
- implementing an enterprise-wide psychosocial exposure assessment program, along with a targeted risk management strategy
- developing and embedding a new standardised and streamlined process that focuses on leading indicators for contractor compliance and verification processes
- developing and embedding standardised processes to improve health and safety in design
- defining health and safety metrics for future operations contracts
- improving health and safety reporting to the business through an easily accessible interactive dashboard.

Sydney Metro's Health and Safety function also supported the management of the COVID-19 pandemic across the business.

Two giant tower cranes lift goods to the Sydney Metro Crows Nest station box, June 2022.



Appendix 19 Executive and employee remuneration

Our executives

Sydney Metro executives, 2021-22

Name	Position	Periods position held	Qualifications
Peter Regan	Chief Executive	12.04.2021 – current	Bachelor of Commerce (Accounting and Finance) Member of Chartered Accountants Australia and New Zealand
Jacqueline Aggett	Executive Director Commercial	23.09.2019 – 03.09.2021	Bachelor Commerce, Commercial Law and Applied Finance Graduate Australian Institute of Company Directors
Brendan Hanvey	Executive Director Commercial	29.07.2021 – current	LLB Hons Common & Civil Law with Hispanic Studies Postgrad Certificate of Professional Legal Studies
Susan Carroll	Chief of Staff	06.07.2020 – 16.01.2022	Bachelor of Laws Bachelor of Arts Master of International Relations
Chontelle Perucich	Chief of Staff	14.02.2022 – current	Bachelor of Environmental Science (Geography) (Hons)
Catrina Cresswell	General Counsel	04.04.2019 – current	Bachelor of Arts Bachelor of Laws (LLB)
Johanna Hall	Executive Director Corporate Services	25.05.2020 – current	Bachelor Applied Science, Speech Pathology Graduate Certificate Human Resource Management: Training and Development Graduate Certificate Applied Science: Psychology of Coaching
Rebecca McPhee	Deputy Chief Executive Operations Customer & Place Making	24.04.2021 – current	Master of Arts (Hons), Economics and Social and Political Sciences
Tim Parker	Executive Director Projects	01.02.2020 – current	Bachelor of Science (Hons), Environmental Engineering Master of Business Administration Chartered Mechanical Engineer

Our employees

Sydney Metro operates with an integrated workforce to deliver to our commitments. Sydney Metro's headcount for 2021-22 is 1,082 people, which includes a full-time equivalent (FTE) of 1071.7.

The table below is a summary of the government staff employed at Sydney Metro and does not include any labour hire or contracted staff.

Sydney Metro government workforce, comparison over four years since 2019

Year	Headcount				
	Salaried Employees (Grades 1 – 9)		Transport Service Senior Managers		Total
	Male	Female	Male	Female	
As of 30 June 2022	293	330	130	99	852
As of 30 June 2021	199	226	91	69	585
As of 30 June 2020	106	133	74	43	356
As of 30 June 2019	74	93	52	34	253

Exceptional movements in wages, salaries or allowances

Salaries, wages and allowances for Sydney Metro employees moved in accordance with the NSW Government Wages Policy throughout 2021-22.

The Transport for NSW Salaries and Sydney Metro Salaries and Conditions of Employment Award 2021 (the Award) applies to non-executive employees who were transferred to the Sydney Metro Group on 1 July 2018 or employed thereafter.

The Award provided for an increase to wages and related allowances of 2.5 per cent from the first full pay period commencing on or after 1 July 2021. The Award will reach its nominal expiry date on 30 June 2022. Negotiations toward a replacement Award are underway.

The Statutory and Other Offices Remuneration Tribunal (SOORT) determined on 20 August 2021 that there would be an increase of 2.5 per cent to the remuneration of Transport Service Senior Executives (Bands 1 – 4), and the Secretary determined to apply the 2.5 per cent increase to the Transport Service Senior Manager ranges.

Continuing people impacts of the COVID-19 pandemic

Sydney Metro has continued to implement the safest possible working environment during the COVID-19 pandemic. Following consultation with our people, the Sydney Metro Board adopted the Transport COVIDSafe Measures Policy in December 2021, which established controls to manage the health and safety risks of COVID-19. This included controls to introduce vaccination for all roles at Sydney Metro and health surveillance testing. Sydney Metro is continuing to collaborate with Transport on the risk assessment framework underpinning the COVIDSafe Measures Policy.

Sydney Metro enabled our people to return to the office with COVIDSafe workplaces in accordance with advice from Transport for NSW and NSW Health, implementing such processes as physical distancing, sanitising within offices, QR check-in codes and contact tracing.

Numbers and remuneration of senior executives

The percentage of total employee-related expenditure relating to senior executives was 33.6 per cent in 2021-22, compared with 35 per cent in 2020-21.

Remuneration of Transport Service senior executives, 2021-22

Transport Senior Service Level	Female	Male	Total	Average total remuneration package \$
TSSE Band 1				
2021-22	66	116	182	252,052.30
2020-21	45	83	128	247,870.58
2019-20	31	55	86	254,762.29
2018-19	17	44	61	250,528.00
TSSE Band 2				
2021-22	18	29	47	351,591.13
2020-21	13	27	40	343,635.10
2019-20	11	22	33	350,851.52
2018-19	4	19	23	320,985.00
TSSE Band 3				
2021-22	0	1	1	666,250.00
2020-21	0	1	1	650,000.00
2019-20	0	1	1	538,125.00
2018-19	0	1	1	525,000.00
2021-22 total	84	146	230	
2020-21 total	58	111	169	
2019-20 total	42	78	120	
2018-19 total	21	64	85	

Requirements arising from employment arrangements

Employees at Sydney Metro are employed in the Transport Service. Personnel services are provided by the Transport Service of NSW, including salaries, wages, leave entitlements, superannuation, workers' compensation insurance premiums, payroll tax, fringe benefits tax and redundancies.

Appendix 20 Workforce diversity

Sydney Metro continues to harness individual skills, perspectives and experiences. We recognise and see the benefits of how a diverse workforce strengthens our organisation and enables innovative opportunities.

Information about our workforce diversity is reported in accordance with the NSW Public Service Commission's reporting requirements.

Representation of workforce diversity groups, 2021-22⁴

Workforce diversity group	Benchmark (by 2025)	2020	2021	2022
Women	50.0%	27.6%	29.0%	33.9%
Women in leadership	40.0%	35.7%	38.6%	37.5%
Aboriginal and Torres Strait Islander people	3.0%	1.0%	2.6%	2.6%
People with a disability	5.6%	0.8%	1.3%	2.0%
People with a disability requiring work-related adjustment	N/A	6.5%	4.7%	3.2%

The successful implementation of the Sydney Metro Inclusion and Diversity Plan 2022 – 2024 has ensured the integration of diversity and inclusion strategies to increase participation of women in leadership, Aboriginal employees, employees with disability and broader inclusivity into mainstream business activities.

Sydney Metro is aligned to Transport for NSW's commitment to reach 40 per cent women in leadership roles by 2025 and 37.5 per cent of our leadership positions were held by women as of 30 June 2022.

Sydney Metro aims to have an overall representation target of three per cent Aboriginal employees in non-executive salary classes by 2025, and 2.6 per cent of the workforce were Aboriginal employees as of 30 June 2022. We also strive to align with the Premier's Priority to increase the number of Aboriginal people in senior leadership roles.

Sydney Metro also aims to achieve the Premier's Priority target of 5.6 per cent of employees with disability by 2025, and 2.0 per cent of the workforce were people with disability as of 30 June 2022.

These results show an increase in most categories from 2020-21 figures.

Sydney Metro also aligns to Transport's inclusion and diversity activities and initiatives, with key significant dates being acknowledged through a variety of internal communications channels.

We operationalised the actions contained within the following plans throughout 2021-22:

- Sydney Metro Inclusion and Diversity Plan
- Transport for NSW Multicultural Plan
- Transport for NSW Reconciliation Action Plan
- Transport for NSW Disability Inclusion Action Plan
- Transport for NSW Aboriginal Participation Strategy.

⁴ Data source: Provided by Transport for NSW as of 30 June 2022.

The successful delivery of these plans has been further supported by the following programs and initiatives:

- the continuation of the Sydney Metro Inclusion & Diversity Working Group
- increased promotion of inclusion and diversity agenda items
- accessible tools and resources for all staff
- dedicated training programs that provide knowledge uplift and promote inclusivity
- recruitment, talent mapping and development opportunities which align to diversification of Sydney Metro’s broader workforce profile and senior leadership representation.

Externally, Sydney Metro’s commitment to harness the significant opportunities that our projects provide has seen increased employment opportunities. A range of project-specific strategies, workforce development, Aboriginal and industry participation plans, contractual requirements supported by government, and industry-led initiatives have positively influenced employment opportunities in all our projects. These include:

- 2.7 per cent of the external workforce⁵ are Aboriginal people
- 5.9 per cent of the external workforce are women in non-traditional trades and occupations
- 21.7 per cent of the external workforce are undertaking accredited skills development programs
- 15.6 per cent of the external workforce are under 25 years of age
- 15.5 per cent of the trades workforce are apprentices.⁶

Appendix 21 Work relations and policy

Industrial relations policies and practices

Sydney Metro conforms to the terms and conditions of the Award, including requirements for consultation with employees. Formal consultation with unions takes place through a quarterly Joint Consultative Committee (JCC) and Sydney Metro Engineering Consultative Committee. The JCC has recently focused on the ongoing challenges of working with appropriate COVID-19 controls and on hybrid ways of working.

Personnel policies and practices

Transport for NSW personnel policies, procedures and associated documentation applied to all Sydney Metro employees (executive and non-executive) from 1 July 2018. These policies and procedures continue to apply until they are amended or replaced.

5 External workforce refers to Sydney Metro’s delivery partner’s workforce and their supply chains.

6 Data source: Sydney Metro Workforce Development and Industry Development monthly reporting as of 30 June 2022.



Northern Concourse at Central Station, May 2022.

Sydney Metro Annual Report

Volume 1 | 2021–2022

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Sydney Metro Annual Report

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INDEPENDENT AUDITOR'S REPORT

Sydney Metro

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Sydney Metro, which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Summary of significant accounting policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Sydney Metro's financial position, financial performance and cash flows.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of Sydney Metro in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

The Board's Responsibilities for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board are responsible for assessing Sydney Metro's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that Sydney Metro carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Somaiya Ahmed
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

5 October 2022
SYDNEY



Sydney Metro

Annual Financial Statements

for the year ended 30 June 2022

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Sydney Metro
Statement by the Accountable Authority
for the year ended 30 June 2022

Statement by the Accountable Authority

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* ('the Act'), on behalf of the Board we state that:

- (a) The accompanying financial statements have been prepared in accordance with:
 - Applicable Australian Accounting Standards including Australian Accounting Interpretations and any other requirements specified by the Act;
 - The requirements of the *Government Sector Finance Act 2018* and Government Sector Finance Regulation 2018; and
 - Treasurer's Directions issued under this Act;
- (b) These financial statements present fairly the financial position of Sydney Metro as at 30 June 2022, and of its financial performance and cash flows for the year then ended.



John Arthur
Chairman

Date: 30 September 2022



Bob McKinnon
Director

Date: 30 September 2022

Sydney Metro
Statement of Comprehensive Income
for the year ended 30 June 2022

		Budget	Actual	Actual
		2022	2022	(Restated) ¹
	Notes	\$'000	\$'000	2021
				\$'000
Expenses excluding losses				
Operating expenses				
Employee related expenses				
Personnel service expenses	2(a)	27,488	33,941	23,454
Other operating expenses	2(b)	294,995	233,790	64,130
Major rail project expense	2(c)	-	391,145	247,561
Depreciation and amortisation	2(d)	236,379	227,586	226,331
Grants and subsidies	2(g)	180,500	84,207	83,334
Finance costs	2(e)	44,508	77,913	60,562
Other expenses	2(f)	68,754	107,936	85,120
Total expenses excluding losses		852,624	1,156,518	790,492
Revenue				
Sale of goods and services from contracts with customers	3(a)	235,986	3,492	10,311
Investment revenue	3(b)	-	4,765	9,936
Grants and other contributions	3(c)	7,601,064	7,617,939	4,422,651
Major rail project revenue	3(d)	-	391,145	247,561
Resources received free of charge	3(e)	-	2,304	2,005
Other income	3(f)	-	2	220
Total revenue		7,837,050	8,019,647	4,692,684
Gain/(loss) on disposal	4	248,500	95,896	7,310
Other gains/(losses)	5	-	(854,584)	(1,328,595)
Net result		7,232,926	6,104,441	2,580,907
Other comprehensive income				
<i>Items that will not be reclassified to net result</i>				
Net increase/(decrease) in asset revaluation surplus		-	1,719,643	373,140
Total other comprehensive income		-	1,719,643	373,140
Total comprehensive income		7,232,926	7,824,084	2,954,047

The accompanying Notes form part of these financial statements.

¹ Refer to Note 30 for details regarding the restatement of prior year balances.

Sydney Metro

Statement of Financial Position

as at 30 June 2022

	Notes	Budget 2022 \$'000	Actual 2022 \$'000	Actual (Restated) ¹ 2021 \$'000	Actual (Restated) ¹ 1 July 2020 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	167,200	1,534,174	1,551,545	285,448
Receivables	8	94,746	642,556	352,850	127,461
Non-current assets held for sale	12	15,565	2,773	13,694	15,565
Other financial assets	11	4,773	6,730	6,146	3,964
Total current assets		282,284	2,186,233	1,924,235	432,438
Non-current assets					
Receivables	8	1,086,886	1,058,435	1,046,069	1,128,259
Financial assets at fair value	10	-	43,161	-	-
Property plant and equipment					
Land and buildings	13	527,824	1,728,948	1,428,488	1,249,828
Plant and equipment	13	606,854	807,445	662,992	665,543
Infrastructure systems	13	26,905,430	23,744,525	17,533,467	14,734,902
Property, plant and equipment	13	28,040,108	26,280,918	19,624,947	16,650,273
Right-of-use-assets	14	29,598	41,340	45,059	25,322
Intangible assets	15	-	11,992	11,114	-
Total non-current assets		29,156,592	27,435,846	20,727,189	17,803,854
Total assets		29,438,876	29,622,079	22,651,424	18,236,292
LIABILITIES					
Current liabilities					
Payables	17	215,868	1,012,568	1,541,535	255,618
Borrowings	18	107,130	90,020	805,399	880,889
Provisions	19	31,502	221,521	39,623	33,770
Other liabilities	20	7,180	-	8,858	7,180
Contract liabilities	9	-	-	-	93
Total current liabilities		361,680	1,324,109	2,395,415	1,177,550
Non-current liabilities					
Contract liabilities	9	20,000	20,000	20,000	20,000
Borrowings	18	1,985,086	1,785,308	1,581,605	1,345,332
Provisions	19	20,032	41,248	26,976	20,033
Other liabilities	20	2,866	2,773	2,871	2,867
Total non-current liabilities		2,027,984	1,849,329	1,631,452	1,388,232
Total liabilities		2,389,664	3,173,438	4,026,867	2,565,782
Net assets		27,049,212	26,448,641	18,624,557	15,670,510
EQUITY					
Accumulated funds		26,188,860	23,116,021	17,011,580	14,430,673
Reserves		860,352	3,332,620	1,612,977	1,239,837
Total equity		27,049,212	26,448,641	18,624,557	15,670,510

The accompanying Notes form part of these financial statements.

¹ Refer Note 30 for details regarding the restatement of prior year balances.

