

Transurban

REPORT

2020
CORPORATE

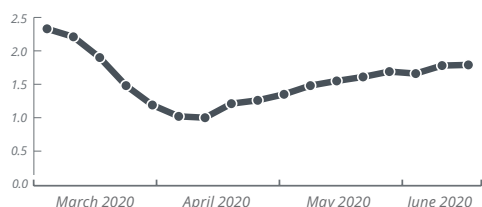
— FOR THE YEAR ENDED 30 JUNE 2020 —



FY20 HIGHLIGHTS

Customers

TRAFFIC IMPACTED BY COVID-19 *Group ADT (M)*



5.5M
customers
in Australia

3.3M
road users in
USA/CA

Up to

68%

safer driving on
Transurban's
Australian roads
than like roads

\$4.7M

in toll credits to frontline
workers and customers
impacted by COVID-19

Community

~30K

interactions with
communities on
projects in delivery

**ESG
leader**

in global
sustainability
benchmarks

**Scope 1, 2 and 3
greenhouse gas
reduction targets**

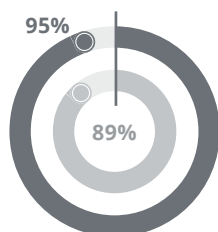
validated by the Science Based
Targets initiative

More than

\$3.3M

of social investment,
including bushfire and
COVID-19 response

Our people



More than

95%

of our people worked from home during
the COVID-19 crisis, with **89%** stating they
already had the flexibility they needed
prior to the crisis

Jobs

maintained
for direct and
indirect workforce
through COVID-19

83%

of employees would
recommend Transurban
as a great place to work

Government and industry

**NeuRA
partnership**

extended for a further
three years

2

US Department
of Transportation
innovation grants

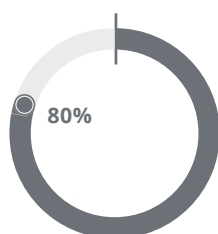
**North American
Advisory Board**

established to support growth
opportunities

**Engaging
with**

government and industry
on infrastructure projects
to support economic
recovery

Business partners and suppliers



Up to

80%

of electricity needs for Brisbane and
Sydney operations from renewable
sources from 2021/2022

**Safest
year**

for contractors
with a Recordable
Injury Frequency
Rate of **3.60**

**Supporting
small
business**

through COVID-19 with
new 14-day payment-
term program

Investors

**Liquidity
to meet**

capital requirements
and debt refinancing
obligations to end
of FY21

Acquisition of remaining

34.62%

minority interest of M5 West

**Strong
cost
control**

with underlying
cost growth of
2.1% excl. foreign
exchange impact

**Continued
to pay
distributions**

with **\$1.3 billion** paid to
security holders for FY20

Infrastructure we've delivered in FY20

NEW M4 TUNNELS

Opened July 2019

Motorists bypassing up to 22 traffic lights

Recognised by the Infrastructure Sustainability Council of Australia

LOGAN ENHANCEMENT PROJECT

Completed August 2019

Motorway performing strongly through COVID-19

Supported by high proportion of freight and logistics traffic

395 EXPRESS LANES

Completed November 2019

On schedule and on budget

Extends the 95 Express Lanes to the Washington DC border

Infrastructure we're creating

\$19B

project pipeline* of critical infrastructure across Australia and North America

* including the **West Gate Tunnel Project**, where we are working to resolve commercial and technical issues which have led to a delay in tunnelling

OPEN 2020

Stage 2 WestConnex

The M8's twin motorway tunnels double the capacity of the M5 corridor. Assumed operatorship of the M5 East

NorthConnex

Twin 9km dual-lane tunnel linking Sydney's north to the orbital network and allowing motorists to bypass up to 21 traffic lights

Reporting suite—all available at transurban.com/investor-centre

FY20 Corporate Report—this report

The holistic performance of Transurban in FY20 including our Financial Statements.

FY20 Results Presentation

Management presentation of financial and non-financial results including non-statutory analysis.

Corporate Governance Statement

Corporate Governance Statement made in accordance with the ASX Council's Corporate Governance Principles and Recommendations (4th Edition).

FY20 Sustainability Supplement

Supplement to the Corporate Report including information related to our assessment and management of climate-related impacts as well as a report on our progress against the UN Sustainable Development Goals.

Tax Transparency Report

Overview of our corporate structure, approach to tax and tax position for FY19—available late August 2020.

—FEATURE—

Lighting up innovation

Our NorthConnex tunnels will light up with birds, starry skies and a blue gum forest when they open in Sydney later in 2020.

The innovative lighting displays, which aim to keep drivers alert and focused, are just one example of how we consistently challenge ourselves to do things better.

This applies to every part of our business from designing and operating our roads, bridges and tunnels and ensuring we are giving our diverse workforce the best opportunities to excel. Thousands of people worked on the project to create one of Australia's longest tunnels and a critical link in Sydney's orbital network.



On the cover: Lighting feature at the St Peters Interchange delivered as part of the WestConnex M8 project in July 2020

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COMMITMENT TO INTEGRATED REPORTING

Our 2020 Corporate Report provides an overview of our financial and non-financial performance and details how we create value for our customers and communities; our people; business partners and suppliers; government and industry; and investors.

In preparing this report, we have been guided by the Global Reporting Index (GRI) and International Integrated Reporting Framework (IIRF). We are committed to the GRI and IIRF principles and recognise their alignment with the long-term value we create for all our stakeholder groups as a provider of critical transport infrastructure.

ABOUT THIS REPORT



Scope and content

This report covers Transurban's operations worldwide with all information referring to the year ended 30 June 2020 unless otherwise stated. It includes the key disclosures required under Australian legislation and provides a holistic overview of our business.

In addition to the GRI and IIRF principles, the content in the Corporate Reporting suite has been shaped by recommendations from other frameworks including the Task Force on Climate-related Financial Disclosures and Sustainability Accounting Standards Board, and the United Nations Sustainable Development Goals.

Our Directors' Report from page 75 has been prepared in accordance with the *Corporations Act 2001*. Our Financial Statements from page 102 have been prepared in accordance with the *Corporations Act 2001* and Australian accounting standards. Detailed information on the basis of preparation of our Financial Statements is available on page 111.

PricewaterhouseCoopers has conducted an independent audit of the Financial Statements and Remuneration Report. Detailed information on the audit is available on pages 101 and 195.

Information on the methodology used for sustainability data in this report, including a limited

assurance statement by KPMG, is available in the FY20 Sustainability Supplement. Select non-financial data points within the report are estimates informed by part-year data and trend analysis of previous years. This estimated data is identified by an asterisk (*).

The remaining information in this report has been through an internal review process.

This publication contains certain forward-looking statements. See page 207, which contains a notice in respect of these statements.

Environmental, social and governance issues

A key stage in the development of this report is our annual materiality review which is informed by feedback from stakeholders (more information about how we engage our stakeholders is on page 16).

The review identifies the environmental, social and governance risks and opportunities from the year that have the most potential to impact our ability to create value for our stakeholders. These issues may change year-on-year reflecting changes to the external environment we operate in and our strategic focus. We draw on the materiality review to help guide the content of this report, and the Sustainability Supplement.



Sustainability recognitions and affiliations

Transurban is recognised as a global sustainability leader in the infrastructure and transport sectors and is increasingly integrating sustainability into all aspects of business strategy planning and operations.

Our sustainability strategy is aligned to the nine United Nations Sustainable Development Goals most relevant to our business. Detailed analysis of our performance against these goals is available in our Sustainability Supplement.

THE SUSTAINABLE DEVELOPMENT GOALS MOST RELEVANT TO OUR BUSINESS



OUR RECOGNITIONS

Global Real Estate Sustainability Benchmark—Infrastructure (2019)

2nd highest rated motorway infrastructure company globally

Dow Jones Sustainability Index (2019)

4th highest rated transport company globally

FTSE4Good

Member of Global Index since 2004

Ethibel Socially Responsible Investment Register

Excellence label in the register since 2017

Workplace Gender Equality Agency (Australia)

Employer of Choice Citation since 2015

MSCI

AAA ESG Rating since 2015

OUR AFFILIATIONS

Global Reporting Initiative (GRI)

Used for our sustainability reporting since 2006

Task Force on Climate-related Financial Disclosures

All recommendations addressed

Carbon Disclosure Project

Participant in 2019

UN Global Compact

Participant since 2009

IS and Envision

Sustainability ratings for major projects

Sustainability Accounting Standards Board

Implementing reporting recommendations

Science Based Targets initiative (SBTi)

Validated greenhouse gas emission reduction targets

20

operating
assets¹

7

major projects
underway

8.8M

customers and
road users globally

9K+

total workforce

1996

listed on the Australian
Securities Exchange

ABOUT TRANSURBAN— WHAT WE DO

As one of the world's largest toll-road developers and operators, our business is to keep cities moving and get people where they want go as quickly and safely as possible.

We've been doing this since 1999 when we opened CityLink in Melbourne, Australia, and today we have 20 toll roads in Australia, the United States and Canada. We have 5.5 million customers in Australia, while in North America over 3.3 million drivers choose to use our roads for faster, safer and more reliable trips.

In addition to our operating assets, we have seven major projects scheduled for completion which will provide vital alternatives to busy and often congested city roads and remove truck traffic from local neighbourhoods (see page 59 for our project pipeline).

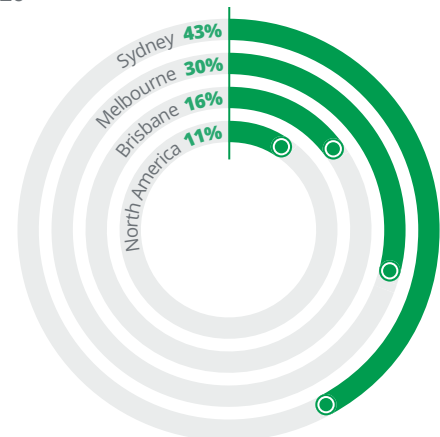
Our purpose—to strengthen communities through transport—underpins all that we do. From our traffic control room operators who monitor our roads 24/7 to our traffic planners who are forecasting where congestion hot spots could be in a decade's time, our team is focused on making travel easier now and in the future.