Sydney Metro

Statement of Changes in Equity

for the year ended 30 June 2022

	Notes	Accumulated funds \$ '000	Asset revaluation surplus \$ '000	Hedge reserve \$ '000	Total equity \$ '000
Restated balance at 1 July 2021		17,011,580	1,601,914	11,063	18,624,557
Net result for the year		6,104,441	-	-	6,104,441
Other comprehensive income					
Net increase/(decrease) in asset revaluation surplus	13(a)	-	1,719,643	-	1,719,643
Total comprehensive income for the year		6,104,441	1,719,643	-	7,824,084
Transactions with owners in their capacity as owners					
Transfers to/from reserves to accumulated funds		-	-	-	-
Balance at 30 June 2022		23,116,021	3,321,557	11,063	26,448,641
Balance at 1 July 2020		14,957,706	856,173	11,063	15,824,942
Restatement of prior period ¹		(527,033)	372,601	-	(154,432)
Restated balance at 1 July 2020		14,430,673	1,228,774	11,063	15,670,510
Restated net result for the year		2,580,907	-	-	2,580,907
Other comprehensive income					
Restated net increase/(decrease) in asset revaluation surplus	13(a)	-	373,140	-	373,140
Restated total comprehensive income for the year		2,580,907	373,140	-	2,954,047
Transactions with owners in their capacity as owners					
Transfers to/from reserves to accumulated funds		-	-	-	-
Restated balance at 30 June 2021		17,011,580	1,601,914	11,063	18,624,557

The accompanying Notes form part of these financial statements.

¹ Refer to Note 30 for details regarding the restatement of prior year balances.

Sydney Metro

Statement of Cash Flows

for the year ended 30 June 2022

	Notes	Budget 2022 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Cash flows from operating activities				
Payments				
Personnel services		(27,488)	(29,906)	(20,691)
Finance costs		(24,513)	(34,245)	(35,829)
Service contract payments		-	(107,936)	(87,267)
Payments to suppliers		-	(532,841)	(472,881)
Other		(534,444)	(533,370)	(318,431)
Total payments		(586,445)	(1,238,298)	(935,099)
Receipts				
Sale of goods and services		227,053	250,233	293,102
Interest received		-	218	1,094
Grants and contributions		7,600,971	7,563,156	4,422,558
Other		50,950	495,282	270,672
Total receipts		7,878,974	8,308,889	4,987,426
Net cash flows from operating activities	21	7,292,529	7,070,591	4,052,327
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		248,500	190,698	78,571
Purchases of property, plant and equipment and intangible assets		(6,707,591)	(6,468,864)	(2,705,290)
Proceeds from sale of financial assets		-	2	12
Other		-	6,420	846
Net cash flows from investing activities		(6,459,091)	(6,271,744)	(2,625,861)
Repayment of borrowings and advances		(806,451)	(802,076)	(147,093)
Payment of principal portion of lease liabilities		-	(14,142)	(13,276)
Net cash flows from financing activities		(806,451)	(816,218)	(160,369)
Net increase/(decrease) in cash		26,987	(17,371)	1,266,097
Opening cash and cash equivalents		140,213	1,551,545	285,448
Closing cash and cash equivalents	7	167,200	1,534,174	1,551,545

The accompanying Notes form part of these financial statements.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

1. Summary of significant accounting policies

(a) Sydney Metro - Reporting Entity

Sydney Metro (the Entity) is a statutory corporation established on 1 July 2018 under the *Transport Administration Act 1988*. Sydney Metro is a statutory authority for the purposes of the *Government Sector Finance Act 2018 (GSF Act)*. It is domiciled in Australia and its principal office is at 680 George Street Sydney, NSW 2000.

The Entity is a not-for-profit entity for accounting purposes (as profit is not its principal objective) and it has no cash generating units. The Entity's principal objectives are to:

- a) deliver safe and reliable metro passenger services in an efficient, effective and financially responsible manner; and
- b) facilitate and carry out the orderly and efficient development of land in the locality of metro stations, depots and stabling yards, and proposed metro stations.

The Entity is a controlled entity of Transport for NSW. Transport for NSW is a controlled entity of the Department of Transport which is consolidated as part of the NSW Total State Sector (ultimate parent).

The financial statements of the Entity for the period ended 30 June 2022 were authorised for issue by the Board on the date the accompanying Statement by the Accountable Authority was signed.

(b) Basis of preparation

The financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- the requirements of *Government Sector Finance Act 2018 (GSF Act)* and Government Sector Finance Regulation 2018; and
- NSW Treasurer's Directions issued under the GSF Act.

Property, plant and equipment and certain financial assets and liabilities are measured using the fair value basis. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise. Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

The financial statements have been prepared on a going concern basis which assumes that the Entity is expected to be able to pay its debts as and when they fall due and continue in operation without any intention or necessity to liquidate or otherwise wind up its operations. This is supported by the Entity receiving grants from its parent, Transport for NSW, where necessary. Transport for NSW receives annual appropriations from the Consolidated Fund through the Appropriation Act and allocated to its controlled entities including the Entity. The 2022-23 budget papers includes a budgeted appropriation of \$7.9 billion for the Entity. This allows the Entity to continue its operations and pay its debts alongside the availability of its receivables and cash reserves.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Entity's presentation and functional currency.

(c) Critical accounting estimates, judgement and assumptions

In the application of AAS and the Directions issued by the NSW Treasurer, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the current set of circumstances. Actual results may differ from these estimates.

Management evaluates these judgements, estimates and assumptions on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements, key assumptions and estimates management have made are disclosed in the relevant notes to the financial statements.

The Board's approval of these financial statements constitute its endorsement of the judgements referred to above.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

1. Summary of significant accounting policies (continued)

(d) Statement of compliance

The financial statements and notes comply with AAS, which include Australian Accounting Interpretations.

(e) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the Entity as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Foreign currency translation

Transactions in foreign currencies are recorded using the spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the end of the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the net result.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or net results are also recognised in other comprehensive income or net results, respectively).

(g) Comparative information

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. Refer to Note 30 for the details for the restatement of the prior period balances.

(h) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2021-22

The accounting policies applied in 2021-22 are consistent with those of the previous financial year except as a result of the new or revised AAS that have been applied for the first time in 2021-22. The application of these standards did not have a material impact to the Entity.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

1. Summary of significant accounting policies (continued)

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new AAS, unless Treasury determines otherwise.

The following new AAS have not been applied and are not yet effective.

Standard	Applicable to annual reporting periods beginning on or after
AASB 17 Insurance Contracts	1 January 2023
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2022
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments	1 January 2022
AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2022
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023
AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	1 January 2023
AASB 2021-7a Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022
AASB 2021-7b Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2023
AASB 2022-1 Amendments to the Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 Comparative Information	1 January 2023
AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2025

The impact of these standards in the period of initial application has been assessed to have no material impact on the financial statements of the Entity.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

1. Summary of significant accounting policies (continued)

(i) Impact of COVID-19 on Financial Reporting for 2021-22

The Entity was significantly impacted during the financial year by COVID-19 outbreaks including the various measures and changes in legislation taken by Government.

The Entity monitored, reviewed and took action to mitigate these impacts where possible are summarised below:

- Sydney Metro experienced significant productivity and associated commercial impacts on Sydney Metro's major construction projects including impacts to our major contractors, local and international supply chains and work practices. The impacts resulted in significant delays and cost claims by our contractors and we are working with them to settle those claims;
- The COVID-19 health restrictions from July 2021 until October 2021 caused disruptions that resulted in increased costs from contractual obligations with major contractors. Some of these costs were not capitalised in accordance with Treasury guidance, as they were deemed to not be directly attributable to bringing Sydney Metro's infrastructure assets to their intended use. Such costs totalled \$165.4 million as at 30 June 2022 and represent a portion of the total COVID-19 costs incurred and expected to be incurred by Sydney Metro. Refer to Note 2(b);
- Sydney Metro experienced lower patronage on the Metro Northwest line due to various Public Health Orders in place and the changes to work practices; and
- Sydney Metro prepared and has maintained a COVID-19 Management Plan to guide actions which manage COVID-19 related risks to the health and safety of its employees and customers. This resulted in increased costs from cleaning and disinfection works performed on Sydney Metro trains, stations, and offices. Further, Sydney Metro had in place a COVIDSafe Measures Policy addressing COVID-19 safety controls across the workplace (such as vaccination requirements).

(j) Superannuation on annual leave loading

Transport Service of New South Wales has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

This position will be re-assessed in future reporting periods as new information comes to light on this matter.

Sydney Metro
Notes to the financial statements
for the year ended 30 June 2022

2. Expenses excluding losses

(a) Personnel service expenses

	2022	2021
	\$'000	\$'000
Salaries and wages (including annual leave)	26,738	19,019
Superannuation - defined benefit plans	95	75
Superannuation - defined contribution plans	2,556	1,767
Long service leave	2,938	1,192
Workers' compensation insurance	162	57
Payroll tax and fringe benefits tax	1,452	1,129
Redundancy payments	-	215
Personnel service expenses	33,941	23,454

In addition to the above, \$151.2 million (2021: \$102.3 million) has been capitalised in property, plant and equipment.

(b) Other operating expenses

	2022	2021
	\$'000	\$'000
Auditor's remuneration - audit of financial statements	258	262
Advertising and marketing	16	50
Telecommunications	2	15
Electricity, gas and water	12,120	16,708
Fleet hire and leasing charges including access fees	11	8
General expenses	5,418	9,775
Information technology	727	869
Insurance	244	39
Legal services	809	1,081
Office expenses	232	214
Other contractors and consultants ²	205,409	28,605
Property rent and other related expenses ¹	5,495	2,835
Travel expenses	(4)	12
Share service charges	3,053	3,657
Other operating expenses	233,790	64,130

¹ Property rent and other related expenses in 2022 and 2021 includes expenses relating to short term and low value leases. Refer Note 14 for details.

² Other contractors and consultants expenses in 2022 includes \$165.4 million in COVID-19 related expenses incurred for construction projects that are not directly attributable to bringing the metro infrastructure assets to their intended use.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

2. Expenses excluding losses (continued)

(c) Major rail project expenses

	Notes	2022 \$'000	2021 \$'000
Other contractors	3(d)	391,145	247,561
Major rail project expenses		391,145	247,561

Gross amount due from/(to) Transport Asset Holding Entity (TAHE) and billing to date are as follows:

	2022 \$'000	2021 \$'000
Costs incurred	(391,145)	(247,561)
Billings to date	391,145	247,561
Gross amount due from TAHE	-	-

(d) Depreciation and amortisation expense

	Notes	2022 \$'000	2021 Restated ¹ \$'000
Infrastructure systems			
Rail systems		199,424	200,618
Buildings			
Buildings		2,223	2,040
Plant and equipment			
Rolling stock		20,760	19,186
Plant and equipment		3,745	3,354
Right-of-use assets		1,434	1,133
Depreciation	13, 14	227,586	226,331

¹ Refer to Note 30 for details regarding the restated prior year balances.

Refer Notes 13 and 14 for recognition and measurement policies on depreciation and amortisation.

Reconciliation to Note 14 - Depreciation of right-of-use assets

Depreciation of operational and property assets	12,064	11,925
Right-of-use depreciation capitalised to infrastructure	(10,630)	(10,792)
	1,434	1,133

Depreciation of right-of-use assets is capitalised to infrastructure assets to the extent the leases are directly attributable costs of the infrastructure asset.

Sydney Metro
Notes to the financial statements
for the year ended 30 June 2022

2. Expenses excluding losses (continued)

(e) Finance costs

	2022	2021
	\$'000	\$'000
Unwinding of discount on liabilities/receivables ¹	34,245	349
Interest expense – lease liabilities	812	795
Interest expense from financial liabilities at amortised cost ²	42,856	59,418
Finance costs	77,913	60,562

¹ The unwinding of the discount of the present value of non-current receivables (Note 8) and non-current other liabilities (Note 20) has resulted in an interest expense of \$34.2 million in 2022, this is due to the increase in the discount factor (interest rate) ranging from 0.08% to 3.09% (2021: ranging from -0.015% to 0.10%).

² Interest expense from financial liabilities at amortised cost represents interest on the Service Concession Financial Liability.

(f) Other expenses

	2022	2021
	\$'000	\$'000
Bus replacement services	11,126	7,921
Metro service contract payments	96,810	77,199
Other expenses	107,936	85,120

(g) Grants and subsidies

	2022	2021
	\$'000	\$'000
Grants to external parties	84,207	83,334
Grants and subsidies	84,207	83,334

As part of project delivery, the Entity is required to undertake works to build assets and make cash contributions to third parties such as councils, utility providers and other Government agencies.

Recognition and measurement

(i) Personnel services expenses

Personnel services are provided by the Transport Service of New South Wales. Personnel service expenses include salaries, wages, leave entitlements, superannuation, workers' compensation insurance premium, payroll tax, fringe benefits tax and redundancies. Some personnel service expenses are included in the construction costs of property, plant and equipment assets and are, therefore, not included in personnel service expenses.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

2. Expenses excluding losses (continued)

Recognition and measurement (continued)

(ii) Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Entity. This also includes COVID-19 related expenses incurred for construction projects that are not directly attributable to bringing the metro infrastructure assets to its intended use. These costs are recognised as expenses when incurred.

(iii) Insurance

The Entity arranges insurance cover through the NSW Treasury Managed Fund Scheme; apart from construction project cover, which is arranged through a private insurance provider, and insurance for the Northwest operation, which is arranged separately and paid for by the Entity.

(iv) Lease expenses

The Entity recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

(v) Major rail project expenses

The Entity manages the design and construction of certain major rail projects on behalf of TAHE. Under this arrangement, TAHE reimburses Sydney Metro for construction costs incurred. The arrangement is considered to be in the nature of construction contracts and is recognised in accordance with *AASB 15 Revenue from Contracts with Customers*. These expenses are recovered through major rail project revenue.

(vi) Maintenance

There are no maintenance costs included in personnel related expenses.

(vii) Finance costs

Finance costs comprise mainly of interest charges and unwinding of discount of non-current receivables and non-current liabilities recorded at present value. In accordance with Treasury's mandate for not-for-profit general government sector agencies, finance costs are expensed and recognised in the Statement of Comprehensive Income in the period they are incurred.

(viii) Grants and subsidies

Grants and subsidies generally comprise contributions in cash or in kind to various local government authorities and other organisations. The contributions include transfers of assets for nil consideration. The grants and subsidies are expensed on the transfer of the cash or assets.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

3. Revenue

(a) Sale of goods and services from contracts with customers

	2022 \$'000	2021 \$'000
Recoupment of project costs	3,447	8,422
Other	45	1,889
Sale of goods and services	3,492	10,311

(b) Investment revenue

	2022 \$'000	2021 \$'000
Rental Income	4,519	2,627
Interest income	246	7,306
Finance income on net investment in lease	-	3
Investment revenue	4,765	9,936

Interest income in 2021 includes unwinding of the discount of the present value of non-current receivables (refer to Note 8). Due to the increase in discount factor, the present value of the non-current receivables decreased resulting in an interest expense of \$34.1 million (2021: interest income of \$7.1 million), refer to Note 2(e).

(c) Grants and contributions

	2022 \$'000	2021 \$'000
Grants from Transport for NSW	7,563,156	4,422,651
Contributions from other government agencies	54,783	-
Grants and contributions	7,617,939	4,422,651

The Entity receives its grant funding from Transport for NSW which receives appropriations from the Consolidated Fund. Grant funding for each financial year is set out in the Budget Paper for that year.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

3. Revenue (continued)

(d) Major rail project revenue

	Notes	2022 \$'000	2021 \$'000
Major rail project revenue	2(c)	391,145	247,561
Major rail project revenue		391,145	247,561

(e) Resources received free of charge

Resources received free of charge represents acceptance by The Crown in right of the State of New South Wales (Crown) of employee benefits and other liabilities.

	2022 \$'000	2021 \$'000
Personnel services - long service leave	2,188	1,955
Personnel services - superannuation - defined benefit	112	46
Personnel services - payroll tax	4	4
Resources received free of charge	2,304	2,005

(f) Other income

	2022 \$'000	2021 \$'000
Other income	2	220
Other income	2	220

Other income represents redundancy costs funded by NSW Treasury via Transport for NSW for the Entity.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

3. Revenue (continued)

Recognition and measurement

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* (AASB 15) or AASB 1058 *Income of Non-for-Profit Entities* (AASB 1058), dependent on whether there is a contract with a customer defined by AASB 15.

Income is recognised and measured at the fair value of the consideration or contribution received or receivable to the extent that it is probable that the economic benefit will flow to the Entity and the income can be reliably measured. Comments regarding the accounting policies for the recognition of income are provided below.