The way we go about our work, how we treat each other and all of the people we come into contact with, reflect our values of integrity, respect, accountability, collaboration and ingenuity.

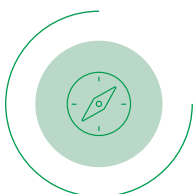
We also continuously challenge ourselves in the way we respond to social and environmental issues, and invest in both to create social inclusion and manage our environmental impacts.

Success for us means we achieve our purpose and create real and lasting benefits for all our stakeholders.

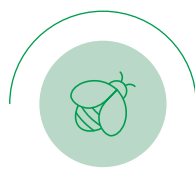
**FIGURE 1: PROPORTIONAL
TOLL REVENUE BY MARKET
IN FY20**



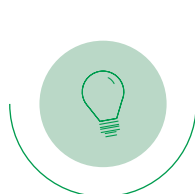
OUR VALUES



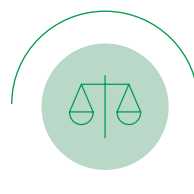
Integrity



Collaboration



Ingenuity



Accountability



Respect

Our roads and projects

AUSTRALIA



Sydney, New South Wales

M5 WEST²

100% ownership
22 kilometres
Concession end 2060

CROSS CITY TUNNEL

100% ownership
2.1 kilometres
Concession end 2035

M8

25.5% ownership
11 kilometres
Concession end 2060

PROJECTS

NORTHCONNEX

50% ownership
9 kilometres
Concession end 2048

HILLS M2

100% ownership
21 kilometres
Concession end 2048

EASTERN DISTRIBUTOR

75.1% ownership
6 kilometres
Concession end 2048

M4

25.5% ownership
14 kilometres
Concession end 2060

WESTCONNEX M4–M5 LINK

25.5% ownership
7.5 kilometres
Concession end 2060

LANE COVE TUNNEL

100% ownership
3.8 kilometres
Concession end 2048

WESTLINK M7

50% ownership
40 kilometres
Concession end 2048

M5 EAST

25.5% ownership
10 kilometres
Concession end 2060

WESTCONNEX ROZELLE INTERCHANGE³

25.5% ownership
5 kilometres
Concession end 2060

¹ Including the M8 which was opened on 5 July 2020 and M5 East on which tolling commenced on the same day

² Transurban currently owns 100% of M5 West, when the current concession expires in December 2026 the M5 West will form part of the WestConnex M5 concession through to December 2060, and Transurban's ownership will be 25.5%

³ Rozelle Interchange is being delivered and funded by Transport for NSW

AUSTRALIA

Melbourne, Victoria

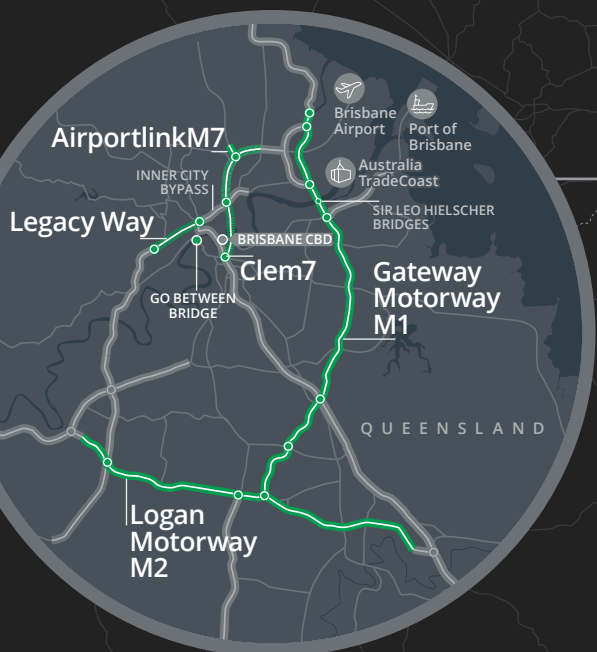
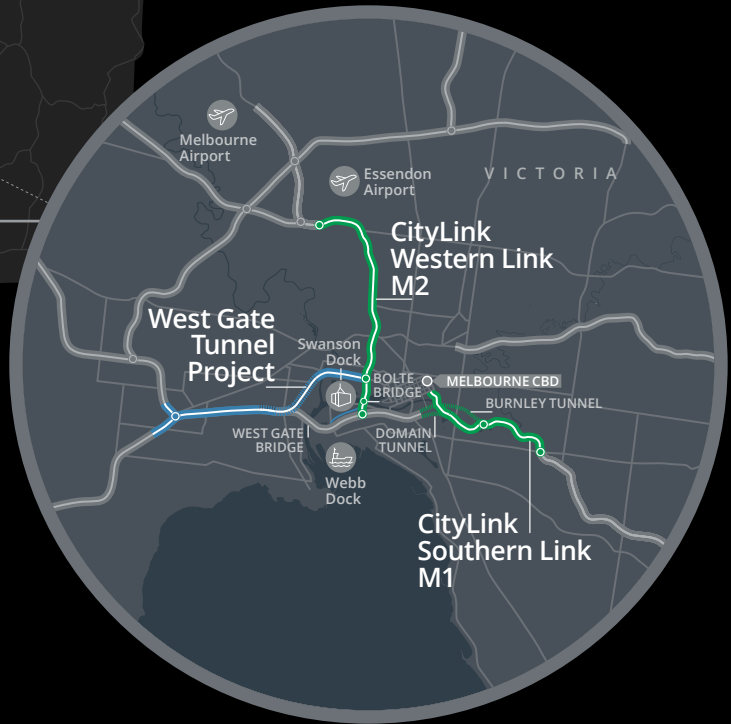
CITYLINK

100% ownership
22 kilometres
Concession end 2045

PROJECT

WEST GATE TUNNEL PROJECT

100% ownership
17 kilometres
Concession end 2045



Brisbane, Queensland

GATEWAY MOTORWAY

62.5% ownership
23.1 kilometres
Concession end 2051

LOGAN MOTORWAY

62.5% ownership
39.5 kilometres
Concession end 2051

LEGACY WAY

62.5% ownership
5.7 kilometres
Concession end 2065

AIRPORTLINKM7

62.5% ownership
6.7 kilometres
Concession end 2053

CLEM7

62.5% ownership
6.8 kilometres
Concession end 2051

GO BETWEEN BRIDGE

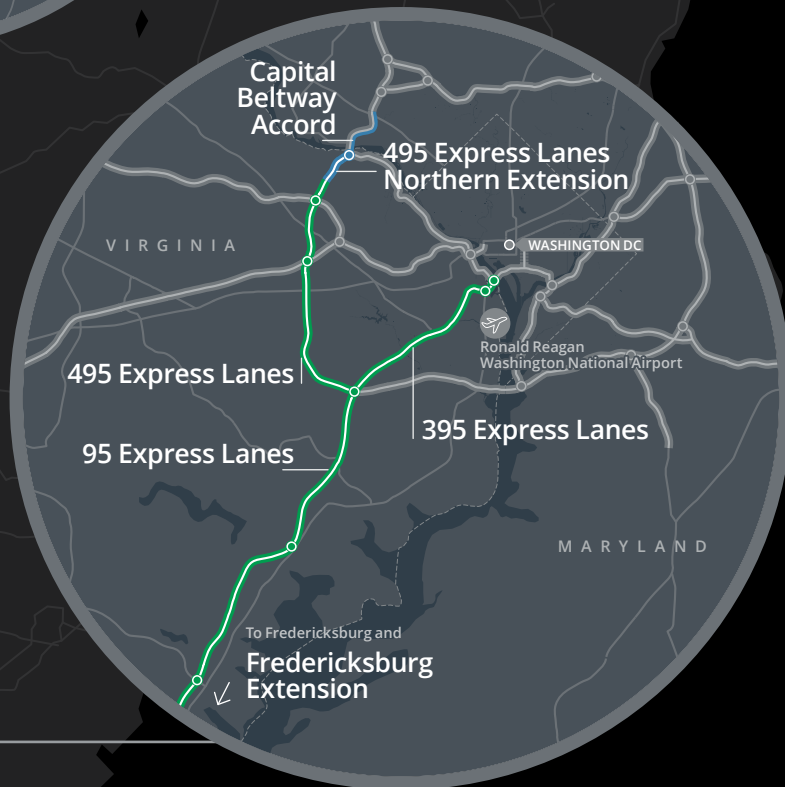
62.5% ownership
0.3 kilometres
Concession end 2063

NORTH AMERICA



Montreal, Canada

A25
 100% ownership
 7.2 kilometres
 Concession end 2042



Virginia, USA

495 EXPRESS LANES¹
 100% ownership
 22 kilometres
 Concession end 2087

95 EXPRESS LANES²
 100% ownership
 50 kilometres
 Concession end 2087

395 EXPRESS LANES
 100% ownership
 13 kilometres
 Concession end 2087

PROJECTS

FREDERICKSBURG EXTENSION
 100% ownership
 16 kilometres
 Concession end 2087

495 EXPRESS LANES NORTHERN EXTENSION
 3.2 kilometres

CAPITAL BELTWAY ACCORD
 4.2 kilometres

¹ 495 Express Lanes concession includes the 495 Express Lanes Northern Extension Project, for which a development framework agreement with the Virginia government has been established, and the Capital Beltway Accord, for which discussions are underway with the Virginia government to progress to a development framework agreement

² 95 Express Lanes concession includes the 395 Express Lanes and the Fredericksburg Extension

CHAIR AND CEO LETTER

The emergence of COVID-19 in early 2020 has been the defining event of the past year and presented challenges for nations across the world.

While, above all, this is a global health crisis, the economic fallout has been swift and severe as governments introduce measures to control the spread of the virus. Our business has not been immune to the impacts, which are evident in the sharp fall in traffic, and consequently, revenue, in the latter part of FY20.



“While we all continue to face uncertain times, Transurban is clear about our long-term strategy to provide transport solutions that offer real and lasting benefits to cities and communities.”

The key financial metrics of the period ended 30 June 2020 included a 13.2% decrease in statutory revenue to \$3,616 million and a 190.1% decrease in statutory net profit to a loss of \$153 million. Proportional EBITDA of \$1,888 million was achieved, with a continued focus on cost control. Despite the impacts of lower traffic on our performance in FY20, Transurban is ready to navigate this environment with a strong balance sheet and liquidity position.