(i) Rendering of services

Revenue from the provision of services is recognised when the Entity satisfies the performance obligation by transferring the promised services. These services include passenger transport services and recoupable project delivery services for other agencies. The Entity typically satisfies its performance obligations when the promised service has been provided.

Recoupable project revenue is recognised over time as the services are provided, and the stage of completion for determining the amount of revenue to recognise is assessed based on the work performed and therefore entitles the Entity to raise an invoice. The related costs are recognised in profit or loss when they are incurred.

The revenue is measured at the transaction price agreed under the contract. No element of financing is deemed present as payments are due when service is provided.

(ii) Investment revenue

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Rental income is recognised in accordance with AASB 16 *Leases* on a straight-line basis over the lease term.

(iii) Grants and contributions

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the Entity is recognised when it satisfies its obligations under the transfer. The Entity satisfies the performance obligations under the transfer to construct assets over time as the non-financial assets are being constructed. The cost incurred is used to recognise income, because this most closely reflects the progress to completion.

Revenue from grants with sufficiently specific performance obligations is recognised as when the Entity satisfies a performance obligation by transferring the promised goods or services. The Entity typically satisfies its performance obligations when the corresponding costs are incurred. The payments are typically due when the performance obligation is satisfied or in accordance with the funding agreement.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

3. Revenue (continued)

Recognition and measurement (continued)

(iii) Grants and contributions (continued)

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Refer Note 9 for transaction price allocated to the performance obligations that have not been satisfied at the end of the period and when it is expected to be recognised as revenue.

Income from grants without sufficiently specific performance obligations is recognised when the Entity obtains control over the granted assets (e.g. cash).

(iv) Major rail project revenue

Major rail project revenue is recognised in the Statement of Comprehensive Income in proportion to the stage of completion of these TAHE funded construction activities at the reporting date. The value of work performed is measured at the value of the progressive costs incurred during the reporting period for each project. Major rail project expense is recognised in the Statement of Comprehensive Income as incurred. Amounts due from TAHE for these rail projects are disclosed as a contract asset, and the amounts due to TAHE are disclosed as a contract liability.

4. Gain/(loss) on disposal

	2022	2021
	\$'000	\$'000
Proceeds from asset sale	163,931	12,039
Net carrying amount of property, plant and equipment disposed	(68,035)	(4,729)
Gain/(loss) on disposal	95,896	7,310

The gain/loss on disposal mainly relates sale of land around Metro Northwest stations being developed with Landcom.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

5. Other gains/(losses)

	2022 \$'000	2021 Restated ¹ \$'000
Right-of-use assets impairment losses	-	(733)
Property, plant and equipment revaluation decrement ²	(898,611)	(1,338,014)
Gain/(loss) arising from lease modification	66	-
Gains/(losses) on financial liability at amortised cost	(7,793)	9,748
Derivative gains/(losses)	49,584	404
Derecognition of right-of-use assets and lease liabilities with TfNSW ³	2,170	-
Other gains/(losses)	(854,584)	(1,328,595)

¹ Refer to Note 30 for details regarding restated prior year balances.

² Revaluation decrement recognised as a loss is in relation to properties acquired for the metro infrastructure projects that are currently in progress and sufficient credit balance does not exist in the asset revaluation surplus in respect of the same class of assets. Please refer to Note 13 for further details.

³ The net gains(losses) are recognised from the derecognition of the right-of-use asset and lease liability with Transport for NSW (TfNSW) as at 30 June 2022. Please refer to Note 14 for further details on the derecognition.

The net gain/(loss) from the derecognition of right-of-use asset and lease liability as at 30 June 2022 is reconciled as below:

	2022 \$'000
Right of use assets	
Gross carrying value	15,143
Less: accumulated depreciation and accumulated impairment provision	(9,160)
Net book value	5,983
Amortised balance of incentives received	-
Lease liabilities	8,153
Net gain/(loss)	2,170

Recognition and measurement

Derivative gains/(losses)

Refer to the recognition and measurement in Note 10 and 18 for derivatives financial instruments.

Impairment losses

Impairment losses may arise on assets held by the Entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting policies and events giving rise to impairment losses are disclosed in Notes 13,14 and 15.

Gains/(losses) on financial liability at amortised cost

The gains/(losses) on financial liability at amortised cost are related to the remeasurement of the Metro Northwest and City and Southwest service concession financial liabilities due to changes in the estimated cash flows. Refer to Note 18 for further details on the measurement of the service concession financial liability.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

6. State outcome group statements

The NSW Government has developed a set of State Outcomes which articulate the primary purpose for which public resources are being spent, and the goals that Government is seeking to achieve for its citizens and businesses across all of its activities.

The Entity's program groups are mapped to the following State Outcomes:

For customers: Connecting our customers' whole lives

The Entity will deliver and enable Metro as a mode of transport that blends seamlessly into its customers' lifestyles, catering for the diverse range of citizens. The State Outcome focuses on:

- Safe, seamless journeys for people
- New mobility options and experiences

For the people of NSW: Transport systems and solutions that enable economic activity

Through the delivery of Metro infrastructure projects focused on increasing capacity and sustainability of Greater Sydney's network, the Entity is critical in driving economic growth and improving the quality of life for the people of NSW. The State Outcome focuses on:

- Quality assets and efficient networks maintained at the right price
- Transport investment and solutions that service the people of NSW

For communities: Successful places for communities

The Entity helps create places that integrate the right mix of infrastructure, services, access and experiences for communities, supporting them to achieve their desired social, cultural and economic outcomes. The State Outcome focuses on:

- Places that reflect the communities' people and culture
- Protecting and enhancing communities and their environment

This State Outcome was applicable for the first-time in 2021-22.

Sydney Metro
Notes to the financial statements
for the year ended 30 June 2022

6. State outcome group statements (continued)

State Outcome Group Statements 2021-22

	Connecting our customers' whole lives	Transport systems and solutions that enable economic activity	Successful places for communities	Not Attributable	Total
	2022	2022	2022	2022	2022
ENTITY'S EXPENSES & INCOME	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses					
Operating expenses					
Personnel service expenses	33,941	-	-	-	33,941
Other operating expenses	88,114	97,842	47,834	-	233,790
Major rail project expense	129,078	176,015	86,052	-	391,145
Depreciation and amortisation	227,586	-	-	-	227,586
Grants and subsidies	-	84,207	-	-	84,207
Finance costs	77,913	-	-	-	77,913
Other expenses	35,619	48,571	23,746	-	107,936
Total expenses excluding losses	592,251	406,635	157,632	-	1,156,518
Revenue					
Sale of goods and services	1,158	1,567	767	-	3,492
Investment revenue	4,765	-	-	-	4,765
Grants and contributions	-	54,783	-	7,563,156	7,617,939
Major rail project revenue	129,078	176,015	86,052	-	391,145
Resources received free of charge	2,304	-	-	-	2,304
Other income	1	1	-	-	2
Total revenue	137,306	232,366	86,819	7,563,156	8,019,647
Gain/(loss) on disposal	54,097	5,734	36,065	-	95,896
Other gains/(losses)	(853,077)	1,407	(2,914)	-	(854,584)
Net result	(1,253,925)	(167,128)	(37,662)	7,563,156	6,104,441
Other comprehensive income					
<i>Items that may be reclassified subsequently to net result</i>					
Net gains/(losses) in commodity swaps and foreign exchange	-	-	-	-	-
<i>Items that will not be reclassified to net result</i>					
Net increase/(decrease) in asset revaluation surplus	1,719,643	-	-	-	1,719,643
Total other comprehensive income	1,719,643	-	-	-	1,719,643
Total comprehensive income	465,718	(167,128)	(37,662)	7,563,156	7,824,084

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

6. State outcome group statements (continued)

	Connecting our customers' whole lives 2022 \$'000	Transport systems and solutions that enable economic activity 2022 \$'000	Successful places for communities 2022 \$'000	Not Attributable 2022 \$'000	Total 2022 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	-	-	-	1,534,174	1,534,174
Receivables	177,496	241,812	118,219	105,029	642,556
Non-current assets held for sale	-	2,773	-	-	2,773
Other financial assets	2,221	3,029	1,480	-	6,730
Total current assets	179,717	247,614	119,699	1,639,203	2,186,233
Non-current assets					
Receivables	24,229	1,018,053	16,153	-	1,058,435
Financial assets at fair value	-	43,161	-	-	43,161
Property plant and equipment					
Land and buildings	1,728,948	-	-	-	1,728,948
Plant and equipment	807,445	-	-	-	807,445
Infrastructure systems	14,141,110	6,450,055	3,153,360	-	23,744,525
Property, plant and equipment	16,677,503	6,450,055	3,153,360	-	26,280,918
Right-of-use assets	41,340	-	-	-	41,340
Intangible Assets	11,992	-	-	-	11,992
Total non-current assets	16,755,064	7,511,269	3,169,513	-	27,435,846
Total assets	16,934,781	7,758,883	3,289,212	1,639,203	29,622,079
LIABILITIES					
Current liabilities					
Payables	338,669	452,619	221,280	-	1,012,568
Borrowings	29,707	40,509	19,804	-	90,020
Provisions	17,709	192,006	11,806	-	221,521
Total current liabilities	386,085	685,134	252,890	-	1,324,109
Non-current liabilities					
Borrowings	589,152	803,389	392,767	-	1,785,308
Provisions	13,612	18,562	9,074	-	41,248
Contract liabilities	-	-	-	20,000	20,000
Other liabilities	-	2,773	-	-	2,773
Total non-current liabilities	602,764	824,724	401,841	20,000	1,849,329
Total liabilities	988,849	1,509,858	654,731	20,000	3,173,438
Net assets	15,945,932	6,249,025	2,634,481	1,619,203	26,448,641

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

6. State outcome group statements (continued)

State Outcome Group Statements 2020-21

	Connecting our customers' whole lives	Transport systems and solutions that enable economic activity	Not Attributable	Total
	2021	2021	2021	2021
ENTITY'S EXPENSES & INCOME	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses				
Operating expenses				
Personnel service expenses	23,454	-	-	23,454
Other operating expenses	64,130	-	-	64,130
Major rail project expense	-	247,561	-	247,561
Depreciation and amortisation	226,331	-	-	226,331
Grants and subsidies	-	83,334	-	83,334
Finance costs	60,562	-	-	60,562
Other expenses	85,120	-	-	85,120
Total expenses excluding losses	459,597	330,895	-	790,492
Revenue				
Sale of goods and services	10,311	-	-	10,311
Investment revenue	9,936	-	-	9,936
Grants and contributions	-	-	4,422,651	4,422,651
Major rail project revenue	-	247,561	-	247,561
Resources received free of charge	2,005	-	-	2,005
Other income	220	-	-	220
Total revenue	22,472	247,561	4,422,651	4,692,684
Gain/(loss) on disposal	-	7,310	-	7,310
Other gains/(losses)	-	(1,328,595)	-	(1,328,595)
Net result	(437,125)	(1,404,619)	4,422,651	2,580,907
Other comprehensive income				
<i>Items that may be reclassified subsequently to net result</i>				
Net gains/(losses) in commodity swaps and foreign exchange	-	-	-	-
<i>Items that will not be reclassified to net result</i>				
Net increase/(decrease) in asset revaluation surplus	-	373,140	-	373,140
Total other comprehensive income	-	373,140	-	373,140
Total comprehensive income	(437,125)	(1,031,479)	4,422,651	2,954,047

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

6. State outcome group statements (continued)

State Outcome Group Statements 2020-21 (continued)

	Connecting our customers' whole lives 2021 \$'000	Transport systems and solutions that enable economic activity 2021 \$'000	Not Attributable 2021 \$'000	Total 2021 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	-	-	1,551,545	1,551,545
Receivables	-	352,850	-	352,850
Non-current assets held for sale	-	13,694	-	13,694
Other financial assets	6,146	-	-	6,146
Total current assets	6,146	366,544	1,551,545	1,924,235
Non-current assets				
Receivables	-	1,046,069	-	1,046,069
Property plant and equipment				
Land and buildings	-	1,428,488	-	1,428,488
Plant and equipment	-	662,992	-	662,992
Infrastructure systems	-	17,533,467	-	17,533,467
Property, plant and equipment	-	19,624,947	-	19,624,947
Right-of-use assets	-	45,059	-	45,059
Intangible Assets	-	11,114	-	11,114
Total non-current assets	-	20,727,189	-	20,727,189
Total assets	6,146	21,093,733	1,551,545	22,651,424
LIABILITIES				
Current liabilities				
Payables	-	1,541,535	-	1,541,535
Borrowings	-	805,399	-	805,399
Provisions	-	39,623	-	39,623
Other liabilities	1,678	7,180	-	8,858
Total current liabilities	1,678	2,393,737	-	2,395,415
Non-current liabilities				
Borrowings	-	1,581,605	-	1,581,605
Provisions	-	26,976	-	26,976
Contract liabilities	-	20,000	-	20,000
Other liabilities	-	2,871	-	2,871
Total non-current liabilities	-	1,631,452	-	1,631,452
Total liabilities	1,678	4,025,189	-	4,026,867
Net assets	4,468	17,068,544	1,551,545	18,624,557

Sydney Metro
Notes to the financial statements
for the year ended 30 June 2022

7. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Cash at bank and on hand	1,534,174	1,551,545
Cash and cash equivalents	1,534,174	1,551,545

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank and cash on hand.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

	2022	2021
	\$'000	\$'000
Cash and cash equivalents (per Statement of financial position)	1,534,174	1,551,545
Cash and cash equivalents (per Statement of cash flows)	1,534,174	1,551,545

Refer to Note 26 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. Receivables

	2022	2021
	\$'000	\$'000
Current receivables		
Trade receivables from contracts with customers	295,850	67,053
Goods and Services Tax recoverable	105,029	174,602
Prepayments	218,672	47,951
Other receivables ¹	22,837	63,166
Investment income receivable	168	78
Current receivables	642,556	352,850
Non Current receivables		
Other receivables ¹	985,014	1,019,015
Prepayments	73,421	27,054
Non Current Receivables	1,058,435	1,046,069

¹ Other receivables include proceeds receivable from external parties under the Integrated Station Development arrangements of \$984.9 million (2021: \$969.7 million). These receivables are recorded at present value of future cash flows.

The Entity did not recognise Expected Credit Losses at 30 June 2022 (2021: Nil).

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 26.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

8. Receivables (continued)

Recognition and measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

Receivables held by the Entity with the objective to collect the contractual cash flows are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Receivables held by the Entity that are linked to the fair value of the underlying assets are measured at fair value through profit or loss. Accordingly, these receivables are re-measured at fair value at each reporting date until receipt, and the movement in fair value is recognised in the profit or loss.

Impairment

The Entity recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Entity expects to receive, discounted at the original effective interest rate.

For trade receivables, the Entity applies a simplified approach in calculating ECLs. The Entity recognises a loss allowance based on lifetime ECLs at each reporting date.

9. Contract Liabilities

	2022	2021
	\$'000	\$'000
Contract liabilities - non current	20,000	20,000
Non-Current contract liabilities	20,000	20,000
Total contract liabilities	20,000	20,000

Recognition and measurement

Contract liabilities relate to funding received in advance from Infrastructure NSW in respect of the design and construction of affordable housing within the Waterloo Metro Quarter Development. The balance of contract liabilities at 30 June 2022 relates to grant funding received but not yet spent.

	2022	2021
	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	-	93
Revenue recognised from performance obligations satisfied in previous periods	-	-
Transaction price allocated to the remaining performance obligations from contracts with customers	20,000	20,000

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

9. Contract Liabilities (continued)

Recognition and measurement (continued)

The transaction price allocated to the remaining performance obligation relates to grants and contributions which is expected to be recognised as revenue through to 2023-24.

10. Financial Assets at Fair Value

	2022 \$'000	2021 \$'000
Financial assets held for trading		
Interest rate swap derivative	40,929	-
Energy derivative	2,232	-
Non-current financial assets at fair value	43,161	-

Recognition and measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The Entity's financial assets are classified at fair value at initial recognition and subsequently measured at fair value through profit or loss.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value under AASB 9 *Financial Instruments*.

Financial assets are held for trading if acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria to be classified at amortised cost or at fair value through other comprehensive income, financial assets may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results and presented net within other gains/(losses).

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Notes to the financial statements

for the year ended 30 June 2022

10. Financial Assets at Fair Value (continued)

Recognition and measurement (continued)

i. Derivative financial instruments

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Specific accounting treatment is required for derivatives designated as hedging instruments. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. All other derivative financial instruments are accounted for at fair value through profit or loss. Changes in the fair value of derivative instruments that are not designated in a hedge relationship are recognised immediately in profit or loss as part of gain/(loss) in fair value of financial instruments.

Interest rate swap derivative

The Entity holds interest rate swap derivatives to manage its interest rate risk exposure arising from public-private partnership payment commitments, which are not designated in an accounting hedge relationship. The derivatives are categorised as held for trading and presented in the Statement of Financial Position.

Energy derivative

The Entity is exposed to electricity price risk associated with the purchase of electricity to operate Metro services. The exposure to fluctuations in wholesale market prices is managed by entering into fixed price supply arrangements with retailers or to hedge forecast exposure on a portion of the consolidated Entity's energy load. The Entity has in place an electricity derivative financial instrument and is not designated in a hedge relationship under *AASB 9 Financial Instruments*. This derivative is classified as held for trading and presented in the Statement of Financial Position.

11. Other financial assets

	2022 \$'000	2021 \$'000
Energy Certificate - at cost	6,730	6,146
Current other financial assets	6,730	6,146

Recognition and measurement

Large-scale generation certificates (LGC) used solely to satisfy the Entity's retail sales commitments and surrender obligations are measured at cost. Details regarding liquidity risk, including maturity analysis of the above payables are disclosed in Note 26 (f).

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Notes to the financial statements

for the year ended 30 June 2022

12. Non-current assets held for sale

	2022	2021
	\$'000	\$'000
Non-Current assets held for sale		
Land and buildings held for sale	2,773	13,694
Non-current assets held for sale	2,773	13,694

Amounts recognised in other comprehensive income relating to assets held for sale

	2022	2021
	\$'000	\$'000
Net change in revaluation surplus property, plant and equipment	-	2,232
Amounts recognised in other comprehensive income relating to assets held for sale	-	2,232

Recognition and measurement

The Entity has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell. These assets are not depreciated while they are classified as held-for-sale.

Non-current assets held for sale include:

- parcels of land around Metro Northwest stations being developed with Landcom where efforts to sell the properties have started; and
- a parcel of land which was reclassified from property, plant and equipment to assets held for sale in this financial year as the sale is now highly probable and the Entity expects the sale to be settled within the next reporting period.

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Notes to the financial statements

for the year ended 30 June 2022

13. Property, plant and equipment

(a) Total property, plant and equipment

The Entity's asset classes are:

- land and building;
- infrastructure systems;
- plant and equipment; and
- rolling stock.

Property plant and equipment Reconciliation

	Land and Building		Infrastructure systems			Plant and equipment		Total Assets		
	Land and buildings \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Rail systems \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Plant and equipment \$ '000	Rolling stock \$ '000	Total \$ '000	Total Property, plant and equipment \$ '000
At 30 June 2022										
At fair value - Gross carrying amount	1,168,389	561,811	1,730,200	10,200,594	14,333,454	24,534,048	33,025	863,889	896,914	27,161,162
Accumulated depreciation and impairment	(1,252)	-	(1,252)	(789,523)	-	(789,523)	(11,550)	(77,919)	(89,469)	(880,244)
Net carrying amount	1,167,137	561,811	1,728,948	9,411,071	14,333,454	23,744,525	21,475	785,970	807,445	26,280,918
At 30 June 2021										
Restated at fair value - Gross carrying amount	330,214	1,100,373	1,430,587	8,802,627	9,187,979	17,990,606	25,502	687,009	712,511	20,133,704
Restated accumulated depreciation and impairment	(2,099)	-	(2,099)	(457,139)	-	(457,139)	(7,196)	(42,323)	(49,519)	(508,757)
Restated net carrying amount	328,115	1,100,373	1,428,488	8,345,488	9,187,979	17,533,467	18,306	644,686	662,992	19,624,947

¹ Assets under construction is considered to be a subclass of the related asset class.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

13. Property, plant and equipment (continued)

(a) Total property, plant and equipment (continued)

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land and buildings			Infrastructure systems			Plant and equipment			Total Assets	
	Notes	Land and buildings \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Rail systems \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Plant and equipment \$ '000	Rolling stock \$ '000	Total \$ '000	Total property, plant and equipment \$ '000
Restated opening balance at 1 July 2021		328,115	1,100,373	1,428,488	8,345,488	9,187,979	17,533,467	18,306	644,686	662,992	19,624,947
Additions		-	-	-	-	6,147,995	6,147,995	-	-	-	6,147,995
Disposals / Write off	4	-	-	-	-	(1,277)	(1,277)	-	-	-	(1,277)
Reclassification between PPE classes		829,915	370,952	1,200,867	181,568	(1,382,435)	(1,200,867)	-	-	-	-
Reclassification between intangible assets		-	-	-	-	(1,860)	(1,860)	199	-	199	(1,661)
Transfer to assets held for sale		-	(53,989)	(53,989)	-	(187)	(187)	-	-	-	(54,176)
Transfers (to)/from external entities		-	54,416	54,416	(84,206)	-	(84,206)	-	-	-	(29,790)
Depreciation/amortisation	2(d)	(2,223)	-	(2,223)	(199,424)	-	(199,424)	(3,745)	(20,760)	(24,505)	(226,152)
Revaluation decrement recorded in net result	5	11,330	(909,941)	(898,611)	-	-	-	-	-	-	(898,611)
Net revaluation increment less revaluation decrement		-	-	-	1,167,645	383,239	1,550,884	6,715	162,044	168,759	1,719,643
Net carrying amount at 30 June 2022		1,167,137	561,811	1,728,948	9,411,071	14,333,454	23,744,525	21,475	785,970	807,445	26,280,918

¹ Assets under construction is considered to be a subclass of the related asset class.

The net carrying amount of service concession assets included in property, plant and equipment is \$11.8 billion as at 30 June 2022 (30 June 2021: \$10.1 billion). Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 16.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

13. Property, plant and equipment (continued)

(a) **Total property, plant and equipment (continued)**

Reconciliation (continued)

	Land and buildings			Infrastructure systems			Plant and equipment			Total Assets	
	Notes	Land and buildings \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Rail systems \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Plant and equipment \$ '000	Rolling stock \$ '000	Total \$ '000	Total property, plant and equipment \$ '000
Opening balance at 1 July 2020		281,810	246,602	528,412	8,311,720	7,299,030	15,610,750	20,195	645,348	665,543	16,804,705
Restatement of prior period	30	40,660	680,756	721,416	-	(875,848)	(875,848)	-	-	-	(154,432)
Restated opening balance at 1 July 2020		322,470	927,358	1,249,828	8,311,720	6,423,182	14,734,902	20,195	645,348	665,543	16,650,273
Additions		204	-	204	-	4,239,188	4,239,188	-	-	-	4,239,392
Disposals / Write off	4	-	-	-	-	(376)	(376)	-	-	-	(376)
Restated reclassification between PPE classes		330	1,520,932	1,521,262	-	(1,522,727)	(1,522,727)	1,465	-	1,465	-
Transfer to assets held for sale		(2,752)	-	(2,752)	-	-	-	-	-	-	(2,752)
Other grants to external entities		-	-	-	-	(71,518)	(71,518)	-	-	-	(71,518)
Restated depreciation /amortisation	2(d)	(2,040)	-	(2,040)	(200,618)	-	(200,618)	(3,354)	(19,186)	(22,540)	(225,198)
Restated revaluation increment/ decrement recorded in net result	5	9,903	(1,347,917)	(1,338,014)	-	-	-	-	-	-	(1,338,014)
Restated net revaluation increments less revaluation decrements		-	-	-	234,386	120,230	354,616	-	18,524	18,524	373,140
Restated net carrying amount at 30 June 2021	30	328,115	1,100,373	1,428,488	8,345,488	9,187,979	17,533,467	18,306	644,686	662,992	19,624,947

¹ Assets under construction is considered to be a subclass of the related asset class.

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Notes to the financial statements
for the year ended 30 June 2022

13. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the Entity

	Land and Buildings		Infrastructure Systems			Plant and Equipment			Total Assets	
	Land and buildings \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Rail systems \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Plant and Equipment \$ '000	Rolling stock \$ '000	Total \$ '000	Total Property Plant and equipment \$ '000
At 30 June 2022										
At fair value - Gross carrying amount	1,140,627	544,390	1,685,017	10,200,593	14,333,454	24,534,047	33,025	863,889	896,914	27,115,978
Accumulated depreciation and impairment	(1,252)	-	(1,252)	(789,522)	-	(789,522)	(11,550)	(77,919)	(89,469)	(880,243)
Net carrying amount	1,139,375	544,390	1,683,765	9,411,071	14,333,454	23,744,525	21,475	785,970	807,445	26,235,735
At 30 June 2021										
Restated at fair value - Gross carrying amount	301,501	1,100,373	1,401,874	8,802,627	9,187,979	17,990,606	25,502	687,009	712,511	20,104,991
Restated accumulated depreciation and impairment	(649)	-	(649)	(457,139)	-	(457,139)	(7,196)	(42,323)	(49,519)	(507,307)
Restated net carrying amount	300,852	1,100,373	1,401,225	8,345,488	9,187,979	17,533,467	18,306	644,686	662,992	19,597,684

¹ Assets under construction is considered a subclass of the related asset class.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

13. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the Entity (continued)

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment held and used by the Entity at the beginning and end of the current reporting period is set out below:

	Land and buildings			Infrastructure systems			Plant and equipment			Total Assets	
	Notes	Land and buildings \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Rail systems \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Plant and Equipment \$ '000	Rolling Stock \$ '000	Total \$ '000	Total property, plant and equipment \$ '000
Restated opening balance at 1 July 2021		300,852	1,100,373	1,401,225	8,345,488	9,187,979	17,533,467	18,306	644,686	662,992	19,597,684
Additions		-	-	-	-	6,147,994	6,147,994	-	-	-	6,147,994
Disposals/write off	4	-	-	-	-	(1,277)	(1,277)	-	-	-	(1,277)
Impairment losses	5	-	-	-	-	-	-	-	-	-	-
Reclassification between PPE classes		829,914	370,952	1,200,866	181,569	(1,382,435)	(1,200,866)	-	-	-	-
Reclassifications (to)/from intangible assets		-	-	-	-	(1,861)	(1,861)	200	-	200	(1,661)
Transfer to assets held for sale		-	(53,989)	(53,989)	-	(186)	(186)	-	-	-	(54,175)
Transfers (to)/from to external entities		-	54,416	54,416	(84,207)	-	(84,207)	-	-	-	(29,791)
Depreciation/amortisation	2(d)	(1,444)	-	(1,444)	(199,424)	-	(199,424)	(3,746)	(20,760)	(24,506)	(225,374)
Revaluation increment/ decrement recorded in net result	5	10,053	(909,941)	(899,888)	-	-	-	-	-	-	(899,888)
Net revaluation increments less revaluation decrements		-	-	-	1,167,645	383,239	1,550,884	6,715	162,044	168,759	1,719,643
Transfer to assets held by Entity as lessor under operating lease		-	(17,421)	(17,421)	-	-	-	-	-	-	(17,421)
Net carrying amount at 30 June 2022		1,139,375	544,390	1,683,765	9,411,071	14,333,454	23,744,525	21,475	785,970	807,445	26,235,735

¹ Assets under construction is considered to be a subclass of the related asset class.

Sydney Metro
Notes to the financial statements
for the year ended 30 June 2022

13. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the Entity (continued)

	Land and buildings			Infrastructure systems				Plant and equipment		Total Assets
	Notes	Land and buildings \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Rail systems \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Plant and Equipment \$ '000	Rolling Stock \$ '000	Total \$ '000
Opening balance at 1 July 2020		281,398	246,602	528,000	8,311,720	7,206,412	15,518,132	20,195	645,348	665,543
Restatement of prior period	30	15,760	607,976	623,736	-	(783,230)	(783,230)	-	-	-
Restated opening balance at 1 July 2020		297,158	854,578	1,151,736	8,311,720	6,423,182	14,734,902	20,195	645,348	665,543
Additions		204	-	204	-	4,239,188	4,239,188	-	-	-
Disposals/write off	4	-	-	-	-	(376)	(376)	-	-	-
Restated reclassification between PPE classes		330	1,520,932	1,521,262	-	(1,522,727)	(1,522,727)	1,465	-	1,465
Transfer to assets held for sale		(2,752)	-	(2,752)	-	-	-	-	-	-
Other grants to external entities		-	-	-	-	(71,518)	(71,518)	-	-	-
Restated depreciation /amortisation	2(d)	(1,368)	-	(1,368)	(200,618)	-	(200,618)	(3,354)	(19,186)	(22,540)
Restated revaluation increment/ decrement recorded in net result	5	(1,378)	(1,347,913)	(1,349,291)	-	-	-	-	-	-
Restated net revaluation increments less revaluation decrements		8,658	-	8,658	234,386	120,230	354,616	-	18,524	18,524
Termination of operating lease ²		-	72,776	72,776	-	-	-	-	-	-
Restated net carrying amount at 30 June 2021		300,852	1,100,373	1,401,225	8,345,488	9,187,979	17,533,467	18,306	644,686	662,992
										19,597,684

Sydney Metro
Notes to the financial statements
for the year ended 30 June 2022

13. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the Entity (continued)

¹ Assets under construction is considered to be a subclass of the related asset class.

² Upon termination of the lease, the property previously leased out under operating lease became held and used by the Entity.

(c) Property, plant and equipment where Entity is lessor under operating leases

	Land and Buildings			Infrastructure Systems			Plant and Equipment			Total Assets
	Land and buildings \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Rail systems \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Plant and Equipment \$ '000	Rolling stock \$ '000	Total \$ '000	Total property, plant and equipment \$ '000
At 30 June 2022										
At fair value - Gross carrying amount	27,762	17,421	45,183	-	-	-	-	-	-	45,183
Accumulated depreciation and impairment	-	-	-	-	-	-	-	-	-	-
Net carrying amount	27,762	17,421	45,183	-	-	-	-	-	-	45,183
At 30 June 2021										
Restated at fair value - Gross carrying amount	27,262	-	27,262	-	-	-	-	-	-	27,262
Restated accumulated depreciation and impairment	-	-	-	-	-	-	-	-	-	-
Net carrying amount	27,262	-	27,262	-	-	-	-	-	-	27,262

¹ Assets under construction is considered to be a subclass of the related asset class.

Sydney Metro
Notes to the financial statements
for the year ended 30 June 2022

13. Property, plant and equipment (continued)

- (c) Property, plant and equipment where Entity is lessor under operating leases (continued)

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment where the Entity is lessor under operating lease at the beginning and end of the current reporting period is set out below:

	Land and buildings		Infrastructure systems			Plant and equipment			Total Assets	
	Land and buildings \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Rail systems \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Plant and Equipment \$ '000	Rolling Stock \$ '000	Total \$ '000	property, plant and equipment \$ '000
Opening balance at 1 July 2021	27,262	-	27,262	-	-	-	-	-	-	27,262
Depreciation	(778)	-	(778)	-	-	-	-	-	-	(778)
Revaluation increment/ decrement recorded in net result	1,278	-	1,278	-	-	-	-	-	-	1,278
Transfer to held by entity as lessor under operating lease	-	17,421	17,421	-	-	-	-	-	-	17,421
Net carrying amount at 30 June 2022	27,762	17,421	45,183	-	-	-	-	-	-	45,183

Sydney Metro
Notes to the financial statements
for the year ended 30 June 2022

13. Property, plant and equipment (continued)

(c) Property, plant and equipment where Entity is lessor under operating leases (continued)

	Land and buildings		Infrastructure systems			Plant and equipment		Total Assets	
	Land and buildings \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Rail systems \$ '000	Assets under construction ¹ \$ '000	Total \$ '000	Plant and Equipment \$ '000	Rolling Stock \$ '000	Total \$ '000
Opening balance at 1 July 2020	412	-	412	-	92,618	92,618	-	-	93,030
Restatement of prior period	24,900	72,776	97,676	-	(92,618)	(92,618)	-	-	5,058
Restated opening balance at 1 July 2020	25,312	72,776	98,088	-	-	-	-	-	98,088
Restated depreciation	(672)	-	(672)	-	-	-	-	-	(672)
Restated revaluation increment/decrement recorded in net result	2,622	-	2,622	-	-	-	-	-	2,622
Termination of operating lease ²	-	(72,776)	(72,776)	-	-	-	-	-	(72,776)
Net carrying amount at 30 June 2021	27,262	-	27,262	-	-	-	-	-	27,262

¹ Assets under construction is considered a subclass of the related asset class.