Transurban’s purpose is to strengthen communities through transport and that has never been more important than now. Since the outbreak of COVID-19, we have been steadfast in our resolve to do all that we can to keep our employees, contractors and customers healthy and safe, and to ensure that our essential road networks are fully operational. We have maintained our workforce and continued construction on all our major projects with procedures in place to safeguard workers on site.

We have introduced measures to support vulnerable customers, small businesses and other members of the community including frontline personnel who play such a critical role at a time such as this. Between April and June 2020 we granted more than \$4.7 million of tolling credits under a new toll-credit program to assist customers most in need, as well as frontline workers. Support for those in need and on the frontline in Melbourne has subsequently been extended into FY21.

We also expanded a number of community initiatives and social investment to direct our support in the most meaningful ways, making \$1.5 million of additional targeted social investment. More details about our response to COVID-19 are on pages 20 and 21.

While we all continue to face uncertain times, Transurban is clear about our long-term strategy to provide transport solutions that offer real and lasting benefits to cities and communities. We are closely monitoring our customers’ views on transport and mobility in light of COVID-19 and have recently released a research report, *Urban Mobility Trends from COVID-19*, available at transurban.com/transport-industry-report. The report highlights the way our customers expect to work and travel in the future and the implications that may have on transport networks and for transport policy decision makers.

Our strategy and assets have served us well and we believe will continue to do so in the future.

We have opportunities in all our existing markets and despite the impacts on revenue, our balance sheet is strong. In addition, we are well placed to support the recovery of economies through infrastructure developments that will ultimately improve liveability and productivity in these cities. Governments have flagged the importance of construction projects—both minor and major—in stimulating economic recovery and creating jobs. We look forward to playing our role to support their agendas.

Major project developments

In FY20, we completed three projects, the New M4 tunnels in Sydney, the Logan Enhancement Project in Brisbane and the 395 Express Lanes in Virginia. All of these projects offer valuable travel-time savings as well as improved safety and reliability for motorists.

In early July 2020 we opened the M8 and commenced tolling on the M5 East, with this improved corridor representing the second stage of the WestConnex motorway network in Sydney. The M8’s

nine kilometre tunnels double the capacity of the heavily congested M5 East motorway. In the first half of FY21 we will open another nine kilometre tunnel project, NorthConnex, linking Sydney's north to the orbital network and creating a traffic-light free route from Newcastle to Melbourne as part of the National Highway network.

With the completion of NorthConnex, we will have opened almost 25 kilometres of underground motorways in just over a year and transformed the way Sydneysiders can move around their city with unprecedented travel-time savings and reliability.

In Melbourne, almost 18 million construction hours have been completed on the West Gate Tunnel Project, which is a critical project that gives motorists an alternative to the West Gate Bridge. We have encountered a number of technical and commercial challenges on the project this year which have led to a delay in tunnelling, and we now expect the project to be completed in 2023. We remain absolutely committed to working with the State and the D&C subcontractor to deliver this important project.

In North America, we are working on a number of development projects to expand our Express Lanes networks in the Greater Washington Area. We have invested in our internal capability and will consult our recently formed North American Advisory Board to maximise our participation in the pipeline of growth opportunities before us. While the USA has been particularly hard hit by the pandemic, these are long-term projects that will improve travel in some of the most congested areas of the country. More detail about all of our projects is available on pages 22–27.

ESG initiatives

In FY20, we delivered some important Environmental, Social and Governance (ESG) initiatives that reinforce our long-standing commitment to sustainable business practices.

Recognising that climate change is a global challenge, we adopted new targets to reduce the greenhouse gas emissions we and our supply chain partners produce and to work towards decarbonising our business. The targets are in line with climate science and externally validated by the Science Based Targets initiative, which is a coalition of pre-eminent environmental and social economic organisations.

“The success of Transurban ultimately depends on our capacity to create value for all our stakeholder groups.”

We took a major step towards achieving our new reduction targets by agreeing to transition to renewable energy and purchase 80% of the electricity needs of our Sydney and Brisbane operations from regional wind farms from 2021/2022.

In FY20 we recorded our best-ever results in terms of contractor and customer safety, reflecting our ongoing vigilance to ensure we have the safest possible roads and operations.

We remain committed to the United Nations (UN) Global Compact and continue to improve our sustainability disclosure. This year we have addressed all recommendations of the Task Force on Climate-related Financial Disclosures. Our response is included in our Sustainability Supplement, which is available at transurban.com/fy20-sustainability-supplement.

Distribution revised

In light of the impacts of the pandemic and the subsequent government responses, the Board determined that it was necessary to revise our final distribution for FY20. This is not a decision we took lightly.

However, it is critical that we balance the needs of all of our stakeholders to ensure our business comes through these challenging times and continues to be in a strong position to deliver on our strategy. The success of Transurban ultimately depends on our capacity to create value for all our stakeholder groups.

Our annual distribution of 47.0 cents per security equated to approximately \$1.3 billion cash paid out to our security holders in FY20. The distribution for the six months ended 30 June 2020 aligns with Free Cash generated for 2H20



excluding Capital Releases and ensures that we preserve robust liquidity and strong investment credit ratings while maximising the amount we pay to our security holders.

FY21 outlook

At the time of publishing this letter, traffic is improving across the portfolio as a whole, however Melbourne is subject to renewed restrictions and the performance of the business will remain sensitive to government responses and economic conditions in each of our markets. Given the short-term uncertainty, the Board has issued guidance that it anticipates the FY21 distribution will be in line with Free Cash excluding Capital Releases.

We are confident that Transurban is well prepared to navigate the current operating environment: to leverage its balance sheet strength and organisational capability to support governments through the economic recovery, and pursue the large pipeline of opportunities in front of us.

Finally, the Board would like take this opportunity to thank Transurban's employees who have been exceptional during this challenging time, as well as our security holders for your continued support.

Lindsay Maxsted
Chair and independent
Non-executive Director

Scott Charlton
Chief Executive Officer
and Executive Director

Jennifer Aument

BSc, MBA

President, North America



Jennifer has been with Transurban since 2006 and has led the North American market since June 2013, in roles as both President and Group General Manager, North America. Before joining Transurban as Vice President of Public Affairs, Jennifer worked for Bechtel Infrastructure to develop a major expansion of the Washington, DC metrorail system. She has also advanced infrastructure projects and advised on key policy issues for major international corporations such as Suez Energy, HSBC and General Motors. She has served for nearly a decade as a commissioner for the Port of Virginia, one of the largest shipping enterprises in the United States, and currently sits on advisory boards for a variety of industry and academic organisations, such as the American Road and Transportation Builders Association, Eno Center for Transportation, the University of Maryland and George Mason University.

Henry Byrne

BCom, LLB

Group Executive, Victoria, Strategy and Corporate Affairs



Henry joined Transurban in 2007 and was appointed Group Executive, Corporate Affairs in July 2017 and Group Executive, Victoria, Strategy and Corporate Affairs in February 2020. Henry's portfolio includes responsibility for the Victorian market; the Strategy group including strategic initiatives, traffic forecasting and analysis and sustainability; and our corporate affairs and investor relations activities. Prior to his Executive Committee appointments, Henry was General Manager of Corporate Affairs and Investor Relations, and Commercial and Operations Manager of Airport Motorway. Henry has a background in law and financial journalism.

Suzette Corr

BCom, MBA

Group Executive, People and Culture



Suzette joined Transurban in 2018 as Group Executive People and Culture. She has responsibility for organisational culture and development, talent and leadership, diversity and inclusion, performance and remuneration, HR services and systems, and workplace relations. Prior to Transurban, Suzette held roles at ANZ including as Group General Manager Talent and Culture, General Manager HR Australia and General Manager HR Institutional and International and brings substantial experience dealing with a diverse and international workforce. Her earlier career spans consulting and service in the government and non-profit sectors. Suzette has held non-executive and advisory positions including as a Director of publicly listed AMMB Holdings Ltd Malaysia and the Australian Government's New Colombo Plan Advisory Group.

Andrew Head

BA

Chief Executive Officer, WestConnex



Andrew joined Transurban in 2003 and was appointed Chief Executive Officer—WestConnex in September 2018. In his role as WestConnex CEO, Andrew is responsible for delivering Australia's largest road infrastructure project. Prior to his current role, Andrew held various roles on the Executive Committee including Group General Manager New South Wales, Group Strategy, and Group Development. Before joining Transurban, Andrew held senior roles at PricewaterhouseCoopers, and also worked in the New South Wales Government. Andrew is Treasurer and a Director of Roads Australia.

Michele Huey

BCom, MBA

Group Executive, New South Wales



Michele joined Transurban in 2015 as Group Executive, Strategy, and was appointed to the role of Group Executive, NSW Business Operations in 2017. Michele is responsible for the NSW market (excluding WestConnex). Before joining Transurban, Michele was the Group Head of Procurement and Group Head of Transformation at Lendlease Corporation, and a Principal at Booz & Company (now part of PricewaterhouseCoopers) where she worked with international and national organisations across the oil and gas, resources, industrial and financial services sectors on strategy development, operational improvement programs, and organisation transformations. Michele serves as Deputy Chair of the Roads Australia Transport Reform Network Chapter, and is a member of the Transport Research Board (USA), Congestion Pricing Committee.

Sue Johnson

BBus, BSc

Group Executive, Queensland



Sue joined Transurban in 2001 and has held several executive roles in almost two decades with the business. In early 2018, Sue was appointed Group Executive, Queensland where she oversees the development, financing, construction and operations of our South East Queensland network. In her previous role as Group Executive, Customer and Human Resources, Sue transformed Transurban's global customer-service approach. Sue sits on the Committee for Brisbane Advisory Panel and the Queensland Government's Land Restoration Fund Investment Panel.

EXECUTIVE COMMITTEE



Scott Charlton

BSc, MBA
Chief Executive Officer



Scott joined Transurban as Director and Chief Executive Officer in 2012. Scott has led the company through significant growth during his tenure as CEO, expanding its position in existing markets and leading its entry into new markets. Scott joined Transurban from Lendlease, where he was Group Chief Operating Officer and Group Director of Operations. Prior to this, Scott held several senior appointments across a range of infrastructure and financial institutions, including CFO of Leighton Holdings Limited and as a Managing Director of Deutsche Bank in Australia and Hong Kong. Scott is Deputy Chair of Infrastructure Partnerships Australia and is a member of the Monash Industry Council of Advisors, the Business Council of Australia and Roads Australia.