² Upon termination of the lease, the property previously leased out under operating lease became held and used by the Entity.

13. Property, plant and equipment (continued)

Recognition and measurement

Acquisition of property, plant and equipment

Property, plant and equipment comprise land and buildings, plant and equipment (general plant and equipment and finance lease assets) and infrastructure systems.

(i) Capitalisation and initial recognition

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Entity in accordance with AASB 116 *Property, Plant and Equipment*. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted over the period of credit.

The cost of assets constructed for own use includes the purchase cost, other directly attributable costs and the initial estimates of dismantling and restoration costs.

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iii) Valuation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non – Current Assets at Fair Value' Policy and Guidelines Paper (TPP 21-09) and Treasurer's Direction '*Valuation of Physical Non-Current Assets at Fair Value*' (TD21-05). TD21-05 and TPP21-09 adopt fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

13. Property, plant and equipment (continued)

Recognition and measurement (continued)

(iv) Revaluation of property, plant and equipment

Fair value of property, plant and equipment is based on a market participant's perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Refer Note 16 for further information regarding fair value.

Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is current replacement cost.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The entity conducts a comprehensive revaluation at least every three years for its land and buildings (except infrastructure and land under infrastructure) where the market or income approach is the most appropriate valuation technique and at least every five years for other classes of property, plant and equipment.

Revaluations are performed by independent professionally qualified valuers.

The latest comprehensive revaluation of property, plant and equipment is summarised as follows:

Asset type	Latest comprehensive revaluation date
Rail land	31 March 2022
Rail Infrastructure	31 March 2022
Rolling stock	31 March 2022
Specialised plant and equipment	31 March 2022
Land subject to Landcom Project Development Agreement	30 June 2022
Land and buildings not used for construction	30 June 2022

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. A comprehensive revaluation assessment was completed on 31 March 2022 and was reassessed at 30 June 2022. Refer Note 16 for details of the full revaluation.

The Entity has conducted valuations as at 30 June 2022 to determine the fair value of rail infrastructure assets under construction and land under rail infrastructure assets under construction.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. This is because any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

13. Property, plant and equipment (continued)

Recognition and measurement (continued)

(iv) Revaluation of property, plant and equipment (continued)

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as a gain in the net result. Revaluation decrements are recognised immediately as a loss in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

As a not-for-profit reporting Entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation surplus in respect of that asset is transferred to accumulated funds.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

(v) Impairment of property, plant and equipment

As a not-for-profit reporting Entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* (AASB 136) is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances where the costs of disposal are material.

Specifically, impairment is unlikely for the Entity given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and current replacement cost, where current replacement cost is also fair value. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

Notwithstanding this, the Entity reviews the carrying values of major assets for objective evidence of impairment. Where such an indication exists, an estimate of the recoverable amount is made. An impairment loss is recognised in the Statement of Comprehensive Income when the carrying amount of an asset exceeds its recoverable amount unless the asset has been revalued in which case the impairment loss is treated as a revaluation decrease. When the impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in other comprehensive income and is treated as a revaluation increase, except to the extent that an impairment loss on the same class of asset was previously recognised in net result, when the reversal recognised in net result.

(vi) Depreciation of property, plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Entity.

All material identifiable components of assets are depreciated separately over their useful lives.

13. Property, plant and equipment (continued)

Recognition and measurement (continued)

(vi) Depreciation of property, plant and equipment (continued)

Land is not a depreciable asset. Buildings which have been acquired for future transport infrastructure are not depreciated as these assets are not purchased to generate revenue and are ultimately demolished for transport infrastructure projects. The expected useful lives of property, plant and equipment for depreciation purposes are as follows:

Asset Type	Useful lives
Infrastructure systems	15 – 100 years
Plant and equipment	4 – 35 years
Rolling stock	35 years
Leasehold Improvement	4 – 5 years
Right-of-use assets	2 – 5 years

The asset residual values, useful life and depreciation methods are reviewed, and adjusted, if appropriate, at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in assets are considered to modify the depreciation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted prospectively.

Based on the Entity's assessment, no changes are required to the useful life of the Entity's property, plant and equipment in this financial year.

(vii) Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(viii) Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. If the effect of the time value of money is material, these costs are discounted at the appropriate market yields on government bonds.

(ix) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or a component of an asset, in which case the costs are capitalised and depreciated.

(x) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are included in the Statement of Comprehensive Income.

(xi) Right-of-use assets acquired by lessees

The Entity has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 14.

(xii) Service concession assets

Service concession arrangements (SCAs) are contracts between a grantor and an operator where an operator provides public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and manages at least some of those services.

Sydney Metro

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13. Property, plant and equipment (continued)

Recognition and measurement (continued)

(xii) Service concession assets (continued)

Based on the Entity's assessment, the following arrangements fall in the scope of *AASB 1059 Service Concession Arrangements: Grantors*:

Description	Service concession arrangement		
Name & description of the SCA OR group of SCAs	The Entity has a contract with Northwest Rapid Transit relating to the Sydney Metro North West Line & the Sydney Metro City & Southwest project.		
Period of the arrangement	The period of the arrangement is from September 2014 to May 2034		
Terms of the arrangement	<p>The arrangement involves Northwest Rapid Transit (the operator) being responsible for the design, construction, operations and maintenance of the North West Line and the Sydney Metro City & Southwest Line. Currently, the operator is responsible for:</p> <ul style="list-style-type: none"> operation and maintenance of the North West Line that is currently operational between Tallawong Station and Chatswood Station. Operations began in May 2019. design and construction of the Sydney Metro City Line, between Chatswood to Sydenham. Design and construction began in December 2019. The Sydney Metro Southwest line will be constructed by the Entity. The operator will be responsible for the Operations and Maintenance of both the Sydney Metro City & Southwest Lines. 		
Rights and obligations	<p>The Entity regulates the rail services to be provided to the general public.</p> <p>The arrangement represents a service concession arrangement where upon construction completion and operational commencement, the operator is required to deliver a safe and reliable metro passenger service. In return, the Entity pays consideration for the delivery phase across the project term (i.e. design and construction), and payments for operation and maintenance.</p> <p>The operator is required to hand back the significant residual interest of the assets in the project at the end of the project term.</p>		
Changes in arrangements occurred in 2021	<p>Change from fixed interest rate to floating interest rate:</p> <p>In April 2021, the interest rate component within the capital service payment cash flows changed from a fixed interest rate to floating interest rate. The change was agreed under the original contractual terms of the Northwest PPP contract with NRT and consequently, it does not represent a debt modification under AASB 9 Financial Instruments. As a result of this change, a new effective interest rate was calculated and applied to the Northwest service concession financial liability using the new estimated future contractual cash flows.</p>		
Changes in arrangements occurred in 2022	<p>For the Sydney Metro Northwest PPP arrangement, the Conditional Debt Pay Down (CDPD) period is from May 2021 to May 2023, subject to the operator meeting certain conditions. The CDPD payment date changed from June 2021 to December 2021. This had resulted in a remeasurement of the service concession financial liability in September 2021 and a loss of \$13.2 million was recognised.</p>		
The carrying amount of service concession assets	Asset class	\$'000	\$'000
		As at 30 June 2022	As at 30 June 2021
	Land and buildings	244,774	242,632
	Rail systems	9,411,071	8,345,488
	Rail systems - Asset under construction	1,366,425	858,746
	Plant and equipment	16,541	10,194
	Rolling stock	785,970	644,686

13. Property, plant and equipment (continued)

Recognition and measurement (continued)

(xii) Service concession assets (continued)

Initial recognition

For arrangements within the scope of AASB 1059, the Entity recognises a service concession asset when it controls the asset. Where the asset is provided by the operator, or is an upgrade to or a major component replacement of an existing asset of the Entity, the asset is recognised at current replacement cost based on AASB 13 *Fair Value Measurement* principles.

Where the asset is an existing asset of the Entity, the asset is reclassified as a service concession asset and remeasured at current replacement cost at the date of reclassification. Any difference between the previous carrying amount and current replacement cost is recognised as if it is a revaluation of the asset.

Subsequent to initial recognition

Subsequent to the initial recognition or reclassification, the service concession asset is measured at current replacement cost and accounted for in accordance with the depreciation and impairment requirements of AASB 116 *Property, Plant and Equipment* and AASB 136 *Impairment of Assets*.

The Entity applied the 'interest accretion' method in measuring the service concession assets (assets under construction) at current replacement cost. The approach uses the Operator's cost of funding in the service concession arrangement as a proxy for the fair value uplift of service concession assets that are under construction, and is recorded as a revaluation adjustment. Upon construction completion, a comprehensive valuation assessment will be performed by an external professionally qualified valuer. Refer to Note 13 (iv) for further details on revaluation of property, plant and equipment, including service concession assets.

At the end of the arrangement

At the end of the service concession arrangement:

- the Entity accounts for the asset in accordance with other Australian Accounting Standards, with the Entity reclassifying the asset based on its nature or function;
- reference to fair value reverts from the mandated current replacement cost under AASB 1059 to the appropriate approach under AASB 13; and
- the asset is only derecognised when the Entity loses control of the asset in accordance with AASB 116.

14. Leases

(a) Entity as a lessee

The Entity leases various properties, equipment and motor vehicles. Lease contracts are typically made for fixed periods of one to five years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Entity does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Entity and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

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14. Leases (continued)

(a) Entity as a lessee (continued)

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of \$8.7 million (2021: \$6.6 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was nil (2021: \$0.3 million gain).

AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Entity has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value leases are leases with a fair value of \$10,000 or less when new and comprise mainly motor vehicle leases. The Entity has \$0.2 million (2021: \$0.9 million) of short term and low value leases that have not been included in the lease liability or right-of-use assets, and were capitalised in Property, Plant and Equipment as directly attributable costs; there was also \$11,000 of short-term leases expensed in 2022 (2021: \$8,000).

The Entity has reflected changes in the office accommodation arrangements with Transport for NSW (TfNSW). The main change is the introduction of the "substitution right" clause for TfNSW to relocate the entity during the term of the agreement. The clause provides TfNSW with a substantive substitution right. Therefore, these agreements are no longer accounted for as a lease within the scope of AASB 16. The corresponding right of use assets and lease liabilities have been derecognised on 30 June 2022, the effective date of the new clause. The net impact of the derecognition is recognised in "Other Gains/(Losses)" (refer to Note 5). From 1 July 2022, the accommodation charges will be recognised as expenses when incurred over the agreement duration.

The entity continues to carry the responsibility to make good, and to control the fit-out during the remaining occupancy period as the entity receives the economic benefits via using the fit-out or expected compensation from TfNSW upon relocation. The incentives received prior to the 30 June 2022 apply to the remaining occupancy period. Therefore, the entity's accounting treatment for make-good provision and fit-out costs in relation to the relevant accommodation remains unchanged.

Right-of-use assets under leases

The following table presents right-of-use assets that do not meet the definition of investment property.

	Notes	Land and buildings \$ '000	Plant and equipment \$ '000	Total \$ '000
Balance at 1 July 2021		45,018	41	45,059
Additions		492	76	568
Disposals			(4)	(4)
Impairment losses	5	-	-	-
Depreciation expense	2(d)	(12,029)	(35)	(12,064)
Derecognition of right-of-use asset		(5,983)	-	(5,983)
Other movements		13,751	13	13,764
Balance at 30 June 2022		41,249	91	41,340

14. Leases (continued)
(a) Entity as a lessee (continued)
Right-of-use assets under leases (continued)

	Notes	Land and buildings \$ '000	Plant and equipment \$ '000	Total \$ '000
Balance at 1 July 2020		25,301	21	25,322
Additions		32,917	37	32,954
Impairment losses	5	(733)	-	(733)
Depreciation expense	2(d)	(11,903)	(22)	(11,925)
Other movements		(564)	5	(559)
Balance at 30 June 2021		45,018	41	45,059

Impairment losses for right-of-use assets

The COVID-19 outbreak occurring since the 2019-20 financial year had a major impact on the NSW and global economies. COVID-19 significantly impacted the market rent for generic office accommodation and therefore the value of some lease right-of-use assets in the Statement of Financial Position.

The Entity had therefore undertaken an impairment assessment for the above right-of-use assets at 30 June 2022 to calculate the impairment loss using life to date market rental forecast movement approach. The Entity recognised a nil impairment loss in 2021-22 (2021: \$0.7m) for right-of-use assets.

The recoverable amount was determined by reference to its fair value less costs of disposal. The valuation technique used in the fair value measurement is classified as level 3 according to AASB 13 *fair value hierarchy*.

Asset Description	Valuation Technique	Key Assumptions	Fair Value Hierarchy of fair value less cost of disposal assessment
Right-of-use asset – Land and Buildings	Current Replacement Cost (CRC) approach – assets are valued based on the net replacement cost of a new equivalent asset with the same geographical market and remaining lease term. The net replacement costs were calculated based on the market rent forecast from JLL Real Estate Intelligence Services (REIS) or Property NSW's historical rent data for Regional market at the valuation date where the market rent forecast at 30 June 2019 was the base year.	<ul style="list-style-type: none"> The assets were recognised at fair value at the time of initial recognition or lease commencement date. Cost of disposals is immaterial The rent profile (fixed percentage, market rent review, consumer price index (CPI) or combination) at the lease commencement date represents f market rent forecasts. Regional market rents are linked with CPI. 	Level 3

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14. Leases (continued)

(a) Entity as a lessee (continued)

Impairment losses for right-of-use assets (continued)

The recoverable amounts of the right-of-use assets for which an impairment loss has been recognised during the financial year, and the level of fair value hierarchy for the right-of-use assets for which the recoverable amounts are determined with reference to their fair value less costs of disposal are:

Land and Buildings	2022 \$'000	2021 \$'000
Fair value less costs of disposal:		
Level 1	-	-
Level 2	-	-
Level 3	41,249	45,018
Balance at 30 June	41,249	45,018

The discount rate ranges employed in present value technique computations of recoverable amounts is summarised in the below table.

Recoverable amount	Current measurement discount rates	Previous measurement discount rates
Fair value less cost of disposal – discounted cash flow technique	Internal borrowing rates at the valuation date.	Internal borrowing rates at the valuation date.

Lease liabilities

The following table presents liabilities under leases.

	2022 \$ '000	2021 \$ '000
Opening balance	49,794	31,870
Additions	568	32,954
Interest expenses	812	795
Payments	(14,141)	(14,833)
Derecognition of lease liabilities	(8,153)	-
Other movements	13,726	(992)
Balance at 30 June	42,606	49,794

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Entity is the lessee.

	2022 \$ '000	2021 \$ '000
Depreciation expense of right-of-use assets	1,434	1,133
Interest expense on lease liabilities	812	795
Expense relating to short-term leases	11	8
Expenses relating to leases of low-value assets	-	-
Gains or losses arising from derecognising the right-of-use assets and lease liabilities	(2,170)	-
Total amount recognised in the statement of comprehensive income	87	1,936

The Entity had total cash outflows for leases of \$14.1 million in FY2022 (2021: \$14.8 million).

14. Leases (continued)

(a) Entity as a lessee (continued)

Leases at significantly below-market terms and conditions principally to enable the Entity to further its objectives

The Entity entered into leases with various government agencies for periods between 1 to 5 years. The lease premises are used by the Entity in order to obtain access to the sites in order to undertake the metro construction works. The lease contracts specify lease payments between \$1 to \$100 per annum. As such, these leases do not have a material impact on the Entity's operation.

Recognition and measurement

The Entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

(i) Right-of-use assets

The Entity recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets, as follows:

- Land and buildings: 2 – 5 years; and
- Motor vehicles: 2 – 3 years.

If ownership of the leased asset transfers to the Entity at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

(ii) Lease liabilities

At the commencement date of the lease, the Entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by the Entity; and
- payments of penalties for terminating the lease, if the lease term reflects the Entity exercising the option to terminate.

14. Leases (continued)

(a) Entity as a lessee (continued)

Recognition and measurement (continued)

(ii) Lease liabilities (continued)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Entity's leases, the lessee's incremental borrowing rate is used, being the rate that the Entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Entity's lease liabilities are included in borrowings.

(iii) Short-term leases and leases of low-value assets

The Entity applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(iv) Leases that have significantly below market terms and conditions principally to enable the Entity to further its objectives

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the Entity to further its objectives is same as normal right-of-use assets. They are measured at cost, subject to impairment.

(b) Entity as a lessor

Lessor for finance lease

Leases that the Entity transfers substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

At the lease commencement date, the Entity recognises a receivable for assets held under a finance lease in its Statement of Financial Position at an amount equal to the net investment in the lease. The net investment in leases is classified as financial assets amortised cost and equals the lease payments receivable by a lessor and the unguaranteed residual value, plus initial direct costs, discounted using the interest rate implicit in the lease initial direct costs. The Entity records its back-to-back sub-leases as finance leases, resulting in the recognition of finance lease receivables as opposed to the right-of-use assets.

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14. Leases (continued)

(b) Entity as a lessor (Continued)

As at 30 June 2022, the Entity is not a lessor for finance lease.

Lessor for operating lease

Future minimum rentals receivables (undiscounted) under non-cancellable operating lease as at 30 June are as follows:

	2022	2021
	\$'000	\$'000
Within one year	150	150
One to two years	75	150
Two to three years	-	75
Three to four years	-	-
Four to five years	-	-
Later than five years	-	-
Total (excluding GST)	225	375

Recognition and measurement – lessor for operating leases

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the Statement of Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

15. Intangible Assets

	Easements	Software work	Biodiversity	Total
	\$'000	in progress	credits	Intangibles
	\$'000	\$'000	\$'000	\$'000
Cost (gross carrying amount)	158	723	11,111	11,992
Accumulated amortisation and impairment	-	-	-	-
Net carrying amount at 30 June 2022	158	723	11,111	11,992
Cost (gross carrying amount)	158	1,705	9,251	11,114
Accumulated amortisation and impairment	-	-	-	-
Net carrying amount at 30 June 2021	158	1,705	9,251	11,114

15. Intangible Assets (continued)

	Easements \$'000	Software work in progress \$'000	Biodiversity credits \$'000	Total Intangibles \$'000
Net carrying amount at 1 July 2021	158	1,705	9,251	11,114
Additions	-	878	-	878
Reclassification to/(from) intangible assets	-	(200)	1,860	1,660
Write-off of intangible assets	-	(1,660)	-	(1,660)
Net carrying amount at 30 June 2022	158	723	11,111	11,992
Net carrying amount at 1 July 2020	-	-	-	-
Additions	158	1,705	9,251	11,114
Net carrying amount at 30 June 2021	158	1,705	9,251	11,114

Recognition and measurement

The Entity recognises intangible assets only if it is probable that future economic benefits will flow to the Entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the Entity's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Entity's intangible assets comprise principally of biodiversity credits and easements. The Entity purchases biodiversity credits from the open market, in order to meet its obligations in accordance with the *NSW Biodiversity Conservation Act 2016 (BC Act)* and if required the *Commonwealth Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)*. Biodiversity credits are not amortised and have an indefinite useful life. The Entity also recognises easements as intangible assets, which give the Entity the right to use the part of land not owned by the Entity. The easements are not amortised and have an indefinite useful life.

The costs relating to intangibles that are under development are shown as work in progress and are not amortised until the intangibles are brought into service. The Entity's work in progress relates to software upgrades and development that are not yet available for use. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

16. Fair value measurement of non-financial assets
Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

A number of the Entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices in active markets for identical assets / liabilities that the Entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(a) Fair value hierarchy

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June.

30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment				
Land and buildings	-	915,838	813,110	1,728,948
Plant and equipment	-	-	21,475	21,475
Rolling stock	-	-	785,970	785,970
Rail systems	-	-	23,744,525	23,744,525
	-	915,838	25,365,080	26,280,918

30 June 2021 Restated	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment				
Land and buildings	-	788,484	640,004	1,428,488
Plant and equipment	-	-	18,306	18,306
Rolling stock	-	-	644,686	644,686
Rail systems	-	-	17,533,467	17,533,467
	-	788,484	18,836,463	19,624,947

16. Fair value measurement of non-financial assets (continued)

(b) Valuation process

The Entity obtains independent valuations for its land and buildings assets at least every 3 years and for its other non-financial assets at least every 5 years.

The Entity engages external qualified valuers to determine the fair value of the Entity's non-financial assets. A full valuation of Metro Northwest rail assets (excluding land) was conducted by E3 Advisory Pty Ltd as at 31 March 2022. A full valuation of Sydney Metro Northwest land assets was conducted by Colliers International as at 31 March 2022. The respective external qualified valuers performed an interim desktop revaluation as at 30 June 2022 for Sydney Metro Northwest rail assets and Sydney Metro Northwest land assets.

In addition, Colliers International were engaged to conduct a full revaluation to determine the fair value as at 30 June 2022 for:

- properties acquired for Sydney Metro City South West project but not used for construction
- developable land under Northwest Property Development Agreement which are being developed in partnership with Landcom.

The Entity has conducted interim valuations as at 30 June 2022 to determine the fair value of rail infrastructure assets under construction and land under rail infrastructure assets under construction.

Leasehold improvement within land and building category and office fitouts within plant and equipment asset category are measured using depreciated historical cost as an approximation of fair value and do not require revaluation due to their short useful lives.

(c) Valuation techniques and input

At the end of each reporting period, the Entity updates its assessment of the fair value of each category of non-financial asset, taking into account the most recent independent valuation. The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available, the fair value assessment considers information from a variety of other sources and uses specific valuation techniques including:

- markets, adjusted to reflect those differences;
- current replacement cost where the selling price is not available, with reference to most appropriate modern, depreciated equivalent replacement asset that provides similar economic benefits;
- construction costs incurred by the Entity based on contract costs and overhead costs escalated from contract to measurement date;
- discounted cash flow projections based on estimates of future cash flows.

These valuation techniques maximise the use of observable inputs where available and rely as little as possible on Entity or asset specific estimates. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the measurement in its entirety. If significant inputs required to measure fair value of an asset are observable, the asset is included in Level 2 of the fair value hierarchy. If one or more of the significant inputs is not based on observable market data, the asset is included in Level 3 of the fair value hierarchy. All resulting fair value estimates for non-financial assets are included in Level 3.

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for the year ended 30 June 2022

16. Fair value measurement of non-financial assets (continued)

(c) Valuation techniques and input (continued)

The main inputs used for Level 3 fair value measurements are as follows:

- Land – sale evidence and market indicator for comparable properties, adjusted for the specific attributes of the property being revalued, such as size, configuration and location of the properties, restricted use for rail transport and infrastructure, as well as risk associated.
- Metro Northwest rolling stock and specialised plant and equipment – replacement cost for modern equivalent assets, expected useful life and remaining life of the assets are estimated and reviewed by the external valuer.
- Metro Northwest infrastructure assets – replacement cost for modern equivalent assets, unit of measure for each asset, appropriate indexation factors, expected useful life and remaining life of the assets as estimated by the external valuer.
- Rail infrastructure assets under construction – replacement cost approach with application of the cumulative indexation factors to the carrying amount of the asset balance
- Land under rail infrastructure assets under construction – the latest available Valuer-General's sales evidence and market indicators is used for each land property; adjusted for restrictions imposed on the use of the land
- Leasehold improvement makegood assets – restoration costs on the leased property estimated on the rate per square metre basis were discounted, adjusted for inflation and depreciated over the remaining lease period.

(d) Reconciliation of Level 3 fair value measurement

	Land and buildings \$ '000	Plant and equipment \$ '000	Rolling stock \$ '000	Infrastructure systems \$ '000	Total \$ '000
Restated fair value at 1 July 2021	640,004	18,306	644,686	17,533,467	18,836,463
Additions	-	-	-	6,147,995	6,147,995
Revaluation decrements recognised in net result	(1,022,461)	-	-	-	(1,022,461)
Revaluation increments/decrements recognised in other comprehensive income	-	6,715	162,044	1,550,884	1,719,643
Depreciation expense	(604)	(3,745)	(20,760)	(199,424)	(224,533)
Disposals				(1,277)	(1,277)
Transfer from other classes of property, plant and equipment	1,200,867	-	-	(1,200,867)	-
Transfers (to)/from local councils and other external entities	54,416			(84,206)	(29,790)
Reclassification (to)/from intangible assets		199		(1,860)	(1,661)
Transfer to Level 2 assets	(5,123)				(5,123)
Transfer to assets held-for-sale	(53,989)	-	-	(187)	(54,176)
Fair value as at 30 June 2022	813,110	21,475	785,970	23,744,525	25,365,080

16. Fair value measurement of non-financial assets (continued)
(d) Reconciliation of Level 3 fair value measurement (continued)

	Land and buildings \$ '000	Plant and equipment \$ '000	Rolling stock \$ '000	Infrastructure systems \$ '000	Total \$ '000
Restated fair value at 1 July 2020	500,901	20,195	645,348	14,734,902	15,901,346
Additions	204	-	-	4,239,188	4,239,392
Restated revaluation increments/decrements recognised in other comprehensive income	8,659	-	18,524	354,616	381,799
Revaluation increments/decrements recognised in net result	(1,390,431)	-	-	-	(1,390,431)
Restated depreciation expense	(591)	(3,354)	(19,186)	(200,618)	(223,749)
Disposals	-	-	-	(376)	(376)
Transfers (to)/from local councils and other external parties	-	-	-	(71,518)	(71,518)
Transfer from other classes of property, plant and equipment	1,521,262	1,465	-	(1,522,727)	-
Restated Fair value as at 30 June 2021	640,004	18,306	644,686	17,533,467	18,836,463

17. Payables

	2022 \$'000	2021 \$'000
Trade creditors	45,797	39,995
Accrued expenses	958,572	1,496,412
Personnel service payables	6,749	5,018
Other creditors	1,450	110
Current payables	1,012,568	1,541,535

Recognition and measurement

Payables represent liabilities for goods and services provided to the Entity and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process. Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 26 (f).

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Notes to the financial statements

for the year ended 30 June 2022

18. Borrowings

	2022 \$'000	2021 \$'000
Lease liabilities	7,340	12,208
Service concession financial liabilities	82,680	793,191
Current borrowings	90,020	805,399
Lease liabilities	35,266	37,586
Service concession financial liabilities	1,750,042	1,542,794
Financial liabilities at fair value	-	1,225
Non-current borrowings	1,785,308	1,581,605
Repayment of borrowings		
	2022 \$'000	2021 \$'000
Not later than one year	90,020	805,399
Later than one year and not later than five years	1,696,942	811,744
Later than five years	88,366	769,861
Repayment of borrowings	1,875,328	2,387,004

The service concession financial liability represents the liability under the Public Private Partnership (PPP) with Northwest Rapid Transit relating to Sydney Metro Northwest and City and Southwest projects.

Recognition and measurement

Borrowing represents interest bearing liabilities mainly lease liabilities, service concession arrangement liabilities and other interest bearing liabilities.

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Borrowings are classified as current liabilities unless the reporting Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading such as derivatives and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term or on initial recognition are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Derivatives are carried as financial liabilities when the fair value is negative. Gains or losses on liabilities held-for-trading are recognised in the net result. The Entity has not designated any financial liability at fair value through profit or loss.

18. Borrowings (continued)

Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- the liabilities are part of a group of financial liabilities, that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

The changes in fair value of liabilities designated at fair value through profit or loss are recorded in profit or loss with the exception that movements in fair value due to changes in the entity's own credit risk are recorded in other comprehensive income and do not get recycled to net result.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings, are disclosed in Note 26.

Lease liabilities are determined in accordance with AASB 16.

Service concession financial liabilities

The service concession financial liability represents the contractual obligation to pay the operator as compensation for providing the service concession asset. It is measured as a liability in accordance with AASB 9 *Financial Instruments*. Interest is charged on the service concession financial liability and recognised in interest expense, based on the interest rate implicit in the arrangement. The liability is reduced over the term of the arrangement through cash payments to the operator.

In addition, the carrying amount of the service concession financial liability is remeasured if there is a modification, or if there is a change in estimated cash flows. In accordance with AASB 9 *Financial Instruments*, when the service concession financial liability is remeasured due to a change in estimated cash flows, the service concession financial liability is recalculated to reflect the present value of the new estimated future contractual cash flows, discounted at the original effective interest rate. The corresponding adjustment is reflected in the profit and loss. Refer to Note 5 for disclosures of the gain or loss recognised on the service concession financial liability.

Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, being the premium received. Subsequent to initial recognition, the entity's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation, and an expected credit loss provision. The entity has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2022 and as at 30 June 2021. However, refer to Note 25 regarding disclosures on contingent liabilities.

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Notes to the financial statements

for the year ended 30 June 2022

18. Borrowings (continued)

Changes in liabilities arising from financing activities

	Lease liabilities \$'000	Service concession arrangements \$'000	Financial liabilities at fair value \$'000	Total liabilities from financing activities \$'000
Balance at 1 July 2021	49,794	2,335,985	1,225	2,387,004
Cash flows	(14,141)	(801,251)	-	(815,392)
New leases	568	-	-	568
New service concession arrangements ¹	-	246,426	-	246,426
Derecognition of leases	(8,153)	-	-	(8,153)
Other ²	14,538	51,562	(1,225)	64,875
Balance at 30 June 2022	42,606	1,832,722	-	1,875,328
Balance at 1 July 2020	31,870	2,193,963	415	2,226,248
Cash flows	(13,276)	(147,093)	-	(160,369)
New leases	32,954	-	-	32,954
New service concession arrangements ¹	-	274,151	-	274,151
Other ²	(1,754)	14,964	810	14,020
Balance at 30 June 2021	49,794	2,335,985	1,225	2,387,004

¹ Relates to City and Southwest service concession financial liability that is progressively recognised during construction phase, in line with the progressive build up of the service concession asset. The liability represents the Entity's obligation to pay the operator for providing the service concession asset.

² Relates to the non-cash movements associated with the Northwest and City and Southwest service concession financial liability, including accretion of interest, gain on refinancing and gain/loss on measurement of service concession financial liabilities and derivatives measured at fair value.

19. Provisions

	2022 \$'000	2021 \$'000
Land and buildings remediation	53,664	846
Other ¹	167,857	38,777
Current provisions	221,521	39,623
Land and buildings remediation	41,248	26,976
Non-current provisions	41,248	26,976

¹ Other provisions include future payment obligations under the Integrated Station Development arrangement of \$33.5 million (2021: \$31.0 million) and provision for bid costs of \$130.0 million (2021: nil).

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Notes to the financial statements

for the year ended 30 June 2022

19. Provisions (continued)

Movement in provisions

	Land and buildings remediation \$'000	Integrated Station Development payment obligations \$'000	Other \$'000	Total \$'000
Carrying amount at the beginning of the financial year	27,822	31,069	7,708	66,599
Additional provision recognised	77,835	2,434	134,355	214,624
Provision reversed	(1,067)	-	(3,387)	(4,454)
Provision used	(9,679)	-	(4,321)	(14,000)
Carrying amount at the end of the financial year	94,911	33,503	134,355	262,769

Recognition and measurement

Provisions exist when the Entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when the Entity has a detailed formal plan and it has raised a valid expectation in those affected by the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at a rate that reflects the current market assessments of the time value of money and risk specific to the liability.