Adam Watson

BBus, FCPA
Chief Financial Officer



Adam joined Transurban in 2014 as Chief Financial Officer. Adam's portfolio includes responsibility for Transurban's finance, treasury, tax, legal, corporate development, corporate finance, shared services and procurement activities. Adam was previously CFO and Group Executive Strategy at Australia Pacific Airports Corporation Limited, owner and operator of Melbourne and Launceston airports. Adam has held a number of senior executive roles at BlueScope Steel across corporate finance, mergers and acquisitions, joint ventures, and capital investment in Australia, the USA and China. Adam has also served as a non-executive member of the Advisory Board of FM Global, based in the USA, which is one of the world's largest commercial property insurers.

CHANGES TO OUR EXECUTIVE COMMITTEE

This year we realigned our leadership operating model to position Transurban for the future.

This involved the consolidation and expansion of senior executive positions as well as increasing capability to take advantage of emerging opportunities.

Two new roles were established—Group Executive, Customer and Technology and Group Executive, Partners, Delivery and Risk.

Simon Moorfield will join Transurban as Group Executive, Customer and Technology in FY21 and the Group Executive, Partners, Delivery and Risk role will be filled and commence during FY21.

Simon Moorfield

BSc
Group Executive, Customer and Technology



Simon will join Transurban as Group Executive, Customer and Technology in Q2 FY21. In this newly created role, Simon will be responsible for bringing together the Customer and Technology functions. Before joining Transurban, Simon was EGM Future Business & Technology and CIO at AGL. Prior to AGL he held several CIO and executive roles in corporate enterprises including at CBA and GE, and he has over 25 years' experience in technology, innovation and transformation across Australia, the USA, Europe and Asia Pacific. Simon was on the Board of Directors at Sunverge Energy Inc, and is currently on the board of Powering Australian Renewable Fund (PARF).

BUSINESS STRATEGY

Our company purpose—to *strengthen communities through transport*—sits at the heart of the value we work to create for our stakeholders. It provides the foundation of our business strategy—to *provide sustainable transport solutions that offer choice, reliability, safety, transparency and value*. We deliver our business strategy through four pillars—*delivery and operations, optimal networks, stakeholder engagement, and disciplined investment*—and through these drive the shared economic and social value for our six stakeholder groups.



Our six stakeholder groups



CUSTOMERS

The millions of people and businesses that use our roads and services



COMMUNITIES

The communities of Melbourne, Sydney and Brisbane in Australia and Greater Washington and Montreal in North America



OUR PEOPLE

Our almost 3,000-strong workforce, our pipeline of emerging talent and the thousands of subcontractors working across our major construction projects and operations every day



INVESTORS

The institutional, superannuation, retail and debt investors that provide us with the capital to deliver long-term, responsible growth



GOVERNMENT AND INDUSTRY

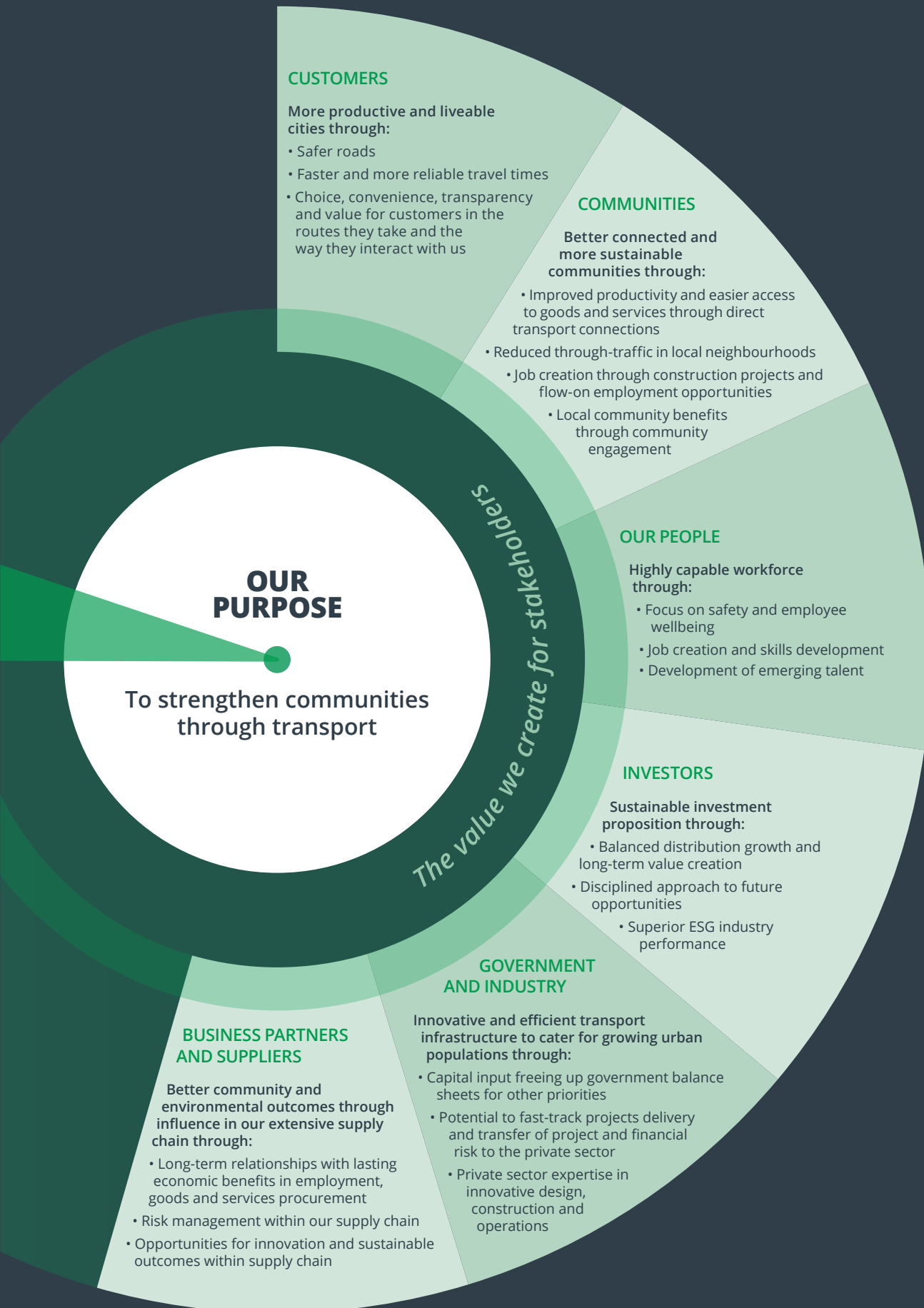
Our partners in federal, state and local government and the transport and business community we are active in



BUSINESS PARTNERS AND SUPPLIERS

The 2000+ network of suppliers and partners that provide the goods and services we rely on to deliver for our customers

Business strategy drives value for stakeholders



Working with our stakeholders

To meet the expectations of our stakeholders, we engage in a range of activities that allow us to receive regular and timely feedback, identify areas for improvement, and implement programs that respond to these (summarised below). Our willingness to listen and act on stakeholder feedback has improved our projects, operations and services, and, ultimately, made our business better.

CUSTOMERS

- “Voice of the customer” continuous listening program
- Changing Gears online customer research panel
- Customer service channels including website, app, webchat, email, phone, mail and retail outlets
- Social media
- Qualitative and quantitative research

COMMUNITY

- Project and operational community engagement teams who interact through information sessions, meetings, digital and hard-copy communications
- Corporate trust survey
- Community liaison groups
- Social media
- Partnerships, grant programs and events

OUR PEOPLE

- “Our voice” continuous listening program including pulse surveys
- Regular employee town hall meetings
- Internal communication channels including intranet, Webex, email and signage
- Learning event series
- Quarterly awards and recognition program
- Introduction of regular people leader forums

- Ease and convenience of interactions
- Support for vulnerable customers
- Fees, charges and infringement processes
- Transparency of value
- On-road experience factors such as congestion
- Privacy and data protection

- Direct benefits to the community through projects and operations
- Role of the community in design of responses to their concerns
- Processes and governance
- Emissions and air quality
- Impacts through project construction and operations
- Transparency of project design and delivery processes and decision making

- Health, safety and wellbeing
- Skills and capability development
- Access to flexible ways of working
- Diversity and equity
- Ongoing career opportunities

- Significant enhancements to digital platforms, improving experience and functionality
- Expanded Linkt Assist (team, services and enhanced support information) and commitment to financial inclusion
- Provided \$4.7M of toll credits to support customers through COVID-19
- Increased proactive communications including pre-empting potential account issues
- Development of online and roadside tools to assist in choice and value assessment of our roads
- Launched Linkt Customer Rewards, providing additional value to customers
- Use of data analytics to identify trends and pain points to guide future improvements
- Collaboration with government partners to improve on-road experience
- Additional assurance and root cause review of customer enquiries

- Demonstrated positive contributions to communities through partnerships and social and environmental initiatives
- Continued support for Australian National University’s Next Generation Engagement Program to deliver best practice in achieving positive community outcomes
- Consulted with community liaison groups on major projects’ design and delivery
- Invested in communities through partnerships and grants to 94 groups in Australia and 51 in North America
- Facilitated development of parks and community spaces including Ismay Reserve and Haberfield Gardens through the WestConnex project
- Air quality monitored in tunnels and projects with data published publicly

- Health and Safety Action Plans mandatory for all teams within the business
- Belonging and Wellbeing program supporting mental, physical and financial wellbeing
- Flexible ways of working supported by collaborative technologies and capabilities
- On-demand access to over 5,000 online learning programs
- Development of online learning pathways for emerging leaders and project managers
- New Foundation Leadership Program for new people leaders
- Women in Leadership program supporting gender diversity at a mid and senior management level
- Pay reviews completed annually to maintain pay equity gap of no more than 1%