The land and buildings remediation provision is recognised when the Entity has a legal or constructive obligation to remediate property and other assets. The value recognised for each provision represents the most reliable basis for estimating the outflow of resources required to settle the obligations.

20. Other liabilities

	2022 \$'000	2021 \$'000
Other	-	1,678
Income received in advance	-	7,180
Current other liabilities	-	8,858
Other	2,773	2,871
Non-current other liabilities	2,773	2,871

¹ Other non-current liabilities include future payments required to be made in relation to Integrated Station Development arrangements \$2.8 million (2021: \$2.2 million).

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Notes to the financial statements

for the year ended 30 June 2022

21. Reconciliation of net cash flows from operating activities to net result

	Actual 2022 \$'000	Actual Restated ¹ 2021 \$'000
Net cash inflows / (outflows) from operating activities	7,070,591	4,052,327
Depreciation and amortisation	(227,586)	(226,331)
Non-cash revenue and expenses	(45,718)	(86,235)
Other gains/(losses)	(854,584)	(1,328,595)
Increase/(decrease) in receivables and other assets	78,980	156,141
(Increase) / decrease in payables and provisions	(13,138)	6,290
Net gain / (loss) on sale of property, plant and equipment	95,896	7,310
Reconciliation to net result	6,104,441	2,580,907

¹Refer Note 30 for details regarding restated prior year balances relating to the adjustments to prior period.

22. Non-cash financing and investing activities

	Notes	2022 \$'000	2021 \$'000
Property, plant and equipment revaluation decrement	5	(898,611)	(1,338,014)
Resources received free of charge	3(e)	2,304	2,005
Non-cash investing activities		(896,307)	(1,336,009)
Gains/(losses) on financial liability at amortised cost		(7,793)	9,748
Non-cash financing activities		(7,793)	9,748

23. Commitments

	2022 \$'000	2021 \$'000
(a) Capital commitments		
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at reporting date and not provided for:		
Not later than one year	4,694,253	3,509,686
Later than one year and not later than five years	3,656,543	1,529,645
Later than five years	58,860	28,501
Total (including GST)	8,409,656	5,067,832

Net GST on all commitments estimated at \$764.5 million (2021: \$461.0 million) will be recouped from the Australian Taxation Office.

24. Equity and reserves

(a) Asset revaluation reserve

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Entity's policy on the revaluation of property, plant and equipment as outlined in Note 13.

(b) Hedge reserve

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and is accumulated in the hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item.

(c) Accumulated funds

Accumulated funds include all current period retained funds.

Recognition and measurement

Equity transfers represent the transfer of net assets / liabilities between agencies as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector agencies and 'equity appropriations'. These equity transfers are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'accumulated funds'. This treatment is consistent with TPP 21-8, AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners made to Wholly-owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value.

25. Contingent assets and contingent liabilities

There was a dispute in relation to contractual claims and counterclaims relating to the Sydney Metro Northwest project. A non-binding decision was made by the Dispute Avoidance Board (DAB) in relation to that dispute. Both parties have a right to appeal to arbitration against the decision of the DAB. The Counterparty commenced arbitration proceedings on 20 July 2021. Based on the current arbitration timetable, a final hearing will take place between October and December 2023. At this stage, there is significant uncertainty as to the extent and amount of any potential financial outcome (either liability or amount recoverable by Sydney Metro) that will arise in relation to these disputes.

There are contractual claims that have been made by contractors engaged by the Entity on the City & Southwest and West projects in the ordinary course of business. Also, a number of other contractual claims that have arisen on the City & Southwest project due to the occurrence of potential compensation events and disputes with contractors. The amount of the liability that may arise from these other contractual claims cannot be measured reliably at this time, and there is significant uncertainty as to whether a future liability will arise in respect to these items.

There are a number of litigation proceedings in relation to property acquisitions for the City & Southwest and Sydney Metro West projects. The amount of liability, if any, that may arise in relation to these disputes cannot be measured reliably at this time.

25. Contingent assets and contingent liabilities (continued)

The Entity has an agreement with Landcom for the development of parcels of land surrounding the Sydney Metro Northwest station sites. Under the terms of the arrangement, the Entity has a possible liability that is contingent on the achievement of certain milestones and thresholds by Landcom.

The Entity does not have any other contingent liabilities that would significantly impact on the state of affairs of the Entity or have a material effect on these financial statements.

26. Financial Instruments

The Entity's principal financial instruments are outlined below. These financial instruments arise directly from the Entity's operations or are required to finance the Entity's operations and manage forecast cash flow exposures. The Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The operational activities of the Entity expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk, and electricity price risk). The main risks arising from these financial instruments are outlined below together with the Entity's objectives, policies and processes for measuring and managing risk.

Methods used to measure risk include sensitivity analysis in the case of interest rate, foreign exchange and other commodity price risks, and an ageing analysis for credit risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of risk management and review, and determines policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Entity, to set limits and to monitor risks. Compliance with these policies is reviewed by the Entity on a continuous basis.

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Notes to the financial statements

for the year ended 30 June 2022

26. Financial instruments (continued)

(a) Financial instrument categories

			Carrying amount 2022 \$'000	Carrying amount 2021 \$'000
	Notes	Category		
Financial assets				
Class:				
Cash and cash equivalents	7	Amortised cost	1,534,174	1,551,545
Receivables ¹	8	Amortised cost	1,303,869	1,149,312
Financial assets at fair value	10	Fair value through profit or loss - designated as such at initial recognition	43,161	-
Other financial assets	11	Amortised cost	6,730	6,146
			2,887,934	2,707,003
Financial liabilities				
Class:				
Payables ²	17	Financial liabilities measured at amortised cost	1,012,568	1,541,425
Other Liabilities	20	Financial liabilities measured at amortised cost	2,773	4,549
Borrowings	18	Financial liabilities measured at amortised cost	1,875,328	2,385,889
Financial liabilities at fair value	18	Fair value through profit or loss - designated as such at initial recognition	-	1,225
			2,890,669	3,933,088

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

During the year ended 30 June 2022, there were no defaults on any borrowings or loans payable. The Entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

26. Financial instruments (continued)

(b) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either:

- the entity has transferred substantially all the risks and rewards of the asset; or
- the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the Entity has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Entity has neither transferred nor retained substantially all the risk and rewards or transferred control, the asset continues to be recognised to the extent of the Entity's continuing involvement in the asset. In that case, the Entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Derivatives

The Entity only uses derivatives for hedging purposes and not as trading or speculative instruments. The Entity has nil derivative financial liabilities (2021: \$1.2 million), and \$43.2 million (2021: nil) derivative financial assets.

All derivatives are measured at fair value. Information about the exposure is provided: credit risk in Note 26(e), market risk in Note 26 (g), the methods and assumptions used in determining fair values of derivatives in Note 26(h).

Energy price risk management

The Entity is exposed to energy price risk associated with the purchase of energy to operate transport services.

It is the Entity's policy to manage the energy price exposure arising from its energy load by entering into fixed price supply arrangements with retailers or to hedge forecast exposures on a portion of its energy load for periods up to 15 years.

The exposure to fluctuations in the wholesale market prices is managed through the use of a derivative financial instrument.

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Notes to the financial statements
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26. Financial instruments (continued)

(d) Derivatives (continued)

Energy price risk management

The following table indicates the periods in which the cash flow associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

	Notional MW/h	Expected cash flow			Total \$'000
		Less than 12 months \$'000	1 - 5 Years \$'000	Greater than 5 Years \$'000	
2022					
Energy derivative contract	134,000	-	460	1,772	2,232
2021					
Energy derivative contract	134,000	(3,819)	(1,715)	4,309	(1,225)

(e) Credit risk

Credit risk arises when there is a possibility that the counterparty will default on their contractual obligations, resulting in financial loss to the Entity. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment).

Credit risk arises from financial assets of the reporting Entity, including cash and cash equivalents, as well as credit exposure to customers, including outstanding receivables and committed transactions and derivative financial instruments. The Entity holds bank guarantees for significant contractors. The Entity has not granted any financial guarantees.

Credit risk associated with Entity's financial assets other than receivables, is managed through the sound selection of counterparties and establishment of minimum credit rating standards.

The Entity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Entity may also consider a financial asset to be in default when internal or external information indicates that the Entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Entity. Credit risk impacts on the following financial instruments which are discussed below.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the current Reserve Bank of Australia official cash rate.

Derivatives

The Entity limits its exposure to credit risk by entering into derivative financial instruments only with approved counterparties that have an acceptable credit rating. Derivative counterparties are limited to high creditworthy organisations in the energy industry. The Entity also utilises International Swaps and Derivative Association (ISDA) agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from and amounts payable to individual counterparties.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

26. Financial instruments (continued)

(e) Credit risk (continued)

Receivables – trade debtors (continued)

The Entity applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade debtors are written off when there is no reasonable expectation of recovery. The Entity is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Most of trade debtors are NSW Government agencies, where the risk of credit loss is not material and there is no reasonable expectation of non-recovery of receivables. Therefore, Entity's loss allowance for trade debtor as at 30 June 2022 and 30 June 2021 was determined as nil. The Entity is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

(f) Liquidity risk

Liquidity risk is the risk that the Entity will be unable to meet its payment obligations when they fall due. The Entity continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

During the current year, there were no defaults on borrowings or loans payable and no assets have been pledged as collateral. The Entity's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

Sydney Metro
Notes to the financial statements
for the year ended 30 June 2022

26. Financial instruments (continued)

(f) Liquidity risk (continued)

The table below summarises the maturity profile of the Entity's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective Int. rate (%)	Interest rate exposure				Maturity dates		
		Nominal amount \$ '000	Fixed interest rate \$ '000	Variable interest rate \$ '000	Non-interest bearing \$ '000	< 1 year \$ '000	1 - 5 years \$ '000	> 5 years \$ '000
2022								
Payables								
Trade creditors	-	45,797	-	-	45,797	45,797	-	-
Accrued expenses	-	958,572	-	-	958,572	958,572	-	-
Personnel services payable	-	6,749	-	-	6,749	6,749	-	-
Other creditors	-	1,450	-	-	1,450	1,450	-	-
Other liabilities	-	2,773	-	-	2,773	-	2,773	-
Borrowings								
Service concession financial liability	2.89	2,404,019	1,401,035	1,002,984	-	85,060	1,533,879	785,080
Lease liabilities	1.62	45,260	-	45,260	-	7,972	26,973	10,315
		3,464,620	1,401,035	1,048,244	1,015,341	1,105,600	1,563,625	795,395
2021								
Payables								
Trade creditors	-	39,995	-	-	39,995	39,995	-	-
Accrued expenses	-	1,496,412	-	-	1,496,412	1,496,412	-	-
Personnel services payable	-	5,018	-	-	5,018	5,018	-	-
Other creditors	-	110	-	-	110	-	-	-
Other liabilities	-	4,549	-	-	4,549	1,678	2,871	-
Borrowings								
Service concession financial liability	1.63	3,191,546	1,401,035	1,790,511	-	796,188	1,023,041	1,372,317
Lease liabilities	1.41	51,991	-	51,991	-	12,804	29,064	10,123
		4,789,621	1,401,035	1,842,502	1,546,084	2,352,095	1,054,976	1,382,440

Sydney Metro
Notes to the financial statements
for the year ended 30 June 2022

26. Financial instruments (continued)

(g) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Entity's exposure to market risk is primarily through foreign exchange risks associated with overseas purchase commitments and commodity price risk associated with energy purchases and interest rate risk associated with interest bearing payment commitments.

The effect on net result and equity due to a reasonable possible change in risk variable is outlined in the information provided below, for interest rate risk and other price risk including currency movements. A reasonable possible change in risk variable has been determined after taking into account the economic environment in which the Entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance date. The analyses is performed on the same basis as for 2021. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Entity's interest bearing liabilities.

The Entity does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect the carrying value or interest paid or earned. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates:

2022	Carrying amount \$'000	-1%		+1%	
		Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents	1,534,174	(15,342)	(15,342)	15,342	15,342
Financial assets at fair value	43,161	(432)	(432)	432	432
Financial liabilities					
Service concession financial liability	1,002,984	1,226	1,226	(10,498)	(10,498)
2021	Carrying amount \$'000	-1%		+1%	
		Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents	1,551,545	(15,515)	(15,515)	15,515	15,515
Financial assets at fair value	-	-	-	-	-
Financial liabilities					
Service concession financial liability	1,790,511	286	286	(3,324)	(3,324)

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

26. Financial instruments (continued)

(g) Market risk (continued)

Foreign exchange risk

Exposure to foreign exchange risk arises primarily through the contractual commercial transactions denominated in a foreign currency. There is no foreign exchange exposure for the Entity as at 30 June 2022 (2021: nil exposure).

Commodity price risk

The Entity is exposed to commodity price risk from electricity purchases.

The Entity is exposed to electricity price risk associated with the purchase of electricity to operate Metro services. The exposure to fluctuations in wholesale market prices is managed by entering into fixed price supply arrangements with retailers or to hedge forecast exposure on a portion of the consolidated Entity's energy load. Generally, electricity swap contracts are designated as cash flow hedges. However as at 30 June 2022, the only electricity derivative financial instrument was not designated in a hedge relationship under AASB 9 *Financial Instruments*. This derivative is classified as held for trading. The derivative is carried as financial liabilities when the fair value is negative. Gains or losses on liabilities held for trading are recognised in the net result.

The Entity's exposure to commodity price risk is set out in the table below, with all other variables being held constant.

The impact on other comprehensive income is due to changes in the fair value of the financial instruments.

A sensitivity of 10% movement in the spot price of the respective commodities has been selected for use in the sensitivity analysis at the reporting date.

			10%		-10%	
			Notional MW/h \$ '000	Net Result \$ '000	Equity \$ '000	Net Result \$ '000
						Equity \$ '000
2022	Energy derivatives	134,000	8,916	-	(4,451)	-
2021	Energy derivatives	134,000	5,678	-	(8,129)	-

(h) Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The following table details the financial instruments where the fair value differs from the carrying amount:

	2022		2021	
	Fair Value \$'000	Carrying amount \$'000	Fair Value \$'000	Carrying amount \$'000
Borrowings				
Service concession financial liabilities ¹	1,817,671	1,832,722	2,484,652	2,335,985

¹The fair value of service concession financial liabilities is determined using the discounted cash flow analysis method that reflects the Entity's incremental borrowing rates, which is TCorp lending rates at the end of the reporting period.

Sydney Metro
Notes to the financial statements
for the year ended 30 June 2022

26. Financial instruments (continued)

(h) Fair value compared to carrying amount (continued)

The fair values of financial instrument assets and liabilities are determined as follow:

- the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial instrument assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The amortised cost of all other financial instruments recognised in the Statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair value recognised in the Statement of financial position

	Level 1 2022 \$'000	Level 2 2022 \$'000	Level 3 2022 \$'000	Total
2022				
Financial assets at fair value				
Interest rate swap derivative		40,929		40,929
Energy derivative-cash flow hedge	-		2,232	2,232
	-	40,929	2,232	43,161
Financial liabilities at fair value				
Derivative financial instruments	-	-	-	-
	-	-	-	-
	Level 1 2021 \$'000	Level 2 2021 \$'000	Level 3 2021 \$'000	Total
2021				
Financial assets at fair value				
Interest rate swap derivative	-	-	-	-
Energy derivative-cash flow hedge	-	-	-	-
	-	-	-	-
Financial liabilities at fair value				
Derivative financial instruments	-	-	(1,225)	(1,225)
	-	-	(1,225)	(1,225)

The fair value of the energy derivative is determined as the present value of future contracted cash flows and credit adjustments (Level 3). Cash flows are discounted using standard valuation techniques at applicable market yield having regard to timing of cash flows.