GOVERNMENT AND INDUSTRY

- Submissions to state and federal government and government agency inquiries
- Industry partnerships and memberships
- Attendance and speaking at industry events
- Meetings with government stakeholders, officials and regulators

BUSINESS PARTNERS AND SUPPLIERS

- Alignment and objective setting with our major long-term partners
- Appointed representatives within our major partner engagements and formalised steering committees
- Working groups and workshops with supply chain members
- Engagement with industry on intended pipeline and future scope of works
- Dedicated relationship managers and check-in meetings

INVESTORS

- Annual program of institutional and retail investor engagement including one-on-one meetings
- Half-year and full-year results briefings
- Annual investor day conducted virtually
- Quarterly traffic releases
- Asset tours
- Annual General Meeting
- Investor centre website
- Bi-annual investor survey
- Proxy adviser and ESG engagement

- Innovative and sustainable transport solutions to meet needs of growing cities
- Future-ready infrastructure
- Road safety
- Supporting communities through COVID-19

- Working with our supply chain to deliver better outcomes for all stakeholders, including reducing environmental impact of business activities
- Managing risks within supply chains, including human rights
- Visibility and confidence of long-term pipeline for suppliers
- Quality of relationships

- Asset performance
- Long-term value creation
- Development opportunities
- Capital strategy and management
- Project delivery
- Current and emerging risks
- ESG performance

- Eleven road projects progressed with government in FY20
- Worked with government partners and industry on trials of connected transport technologies and road-user charging
- Consultation with government on research from Transurban Road Safety Centre
- Delivery of initiatives and programs to support customers

- Continued to develop our Sustainable Procurement Program to address risk and promote greater economic, social, environmental and safety outcomes
- Continued our Social Traders membership to encourage partnerships with social enterprises both directly and through our extended supply chain
- Worked with suppliers to ensure compliance with Modern Slavery Act
- Worked closely with our business suppliers to deliver on expected pipeline of work

- Delivered FY20 distribution of 47.0 cents per stapled security, including a 2H20 distribution of 16.0 cents per security despite impacts from COVID-19
- Advanced major project pipeline with three projects opened to traffic and eight advanced
- Maintained strong investment grade credit metrics
- Active management and review of emerging, strategic and operational risks

Global trends influencing strategy

Population growth, urbanisation and infrastructure demand

The efficient movement of people, goods and services has become one of the greatest challenges for cities across the globe, with population growth and urbanisation putting unprecedented demands on already-stretched transport infrastructure. The United Nations forecasts that by 2050, roughly two-thirds of people will be living in urban areas¹. These themes are playing out in Transurban's core markets: Australia, the Greater Washington Area, and Montreal.

We expect that the impacts of COVID-19 on population growth, urbanisation and infrastructure demand will be multi-faceted. Potential changes to migration policy, more people working from home, shifts away from public transport to personal travel given social distancing measures, and more online retail delivery traffic may act as a catalyst for changes in the way people use transport over the short, medium and long term.

Our response:

We consider the dynamics of population growth and urbanisation will continue to drive strong demand for infrastructure over the long term. In the near term, governments have begun to lay out post COVID-19 economic and employment recovery plans in which infrastructure plays a big role both directly (through investment and new projects) and indirectly (by facilitating this activity). Transurban is delivering a pipeline of critical projects in our key markets, while progressing opportunities to enhance networks in these regions to further support growth, employment and economic recovery. In parallel, we are exploring long-term technological solutions to manage demand by improving the efficiency of existing infrastructure.

Sustainability considerations and impacts

Climate change and its impacts are at the forefront of a public debate, and are widely recognised as important drivers of opportunity and risk for businesses and industries. As a road operator with assets across three countries and both hemispheres, and an average concession of 29 years, climate change will affect the way that we operate our business into the future.

Our response:

We are taking climate change seriously and are committed to reducing our environmental impact and preparing our assets to tolerate extreme weather events. Our response aligns to the recommendations from the Task Force on Climate-related Financial Disclosures. Transurban is recognised as a global sustainability leader in the infrastructure and transport sectors and is increasingly integrating sustainability into all aspects of business strategy, planning and operations. More information is provided on page 73 and 74, and in our FY20 Sustainability Supplement.

Transport technology and policy trends

Changing social attitudes coupled with favourable economics will result in increased use of new mobility options offering greater convenience and personalised choices.

Connected and automated vehicles

Most experts agree that the move to connected and automated vehicles has the potential to fundamentally change the way we move around cities. Low levels of automation such as adaptive cruise control and lane-keep assist are becoming increasingly available in the standard vehicle fleet. As we move into the 2030s we expect adoption rates of highly automated vehicles to increase significantly.

Zero emission vehicles

Low and zero-emission vehicles, mainly electric vehicles and hydrogen vehicles, will help minimise the environmental impacts of road travel. Technology improvements and increasing demand will continue to improve cost competitiveness and model availability.

Road-user charging

Governments and transport sector experts have acknowledged the need to reform the way drivers pay for roads to provide a fair system that generates a sustainable revenue stream and also offers ways to get more out of existing infrastructure by managing demand. Road-user charging is garnering increasing attention from state and federal governments in both Australia and North America, resulting in a higher number of pilot programs and useable data to feed into potential solutions.

Smart mobility

Ride-hailing and ride-sharing services, multi-modal transport platforms and transport-on-demand apps are already giving people greater certainty, choice and convenience in how they travel, and we continue to see the number of proponents in this market increase. Although the time frames are unclear, smart mobility will impact the cost of travel and private vehicle ownership.

Our response:

We are staying on top of these trends through continual research and development (including running pilot programs) as well as partnerships with relevant technology providers. Transurban regularly contributes to transport policy development through participation in state and federal government inquiries, industry think tanks, and other thought-leadership activities. This year we have combined our Customer and Technology teams to meet the challenge of technology driving the customer experience. We make these investments to improve our understanding and contribute directly to the development of new technologies to ensure our assets are ready to accommodate them as they mature.

¹ United Nations, World Urbanization Prospects: The 2018 Revision

10 BUSINESS PERFORMANCE

—SECTION 2—

COVID-19— HOW WE ARE RESPONDING

The COVID-19 pandemic is a global crisis unlike any in recent history and the impact on our business has been the most challenging since we began operations.



Government-mandated travel restrictions saw the amount of traffic on our roads, and in turn, revenue, decline quickly and substantially from March 2020 (see page 53).

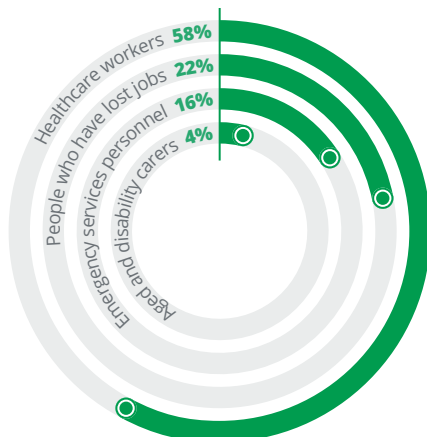
However, from the outset, we have been clear on our priority to do everything we can to keep our employees, contractors and customers healthy and safe.

Early into the crisis we put in place sufficient debt funding to ensure the business was in a strong position to withstand the significant impacts to our earnings. Certainty around toll price arrangements was an important element underpinning the support we received from debt markets through this period.

This has enabled us to retain our highly skilled workforce so that our essential road networks continue to be fully operational and safe, and to ensure our business remains in a strong position and ready to take on future opportunities. We have been able to do this without accessing any forms of government assistance.

The crisis has seen unprecedented numbers of customers experiencing financial difficulty, and we have made it our priority to support those most in need, as well as recognise the extraordinary efforts of frontline workers. And, along with our construction partners, we have ensured that the more than 6,000 workers on site can safely continue to deliver critical infrastructure projects for our cities.

FIGURE 2: TAKE UP OF OUR TOLL CREDIT PROGRAM TO JUNE 2020



Customer support expanded

A new toll credit program and expanded hardship support service were among initiatives introduced to assist those most impacted (see Figure 2).

Early in the crisis, we extended our Australian Linkt Assist services to provide up to three months of toll credits to people who had lost their jobs or experienced significant reduction in hours directly as a result of COVID-19. The program also applied to eligible health care workers; aged and disability carers as well as emergency service personnel.

After contacting around four million Australian customers outlining our financial support initiatives, our Linkt Assist team saw a more than 25-fold increase in requests for assistance. The toll-credit program successfully granted \$4.7 million of goodwill credits between April and June representing an average credit per account of approximately \$235. Other Linkt Assist support included extended payment terms and fee waivers for customers.

As government restrictions progressively ease across parts of Australia, we have evolved our toll credit program to focus on customers who are experiencing financial difficulty due to COVID-19 in FY21. In Melbourne, where Stage 4 restrictions apply, frontline workers will be able to receive toll credits.

In North America, we paused certain unpaid toll collection activities, and made fee waivers available to all customers in addition to the existing First Time Forgiveness Program.

Maintaining our people’s wellbeing and productivity

Keeping our people safe and healthy, engaged and productive has been our focus throughout the COVID-19 crisis.

With more than 95% of employees working remotely from March to June, our well-established flexible working program and investment in technology meant our team was able to adapt quickly to the new work environment.

Our people leaders attended a series of live online workshops covering topics such as leading in a virtual environment with a focus on productivity and mental health; managing flexibility; managing performance remotely and transitioning back to the office.

In a May survey, 80% of employees said they still felt connected to their team and colleagues and 93% said they were clear about expectations and their priorities. More than 90% felt supported by their leaders to manage their health and wellbeing.

We used a range of channels, including a daily email update, to communicate with employees and 91% said the communications were timely and relevant.

To ensure our employees' remote work environments were ergonomically safe, our HSE and Facilities teams conducted more than 1,000 online assessments and supplied equipment where necessary.

For essential workers in our traffic control rooms or in incident management services, we implemented protocols around social distancing and cleaning, allowing them to work safely while keeping our roads fully operational. We applied the same disciplined approach to planning for a return to the workplace, establishing a set of principles to ensure a phased, controlled and safe return for our people.

Keeping construction moving

Importantly, our major construction work and critical project pipeline has continued throughout this period of disruption.

We worked with our construction partners who ensured we were able to keep our construction sites operating by implementing a range of measures

including strict social distancing requirements and increased cleaning regimes and personal hygiene protocols.

Along with other industry bodies, we have been looking at ways the infrastructure sector can enable jobs growth and activities that will be important for economic recovery.

Assisting suppliers

To assist our network of more than 750 small business suppliers, we halved our standard payment terms from 30 to 14 days. So far 279 suppliers have benefitted from the change, which was introduced in March and will be reviewed in September.

Our Procurement Team has worked closely with suppliers to manage any risks around supply chain shortages and disruption particularly from shipping and freight companies. In some cases we have reviewed timelines for delivery of goods and services and extended contracts to give suppliers more certainty.

Focus on investors

From March to June, we held a number of briefings to keep investors informed about the impacts of COVID-19 on our business. This included our annual investor event in May, which we conducted as a virtual briefing, giving market participants access to our Executive Committee and senior leaders for their insights on Transurban.

We acted early in the crisis to ensure the business had sufficient liquidity to meet its capital requirements and debt refinancing obligations even in the scenario that we did not complete any further refinancing activity to the end of FY21. We remain committed to maintaining strong investment-grade credit ratings and the ratings agencies

have noted that Transurban has several levers able to support it in this regard.

We declared a distribution of 16.0 cents per security for 2H20, taking the full-year distribution to 47.0 cents. This represents over 75% of the original, pre-COVID-19 guidance and is equivalent to \$1.3 billion paid in cash to security holders.

Community initiatives

In response to the unique challenges of the past 10 months, with the bushfires in Australia as well as the COVID-19 crisis, we wanted to support our communities in meaningful ways. A number of our community investment initiatives have been expanded or refocused to direct our support to people when they need it most.

In addition to our ongoing social investment program, in response to the bushfires in Australia and COVID-19, we have committed \$1.5 million to targeted programs and partnerships including an increase in funding for our community grants program as well as further support for existing partners such as The Salvation Army. We also entered into new long-term partnerships with Good Shepherd Australia New Zealand and The Smith Family, which will receive funding to assist more than 400 disadvantaged young people.

In North America, we pooled our spring grant program to provide a single, more impactful USD50,000 contribution to Northern Virginia Family Services.

In addition, we created a regional taskforce to harness creative means to support the community. The taskforce developed content for students learning from home, created partnerships with local restaurants, and provided meals to those on the front-lines of the COVID-19 fight among other ideas.

Our aim through the crisis has been to balance the needs of all our stakeholders, ensuring that the business emerges through this challenging period in a strong position.

PROJECT UPDATES

M8 tunnel portal

Traffic on the New M4 tunnels

M4-M5 Link under construction



“[Through WestConnex] we’re building a network which is efficient, which saves time, which is safer and above ground it reduces congestion and pressure.”

NSW Premier, The Hon. Gladys Berejiklian



WESTCONNEX— Transforming Sydney's transport network

The \$16.8 billion WestConnex project is a critical link in Sydney's motorway network and a key component of the NSW Government's integrated transport plan to futureproof the city by easing congestion and connecting communities.

With 40% of Sydney's population expected to live within 5kms of WestConnex, it will play a crucial role in supporting expected population growth of 1.6 million in the next 20 years.

The 33km motorway network is being delivered in stages and involves widening and extending the New M4, duplicating the M5 East corridor and connecting the two motorways by providing an underground link that will create a free-flowing western bypass of the CBD.

Once completed, it will cut up to 40 minutes off a trip between Parramatta and Sydney Airport.

Future connections include the Western Harbour Tunnel and Beaches Link, the M6 and major international gateways at Sydney Airport and Port Botany via Sydney Gateway.

More than just a motorway, it will deliver more than \$20 billion in benefits to NSW, create more than 30,000 jobs and provide more green space than any other urban road project in Australia.

● ●
Artist impression of an Esme Timbery artwork at the St Peters Interchange ventilation facility to be installed as part of M4-M5 Link project



New M4 tunnels—faster, safer, more reliable

The 5.5km New M4 tunnels have been a game changer for Sydney's west, providing significant travel-time savings for tens of thousands of motorists each day. Opened in July 2019, the New M4 tunnels enable motorists to bypass the congested Parramatta Road, avoid up to 22 sets of traffic lights and save up to an hour on their journeys each day.

The tunnels were the first stage of the WestConnex journey with even greater benefits to be realised when the M4-M5 Link opens in 2023.

Vital upgrade for Sydney's south-west corridor

The \$4.3 billion M8 project (formerly the New M5) was completed in July 2020, doubling the capacity of the heavily congested M5 East corridor, used by more than 100,000 motorists every day.

The twin 9km tunnels provide an alternative to the M5 East, which has been operating at capacity since it first opened almost 20 years ago. Despite the reduced congestion due to COVID-19 drivers are saving up to 30 minutes on a peak-hour trip between Liverpool and the southern CBD. Transurban assumed operatorship of the M5 East in May and commenced tolling on the road in July 2020. The M8 is also relieving traffic on the M5 East, with drivers experiencing more than a doubling of speed during the peak periods in the first week of operations.

FY20 milestones

New M4 tunnels opened July 2019

M8 opened July 2020

Assumed operational control of the M5 East, one of Sydney's busiest motorways, May 2020

Peak tunnelling on M4-M5 Link tunnels with all 28 roadheaders operating, more than any other road project in Australia's history. More than 10km of tunnels now excavated

Skills and jobs legacy

In June 2020, more than 2,000 people were working to deliver the M8 and M4-M5 Link tunnels projects, and to date more than 33,000 workers and subcontractors have been involved.

Almost a third of workers are from Western Sydney, highlighting the opportunities that WestConnex is creating for local workers and businesses. More than 80% of contracts for the M8 project were with NSW-based suppliers and companies.

WestConnex is also creating 500 apprenticeships through the project lifespan, upskilling the next generation of workers.

New recreation spaces for treasured inner west

Up to 18 hectares of open space and around 23kms of new and improved cycle-ways and walkways are being constructed as part of the project.

In FY20, two recreational areas were completed—the five-hectare Haberfield Gardens, and Ismay Reserve at Homebush, which transformed an unused corridor into a popular park.

More green and recreational space along with active transport links will progressively open to the community as WestConnex is completed, including around six hectares in and around the St Peters Interchange which will progressively open over 1H21.

WESTCONNEX.COM.AU

Design highlights

Two lanes each direction
(with space for three)

Full LED tunnel lighting

Straighter, flatter route for
more efficient travel

Wide breakdown bays
to minimise delays from
incidents

5.1m height clearance

NORTHCONNEX—

A critical freight route

The 9km NorthConnex tunnels opening in FY21 will connect the M1 Pacific Motorway and the Hills M2 Motorway in Sydney's northern suburbs, providing a critical missing link in the Sydney orbital network and national transport route. Construction on NorthConnex started in 2015.

NorthConnex will improve travel times and productivity for both commuters and freight transport and allow a traffic-light-free trip from Newcastle to Melbourne.

Redirecting around 5,000 trucks and buses daily from busy Pennant Hills Road, NorthConnex will reduce congestion and return local streets to communities.

Innovative tunnel solutions

In an Australian first, NorthConnex—one of the country's longest tunnels—will feature innovative lighting displays to keep drivers alert and focused.

Each lighting display has been placed strategically along the tunnel alignment to ensure drivers remain engaged and

aware of their surroundings, but not distracted. The lighting is the result of research into driver behaviours, conducted in partnership with the University of NSW, Austroads and the project sponsors (TfNSW and the Australian Government).

NorthConnex is also one of the first tunnels in NSW to transition to more environmentally efficient, fully LED tunnel lighting, using more than 5,500 lights.

Employment and training

NorthConnex established a dedicated training and employment facility, known as the NorthConnex Hub as part of a \$10 million investment to deliver training to more than 300 workers. The Hub is increasing the skills of the existing workforce, and providing opportunities for young people, disadvantaged and under-represented groups. More than 12,700 training sessions have been delivered, equating to over 87,000 hours of training. Over its lifetime, NorthConnex will create 8,700 jobs for NSW.

New life for old quarry

More than one million cubic meters of spoil excavated for the tunnel has been reused and transferred into the site of the old Hornsby quarry as part of a rejuvenation project.

The quarry site has been handed back to Hornsby Shire Council to create recreational parkland for the community to enjoy for generations to come.

The project took considerable steps to conserve as many trees as possible and was able to save more than a hectare of threatened vegetation compared to the original footprint, through redesign and changes to the construction area. However, to compensate for the removal of some native trees, biodiversity offsets were purchased from the NSW Government. The offsets will go towards supporting Aboriginal conservation and preserving 76 hectares of Snow Gum native forest at a property in Oberon in NSW.

NORTHCONNEX.COM.AU

LOGAN ENHANCEMENT PROJECT— Quicker, safer travel

Motorists on the Logan and Gateway motorways are benefitting from safer and quicker trips following the completion of the \$512 million Logan Enhancement Project in Brisbane. The project, which involved building and upgrading 15km of

new lanes and ramps, is providing up to 20 minutes in travel-time savings for the 170,000 motorists that use the Logan Motorway each day¹. The upgrade has also improved safety, with a 65% reduction in crashes in the area.

¹ Pre-COVID 19 travel-time savings



WEST GATE TUNNEL PROJECT— A vital alternative to the West Gate Bridge

The West Gate Tunnel Project will end Melbourne’s reliance on the West Gate Bridge and create new links to the port, CBD and north of the city to help people and goods move around.

FY20 milestones

17.9 million hours worked

11,000+ personnel inducted

Expenditure of \$2.3 billion at June 2020²

Significant progress on West Gate Freeway widening and bridge connecting the tunnel to the port and CityLink

Construction of the southern tunnel portals under way



More than 200,000 vehicles use the West Gate Bridge each day and Melbourne’s western suburbs are the fastest growing region in Victoria.

The project adds 70km of new lanes including nearly 20kms on the West Gate Freeway to support population growth. As part of the project, improved technology and more than 30kms of new lanes were also added to the Monash Freeway so that motorists from the south-eastern suburbs can realise benefits in reliability and travel-time savings.