Sydney Metro
Notes to the financial statements
for the year ended 30 June 2022

26. Financial instruments (continued)

(h) Fair value compared to carrying amount (continued)

The fair value of the interest rate swap derivative is based on market value (level 2).

There were no transfers between Level 1, 2 or 3 during the year.

27. Budget review

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfers of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed on the primary financial statements are explained below.

(a) Net Result

The actual net result was less than original budget by \$1,129 million, mainly due to the following:

	\$M
Net result per the Budget	7,233
Variance between budget and actual comprises of:	
Higher actual operating expenses	(373)
Lower actual gain on asset disposal	(153)
Higher Interest expense relating to unwinding of integrated station development projects receivables not budgeted	(33)
Higher actual sale of goods and services	159
Lower than budgeted grants to external parties	96
Higher actual grants and contributions	17
Other gains/losses not budgeted	(855)
Lower actual depreciation expense	7
Other variances	6
Actual net result	6,104

(b) Assets and liabilities

The actual net assets were \$600 million lower than the original budget, mainly due to the following:

Closing net assets as per the Budget	27,049
Variance between budget and actual comprises of:	
Higher than budgeted cash balance	1,367
Revaluation decrement of property, plant and equipment not budgeted	(1,759)
Higher actual receivables	548
Lower than budgeted borrowings	217
Derivative assets not budgeted	43
Higher than budgeted intangibles purchases	12
Higher than budgeted payables	(797)
Higher than budgeted provisions	(211)
Lower than budgeted integrated station development projects receivables	(28)
Higher than budgeted right-of-use assets additions	12
Other variances	(4)
Actual net assets	26,449

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

27. Budget review (continued)

(c) Cash flows

The closing cash position was \$1,367 million higher than budget due to the following:

Closing cash and cash equivalents per budget	167
Variance between budget and actual comprises of:	
Higher than budgeted opening cash and cash equivalents	1,411
Lower than budgeted net cash flow from operating activities mainly due to higher payments to suppliers and service contract payments	(222)
Higher than budgeted net cash flow from investing activities due to lower capital spend	187
Lower than budgeted net cash flow from financing activities due to higher repayments of borrowings	(9)
Closing Actual cash and cash equivalents	1,534

28. Related party disclosures

a) Key management personnel compensation

During the year, the Entity incurred \$1.3 million (2021: \$1.1 million) in respect of the key management personnel services that are provided by the Transport Service of NSW. The amount incurred excludes long service leave and defined benefit superannuation scheme benefits assumed by the Crown in accordance with NSWTC 16-12 Related party disclosures.

b) Transactions and outstanding balances with key management personnel of the Entity and its parent during the financial year

There were no material transactions or outstanding balances with key management personnel of the Entity and its parent during the financial year (2021: no material transactions).

c) Transactions and outstanding balances with other related parties during the financial year

There were no transactions or outstanding balances with other related parties during the financial year (2021: nil).

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

28. Related party disclosures (continued)

d) Transactions and outstanding balances with government related entities during the financial year

During 2021-22, the Entity entered into the following transactions with other entities consolidated as part of the NSW Total State Sector (the ultimate parent) within the normal course of business:

- Grant revenue received from Transport for NSW;
- Monthly reimbursements from TAHE for the design and construction of major rail projects by Sydney Metro;
- Recoupment of project and other costs incurred by Transport for NSW on behalf of Sydney Metro;
- Payments for personnel services provided by Transport Service of NSW;
- Payments for shared services provided by Transport for NSW, these are charges for personnel services, finance, human resources, and information technology services;
- Lease arrangements with Transport for NSW for the use of a community centre and an office building;
- Payments for services and works provided by other agencies, including Transport for NSW and Sydney Trains;
- Reimbursement of replacement bus service payments to Transport for NSW;
- Contribution from Infrastructure NSW in relation to Waterloo Metro Quarter Development;
- Receipt of the Affordable Housing Contribution Fund from Infrastructure NSW to apply to the affordable housing component of the Waterloo Metro Quarter Development;
- Lease arrangements with Newcastle Port Corporation for the use of facilities as a construction site;
- Recoupment of project and other costs incurred by Sydney Metro on behalf of Infrastructure NSW;
- Recoupment of project and other costs incurred by Sydney Metro on behalf of Sydney Trains;
- Gain on the AASB16 derecognition of 680 George St lease with Transport for NSW;
- Metrowest Third Party Works with Western Sydney Parklands, Parramatta Park;
- Payment to Biodiversity Conservation Fund; and
- Lease arrangements with Place Management NSW for the use of facilities as construction site.

During 2020-21, the Entity entered into the following transactions with other entities consolidated as part of the NSW Total State Sector (the ultimate parent) within the normal course of business:

- Grant revenue received from Transport for NSW;
- Monthly reimbursements from TAHE for the design and construction of major rail projects by Sydney Metro;
- Recoupment of project and other costs incurred by Transport for NSW on behalf of Sydney Metro;
- Payments for personnel services provided by Transport Service of NSW;
- Payments for shared services provided by Transport for NSW, these are charges for personnel services, finance, human resources, and information technology services;
- Lease arrangements with Transport for NSW for the use of a community centre and an office building;
- Payments for services and works provided by other agencies, including Transport for NSW and Sydney Trains;
- Reimbursement of replacement bus service payments to Transport for NSW;
- Contribution from Infrastructure NSW in relation to Waterloo Metro Quarter Development;
- Receipt of the Affordable Housing Contribution Fund from Infrastructure NSW to apply to the affordable housing component of the Waterloo Metro Quarter Development;
- Prepayments made to Transport for NSW in consideration for future land acquisition relating to Western Sydney Airport project works;
- Lease arrangements with Newcastle Port Corporation for the use of facilities as a construction site;
- Recoupment of project and other costs incurred by Sydney Metro on behalf of Infrastructure NSW;
- Recoupment of project and other costs incurred by Sydney Metro on behalf of Sydney Trains;
- Impairment loss on right-of-use assets on certain lease arrangements with Transport for NSW; and
- Selling cost incurred from Landcom for the sale of Northwest surplus land.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

29. Trust funds

The Entity holds funds in trust for compulsory land acquisition compensation payable under the *Land Acquisition (Just Terms Compensation) Act 1991*. As the Entity performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Entity's own objectives, these funds are not recognised in the financial statements.

The following is a summary of the transactions in the trust account:

	2022	2021
	\$'000	\$'000
Cash balance 1 July	1,698	6,593
Add: Receipts	55,955	11
Less: Expenditure	(7,140)	(4,876)
Cash balance at 30 June	50,513	1,728

30. Prior period restatement

Sydney Metro Train Facility (SMTF) assets delivered in 2019

As part of the comprehensive revaluation conducted as at 31 March 2022 for Sydney Metro Northwest rail assets, it was identified that certain assets located at the Sydney Metro Stabling Facility at Tallawong were handed over to the operator in 2018-19 and had been recorded at fair value as part of the 2018-19 comprehensive revaluation of the Northwest infrastructure assets. These assets were also reflected in the City and Southwest Rail Systems assets under construction in 2018-19. This error required an adjustment in the prior period with a decrease in property, plant and equipment of \$51 million and a corresponding decrease in the asset revaluation reserve balance.

This correction also required restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the restatement through to revaluation reserve at that date. Comparatives have been changed to reflect the corrections. The impact on each line item at 1 July 2020 is shown in the table below.

Valuation of Assets Under Construction

In July 2021, NSW Treasury issued Treasury Policy TPP 21-09 *Valuation of Physical Non-Current Assets at Fair Value* (TPP 21-09) with specific guidance requiring agencies to assess the fair value of assets under construction annually. Under the new guidance, revaluation of assets under construction need to be considered in the following circumstances:

- there is evidence the asset is impaired;
- construction occurs over a substantial number of years and historical costs no longer accurately reflect fair value (e.g. as a result of declines or increases in key cost inputs such as materials or labour); or
- construction costs capitalised in accordance with AASB 116 do not satisfy criteria for incorporation into fair value under AASB 13, (e.g. site preparation costs such as costs of demolishing or relocation of existing buildings in some circumstances).

In circumstances where the construction costs incurred to date are materially different to fair value, agencies are required to revalue the assets under construction. Historically, Sydney Metro had recorded assets under construction at cost while the project is under construction as the previous Treasury Policy TPP 14-01 *Valuation of Physical Non-Current Assets at Fair Value* did not explicitly provide fair value measurement guidance for assets under construction. The annual assessment of fair value of assets under construction is not considered to be a change in accounting policy by NSW Treasury and any restatement of balances resulting from the annual fair value assessment is treated as a correction of prior period error.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

30. Prior period restatement (continued)

Sydney Metro carried out a fair value assessment of its assets under construction. The Entity's metro projects commenced in 2016 for Sydney Metro City Southwest followed by Sydney Metro West and Sydney Metro Western Sydney Airport. These large scale infrastructure metro projects occur over a substantial number of years and the result of increases in key cost inputs such as materials and labour meant the historical costs no longer provided an accurate reflection of fair value. Sydney Metro performed a retrospective revaluation of assets under construction by applying observable market indices to historical costs, resulting in the restatement of the following balances as at 1 July 2020:

- The original balance for the land and buildings asset class of \$528 million in the statement of financial position was restated by \$721.4 million to \$1,249 million. This restatement reflects the net impact of the reclassification of properties acquired for metro projects from infrastructure systems asset class of \$1,273 million, a net revaluation decrement of \$548.8 million recorded in accumulated funds and additional depreciation expense of \$3.7 million associated with surplus properties recorded in accumulated funds
- The original balance for the infrastructure systems asset class of \$16,804 million in the statement of financial position was restated by \$875.8 million to \$14,734 million. This restatement reflects the net impact of the reclassification of properties acquired for metro projects to land and buildings asset class of \$1,273 million, a net revaluation increment of \$449.1 million recorded against asset revaluation surplus reserve. In addition, the restatement includes the \$51 million prior period adjustments for the Sydney Metro Train Facility (SMTF) assets noted above
- The original balance of accumulated funds of \$14,957 million in the statement of financial position was restated by \$527 million to \$14,430 million to reflect the \$3.7 million depreciation expense for surplus properties that were previously held as assets under construction and the revaluation decrement \$548.7 million which is partially offset by the utilisation of the asset revaluation reserve for land and buildings asset class of \$25.5 million
- The original balance of reserves \$867.2 million in the statement of financial position was restated by \$327.6 million to \$1,239 million to reflect the utilisation of the asset revaluation reserve for land and buildings asset class of \$25.5 million, net revaluation increment of \$449.1 million in relation to the assets under construction within the infrastructure systems asset class and the \$51 million prior period adjustments in relation to the Sydney Metro Train Facility (SMTF) assets noted above

In 2020-21, the impact of the restatement are as follows:

Statement of financial position

- The original value of land and buildings asset class of \$531.8 million was restated by \$896.9 million to \$1,428 million. This restatement reflects the impact of the 2019-20 adjustments of \$721.4 million in addition to the 2020-21 adjustments. The 2020-21 adjustments are in relation to net impact of the reclassification of properties acquired for metro projects from infrastructure systems asset class of \$1,520 million, a net revaluation decrement of \$1,343 million recorded in accumulated funds. Also, additional depreciation expense of \$1.5 million associated with surplus properties was recorded in the accumulated funds
- The original balance for the infrastructure systems asset class of \$19,838 million in the statement of financial position was restated by \$2,304 million to \$17,534 million. This restatement reflects the impact of the 2019-20 adjustments of \$867.2 million in addition to the 2020-21 adjustments. The 2020-21 adjustments are in relation to net impact of the reclassification of properties acquired for metro projects to land and buildings asset class of \$1,521 million and a net revaluation increment of \$92.7 million recorded against asset revaluation surplus reserve
- The original balance of accumulated funds of \$18,878 million was restated in the statement of financial position by \$1,866 million to \$17,011 million. This restatement reflects the impact of the 2019-20 adjustments of \$527 million in addition to the 2020-21 adjustments. The 2020-21 adjustments reflect the additional \$1.5 million depreciation expense for surplus properties and \$1,343 million in relation to the assets under construction within the land and building asset class, which is partially offset by the utilisation of the asset revaluation reserve for land and buildings asset class of \$5.9 million
- The original balance of reserves \$1,153 million was restated in the statement of financial position by \$459 million to \$1,613 million to reflect the utilisation of the asset revaluation reserve for land and buildings asset class of \$5.9 million, net revaluation increment of \$92.7 million in relation to the assets under construction within the infrastructure systems asset class and impact of the 2019-20 adjustments of \$372.6 million.

Sydney Metro

Notes to the financial statements

for the year ended 30 June 2022

30. Prior period restatement (continued)

Statement of comprehensive income

- The original balance of depreciation expense of \$224.9 million in the statement of comprehensive income was restated by \$1.5 million to \$226.3 million to reflect the depreciation expense for surplus properties that were previously held as assets under construction
- The original balance of other gains/(losses) of \$9.4 million gain in the statement of comprehensive income was restated by \$1,338 million to \$1,329 million loss to reflect the net revaluation decrement of \$1,343 million in relation to the assets under construction within the land and building asset class, which is partially offset by the utilisation of the asset revaluation reserve for land and buildings asset class of \$5.9 million.

The impact on the statement of comprehensive income and statement of financial position from restating the balances in the 2020-21 due to the above matters are shown below.

Impact on Statement of Comprehensive Income

	Notes	Original 2021 \$'000	Correction 2021 \$'000	Restated 2021 \$'000
Net result				
Depreciation expense	2(d)	224,880	1,451	226,331
Total expenses excluding losses		789,041	1,451	790,492
Other gains/(losses)	5	9,419	(1,338,014)	(1,328,595)
Net result		3,920,372	(1,339,465)	2,580,907
Other comprehensive income				
Net increase/decrease in asset revaluation surplus	13(a)	286,410	86,730	373,140
Total other comprehensive income		286,410	86,730	373,140
Total comprehensive income		4,206,782	(1,252,735)	2,954,047

Impact on Statement of Financial Position

	Notes	Original 2021 \$'000	Correction 2021 \$'000	Restated 2021 \$'000	Original 2020 \$'000	Correction 2020 \$'000	Restated 2020 \$'000
ASSETS							
Non-current assets							
Property plant and equipment							
Land and buildings	13	531,577	896,911	1,428,488	528,412	721,416	1,249,828
Infrastructure systems	13	19,837,545	(2,304,078)	17,533,467	15,610,750	(875,848)	14,734,902
Property, plant and equipment		21,032,114	(1,407,167)	19,624,947	16,804,705	(154,432)	16,650,273
Total non-current assets		22,134,356	(1,407,167)	20,727,189	17,958,286	(154,432)	17,803,854
Total assets		24,058,591	(1,407,167)	22,651,424	18,390,723	(154,432)	18,236,291
Net assets		20,031,724	(1,407,167)	18,624,557	15,824,942	(154,432)	15,670,510
EQUITY							
Accumulated funds		18,878,078	(1,866,498)	17,011,580	14,957,706	(527,033)	14,430,673
Reserves		1,153,646	459,331	1,612,977	867,236	372,601	1,239,837
Total equity		20,031,724	(1,407,167)	18,624,557	15,824,942	(154,432)	15,670,510

31. After balance date events

The Entity engaged an independent valuer to undertake a revised roll forward valuation of its Northwest rail infrastructure assets from 31 March 2022 to 30 June 2022 based on the availability of the June 2022 quarter indexation data in August 2022. This resulted in an increase in the fair value of these assets by \$30.0 million.

In addition, management conducted a fair value assessment of the Entity's rail infrastructure system assets under construction based on the availability of June 2022 quarter indexation data in August 2022. This had resulted in an increase in the fair value of these assets by \$162.7 million.

The increase in fair value reflects the impact of Covid-19 and the heavy strain on the construction industry from a supply chain perspective. These factors have caused material and labour prices to increase.

The events above are adjusting events after the reporting period as the conditions existed as at 30 June 2022 and the amounts recognised in the financial statements were adjusted to reflect the adjusting events after the reporting period. The Entity had recognised an increase of \$192.7 million in property, plant and equipment and a corresponding increase in the asset revaluation reserve balance.

End of audited financial statements.

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