● ●
A launching gantry for the elevated road connecting the new West Gate Tunnel and the city is taking shape in Western Melbourne



Construction update

A significant amount of work has been under way on the project to add more lanes to the West Gate Freeway and build an elevated road that will connect with CityLink, the port and city.

The project also includes the construction of twin tunnels under Yarraville in Melbourne’s west between the West Gate Freeway and the Maribyrnong River. To build the tunnels, about 1.5 million cubic metres of soil will be dug out. Low levels of the group of chemicals known as PFAS are predicted by the D&C subcontractor to be found in some of the excavated soil.

To ensure it is managed safely for workers and the community, a tailored solution that meets all current Environment Protection Authority Victoria requirements is needed. This has led to a delay in the start of tunnelling and the project is now expected to be completed in 2023.

There remains a number of technical and commercial challenges to work through in order to commence tunnelling and we remain committed to working with the State and the D&C subcontractor to progress the project.

WESTGATETUNNELPROJECT.VIC.GOV.AU

Key benefits

Giving drivers a choice—the West Gate Bridge or tunnel

Four new lanes on the West Gate Freeway

9,000 trucks removed from local streets in the inner west

Enabling 24-hour truck bans on six local roads

More than 14kms of new and upgraded walking and cycling paths

Nearly nine hectares of parks and wetlands

More than 17,000 trees and tens of thousands of native shrubs and grasses

² Represents Transurban’s proportional expenditure on the project to 30 June 2020

395 EXPRESS LANES—

Seamless link to Washington DC

The 395 Express Lanes provide more reliable travel options along one of the most vibrant economic corridors in Virginia, home to large military sites including the Pentagon, and Amazon’s east-coast headquarters.

The USD475 million project, a partnership with the Virginia Department of Transportation, extends the 95 Express Lanes by 13km, providing a seamless connection into Washington DC.

Like our other Express Lanes, the 395 Lanes are dynamically tolled—based on traffic speed and density—to keep

traffic moving and offer an alternative to the general-purpose lanes. Vehicles with three-or-more passengers, buses and motorcyclists travel for free.

Through the project we are investing USD15 million annually into public transport services in the area. This year that includes new and expanded bus services to move an additional 700 people through the corridor every day and save close to 89,000 hours of travel delay each year.

EXPRESSLANES.COM/PROJECTS/395

FY20 milestones

Opened November 2019

On schedule and budget

Estimated USD1 billion in economic activity generated

Estimated 8,700 jobs generated from economic impact of project

Pentagon Transit Center improvements completed



FREDERICKSBURG EXTENSION—

Creating 80km Express Lanes system

The Fredericksburg Extension project—known as “FredEx”—will provide faster travel in one of the US’s most congested corridors and easier access to the 95 Express Lanes for the more than 28,000 people working at Marine Base Quantico.

Extending the 95 Express Lanes by 16kms, the project will create one of

the longest reversible Express Lanes systems in the US—almost 80kms from Washington DC to Fredericksburg.

The project is due to be completed in late 2022 and expected to create more than 9,000 jobs and generate over USD1 billion in economic activity.

We reached financial close on the USD553 million project in July 2019.

EXPRESSLANES.COM/PROJECTS/FREDERICKSBURG-EXTENSION

FY20 milestones

Financial close July 2019

Site clearing, earthworks and bridge reconstruction

Project features

16km extension of the dynamically tolled 95 Express Lanes

66% more capacity during peak times

New ramps and seven bridges

Vehicles with three-or-more passengers, buses and motorcyclists travel for free



495 EXPRESS LANES NORTHERN EXTENSION— Critical connections

The 495 Northern Extension project will extend the 495 Express Lanes 3.2km towards the Maryland border and is expected to save motorists up to 25 minutes during peak traffic times.

The project will also return local streets to local communities by reducing cut-through traffic that now plagues residential neighbourhoods along the Capital Beltway. The project sets the stage for the Capital Beltway Accord project—the future extension of the Express Lanes north across the American Legion Bridge into Maryland.

During FY20 we commenced the process to select a design and build subcontractor for the project. The Request for Qualifications process concluded in April 2020. Transurban remains committed to working with the Commonwealth of Virginia and advancing the project.

The project is anticipated to open to traffic 2024/2025.

EXPRESSLANES.COM/NEXT-PROCUREMENT

Project features

Extends the existing Express Lanes by 3.2km and improves connections at the Dulles Toll Road and George Washington Memorial Parkway

Estimated 7,300 jobs generated from economic impact of project

USD880 million economic boost projected

FY20 milestones

Procurement process commenced for a design and build subcontractor

CAPITAL BELTWAY ACCORD—

Transurban, in partnership with the Maryland and Virginia Governments, is progressing a project to extend the 495 Express Lanes in Virginia by approximately 4.2kms north across the Potomac River and into Maryland (see page 46).

The project involves upgrading four general-purpose lanes in both directions and replacing and upgrading the aging American Legion Bridge to add two Express Lanes, alleviating a major pinch point on the Capital Beltway and one of the worst bottlenecks in the Greater Washington Region. Transurban will work to deliver Virginia's project components as part of this historic bi-state effort.

Projects set industry-best standards for sustainability

All of our Australian projects are designed to achieve a rating of “Excellent” or above under criteria set by the Infrastructure Sustainability Council of Australia (ISCA)—a comprehensive system for evaluating sustainability across the planning, design, construction and operational phases of infrastructure projects. Our contractors must achieve that same rating for project construction. To achieve the ratings, we set targets and monitor performance across project management, procurement, environmental impact, community wellbeing, stakeholder engagement, and innovation.

ISCA ratings for our projects:

- “Leading” As Built rating—New M4 tunnels and Logan Enhancement Project (the first ever Leading rating for a road project in Queensland)
- “Leading” Design rating—NorthConnex and M8 tunnels

In North America, our project procurement process requires contractors to achieve a rating using the Envision infrastructure sustainability rating system. We are currently working to achieve an Envision Silver rating for the design and construction of the Fredericksburg Extension project.



Safety first, first for safety

Driving on a Transurban road in Australia is up to 68% safer than driving on a similar road, independent research has shown.

Analysis by Melbourne's Monash University Accident Research Centre (MUARC) last year found that our roads had lower crash rates compared to like roads—by 68% in New South Wales, 42% in Victoria and by 56% in Queensland.

"These results are likely to be driven by a combination of reasons, including infrastructure design, pavement surface, barrier systems, the quality of lane markings, signage and messages to drivers that enable safe decisions to be made, particularly when approaching on and off-ramps and safety critical events," said Associate Professor Michael Fitzharris.

"Transurban's implementation of real-time traffic management, which when linked to measures to manage traffic flow and speed, is a key factor that underpins safety performance of these roads. When combined, these factors

translate to the finding that there are fewer fatality and serious injury crashes on Transurban-managed roads. With this result seen in all three Australian states where Transurban operates, the strength of this approach is evident," he said.

Road safety is fundamental to the way we design, build and operate our roads and we consistently look for ways we can improve, from installing smart on-road technology to reducing our incident response times.

Transurban engaged MUARC, a world leader in injury prevention research, to validate our understanding of injury crashes on our roads, provide insights into crash issues and inform our continued efforts in operating the safest network.

In the US, a customer survey in December 2019 found that fewer people felt unsafe on our Express Lanes compared to the neighbouring general purpose lanes. The top reasons cited included less merging and lane changing. Respondents also said there was less aggressive driving on our lanes.



Professor Michael Fitzharris from MUARC overlooking CityLink, Melbourne



CUSTOMERS

5.5M

customers in Australia
and **3.3M** road users
in North America

381K

hours saved by customer
every workday¹

3.7

road injury crash index—
best yet result on record

Up to

30%

fuel savings on our roads²

A superior on-road experience that saves customers time and makes journeys as reliable and safe as possible supported by world-class products and services is the expectation in our business.

When customers choose our toll roads, they expect faster, more reliable and safer trips than alternative routes offer, as well as exceptional customer experience.

In the first half of FY20, drivers using our roads collectively saved 381,000 hours every work day compared to alternative routes. These time savings reflected increasing congestion on arterial roads and more efficient travel on our roads, especially during peak periods.

However, since March 2020, the impact of government restrictions in response to COVID-19 reduced traffic on our

roads and across the broader road network (see page 53). Our digital platforms provided customers with real-time comparisons of tolled and untolled routes to help them plan their journey. Less traffic meant higher speeds on our roads, creating specific safety issues, which became the focus for our road operations teams.

We also recognised that FY20 was a challenging year for many people, and our customers may have experienced financial difficulty during the period. We responded by expanding a number of our services to support them (see page 20).

UN SDGs relevant
to this section



¹ From July to December 2019

² compared to the next best available route



On-road experience

Our roads are monitored 24/7 in control rooms such as this one at WestConnex M4 Motorway Control Centre. Our operators watch for incidents such as breakdowns, accidents, loose or falling loads. When there is an issue our incident response teams are on the scene within minutes.

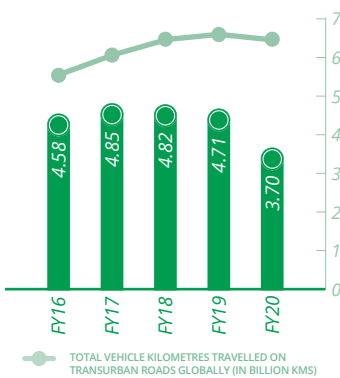
Customers make around two million trips on our roads every day, collectively travelling 6.6 billion kilometres every year. This makes the safety and efficiency of our roads paramount. The effective operation of our roads is supported by our world-class road operations. Our specialist road operations teams use state-of-the-art smart road technology to keep traffic moving.

Travel-time savings

Travel-time savings are central to our customer value proposition, with customers benefitting from our direct and efficiently operated motorway connections.

However, with traffic reduced across the broader road network due to the impacts of COVID-19 restrictions, average workday time savings for FY20 decreased by 9%; although customers still collectively saved more than 339,000 hours on average each workday across our roads (see Figure 4). This is a short-term impact, with travel-time savings increasing in line with road use as government restrictions ease. We provide customers with tools to evaluate travel time savings in real time to help inform their choice on when to use our roads.

FIGURE 3: ROAD INJURY CRASH INDEX



Road safety

Another key component of our value proposition is providing roads that are among the safest in Australia.

In keeping with best practice, Transurban's Road Safety Strategy is based on the Safe System Approach, which recognises road safety as a shared responsibility—from individuals and businesses who use the roads to the organisations and agencies that build and manage the network. Our activities align with the World Health Organisation's targets to address road safety risks.

These were recently reinforced in the UN's Stockholm Declaration, which has set a global goal to reduce fatalities and serious injuries by 50% by 2030.

We track the number of serious injury crashes on our roads through a Road Injury Crash Index (RICI) and set ambitious targets to reduce serious injuries.

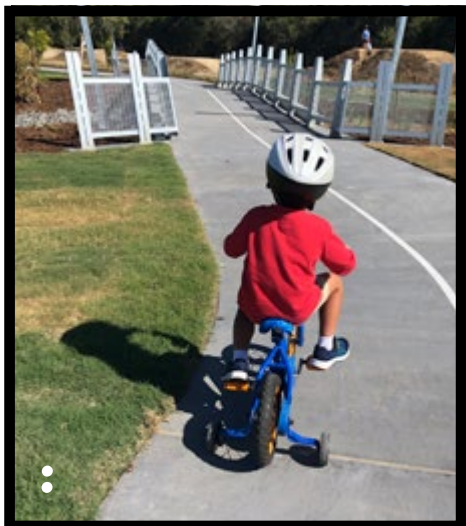
Since RICI was established in 2015, we have added seven new roads and upgraded a number of existing roads with vehicle kilometres travelled (VKT) increasing by around 40%. In anticipation of further VKT increases as we open new roads, in FY20 we transitioned from five-year to annual targets to reduce serious injury crashes.

In FY20, the RICI across all Transurban assets was 3.70 injury crashes per 100 million vehicle kilometres travelled, well below our new annual target of 4.25 and our lowest ever result (see Figure 3).

This improved performance is mainly due to safety benefits achieved through new lanes, ramps and on-road smart technology included in the CityLink Tulla Widening and Logan Enhancement projects completed in 2018 and 2019 respectively. Improvement to the Hills M2 at the Pennant Hills Road west-bound interchange and enhanced road management practices across our assets also contributed to the result.

FIGURE 4: ANNUALISED BENEFITS ACROSS EACH OF OUR REGIONS

	Average daily traffic	Average workday travel-time savings
Sydney	761,000	177,000
Melbourne	750,000	74,000
Brisbane	383,000	68,000
North America	132,000	19,000



Safety smarts for young cyclists

When it comes to road safety, it's never too early to start learning the rules.

In Queensland, we completed two cycle parks this year to help our youngest road users get up to speed on basic road safety through play.

Designed to look and feel like a real road, the parks include more than 200m of path, traffic signs, line marking and even mini replica Sir Leo Hielscher Bridges.

The parks in Brisbane and Logan offer a safe way to learn how to share the road, obey road signs and make safe decisions, while having fun.

The parks are a community legacy of the Logan Enhancement Project.

Cycle parks in Brisbane are giving young riders a safe place to learn how to share the road



— FEATURE —

It's not me, it's you—drivers' blame game

Drivers who think they're in the right, and others are in the wrong, are far from alone.

A survey of around 100 drivers in the Washington DC area into road safety behaviour has found most are confident in their own driving abilities, but not others'.

Our US team conducted the research to gain further insight into driver attitudes to help inform how we best communicate with them.

The findings have prompted a new approach to our on-road electronic messages to replace traditional reminders such as "drive safely" with messages that prompting drivers to be alert for others' unsafe behaviours and ready to react if necessary.

A review of safety-related studies in behavioural economics and social marketing highlighted the potential benefits of on-road signage, marketing campaigns and targeted initiatives provided the messages generated an emotional response from drivers.

We are now considering a larger study to confirm if the results are consistent in our other regions.

HOW DO DRIVERS PERCEIVE THEIR OWN DRIVING ABILITIES AND OTHERS?



Traditional messaging targets people who think they are safe—so the message is irrelevant to them



Messages should target others' behaviours

36M

inbound interactions¹



9/10

interactions are digital¹



34M

digital sessions
(60% of these accessed
via mobile)¹



4.6/5

Customer satisfaction
rating for call centre¹



Customer experience

Providing our millions of customers globally with excellent service is the expectation in our business. Our mandate is to make it easy, show we care and add value for our customers.

We are focused on fulfilling these promises by providing an exceptional on-road experience and seamless customer service through our three brands—Linkt (Australia), Express Lanes (US) and A25 (Canada).

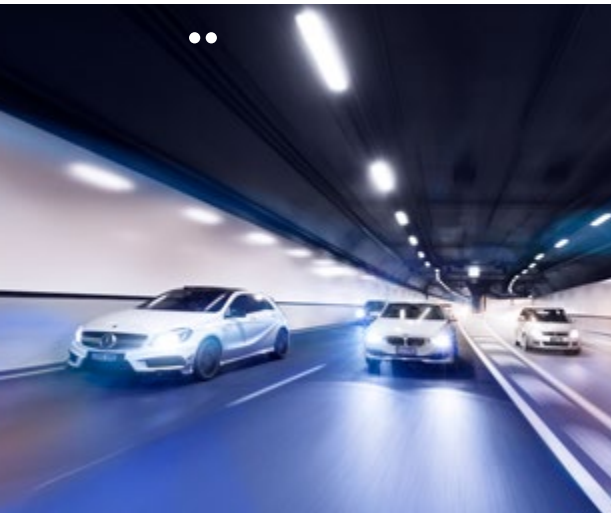
In FY20, we acquired the remaining stake in M5 West along with its retail tolling brand—E-way—expanding our customer base in Sydney. Work is underway to transition E-way's 500,000 customers to Linkt in the first half of FY21. Once this is complete, our Australian customer base will have increased by one million accounts over the past two years.

How we make it easy

Listening and acting on customer feedback has helped us to improve customer satisfaction, reduce the number of complaints we receive and enhance our products and services to improve the overall experience on and off our roads.

Through our Voice of the Customer listening program, we analyse around 250,000 pieces of feedback from our Australian customers each year.

In January 2020, we expanded our Voice of the Customer program to our North American business with feedback already driving significant improvements for customers. Express Lanes customers can now use their licence plate number (LPN) to search for unpaid tolls on the website, displacing the need for an account or invoice number. Since it launched in mid-February, 38% of total website payments use the LPN search feature.



Improvements informed by customer feedback

In FY20 we used feedback to inform a number of initiatives, including:

- increasing self-service functionality on our digital platforms to allow customers to update their details and receive notifications when payment cards are due to expire
- providing customers who contact our call centre with an option to receive proactive notifications to help them manage their accounts, including SMS links to our digital platforms to complete self-service transactions
- improving webchat on our Linkt website to make it easier for customers to get answers quickly and extra support to complete tasks. With more customers needing help outside of regular business hours due to impacts from COVID-19, this feature was especially valuable.

Following customer feedback, in an Australian-first, we installed 930 Bluetooth navigation beacons across the AirportlinkM7, Clem7 and Legacy Way tunnels to support vehicle navigation systems when GPS coverage was not available, helping customers avoid missing their exit

¹ Australian customer data only, does not include North America

Adding value

A new customer rewards program launched in FY20 aims to build satisfaction and advocacy of the Linkt brand.

The first initiative in the Linkt Customer Rewards Program, a national fuel discount was offered to all Linkt retail customers from November 2019, allowing them to receive a fuel discount at any Shell Coles Express. Since November 2019, over 41,000 customers redeemed the offer, collectively saving over \$412,000 on fuel. We are exploring other reward opportunities to build on the program in FY21.

Showing we care

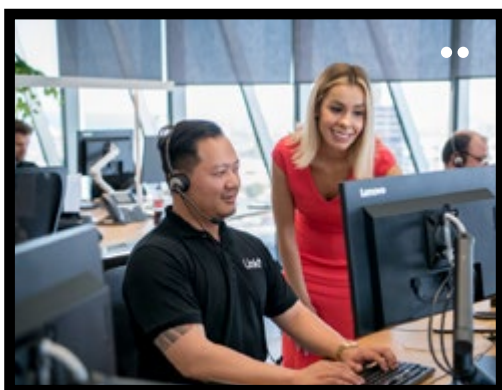
This year we continued our work to remove customer pain points and help keep customers out of trouble. Initiatives such as proactively notifying customers of outstanding toll invoices and requesting they update their account information have contributed to halving customer complaints over the past five years.

We continued working closely with our government partners so we can contact customers who don't have tolling accounts if they have travelled on a toll road to help them avoid additional fees.

We also continued our efforts to better understand and work with customers experiencing social or financial difficulty. Our dedicated Linkt Assist team is now well established and played a key role in our program to support customers impacted by COVID-19 (see page 20).

The efforts of the team combined with the work we have undertaken with our government partners to streamline toll notices and increase the amount of time customers have to pay, are yielding great outcomes for customers.

We expanded our Linkt Assist program in FY20 with new multi-lingual educational resources co-designed with The Salvation Army financial counsellors. We also worked with the community legal and financial counselling sectors nationally to design new guidelines to support customers experiencing family violence. People with lived experience also had input into the guidelines.



Product innovation

We recognise that customers want flexibility and choice in the way they interact with us. In FY20, we launched two products that streamlined how customers pay for toll-road travel.

A new mobile app in North America is making it easier for customers without an account to pay for tolls while travelling on a dozen toll roads in Northern Virginia and Hampton Roads, including the Express Lanes.

Recognising that one-in-three Washington DC drivers do not have a tolling transponder, the GoToll app represents a step change in how customers can manage their toll-road travel easily and in real time. The app builds on the success of our Australian product, LinktGO.

Similarly, our new Linkt Rental product provides Australian customers of rental vehicle agencies with an automatic, hassle-free way to pay for their toll-road travel. Our rental agency partners account for more than half of the rental vehicle market and we plan to expand the program to additional partners and car-share operators in the future. This initiative represents an ongoing commitment to our mobility services strategy.

- GoToll mobile app developed for our customers in the Greater Washington Area launched in FY20

- Our Linkt Assist team has played a key role in our program to support customers impacted by COVID-19

- We are providing tolling as a service on the Toowoomba Bypass (opened September 2019) for the Queensland Government—the first time Transurban has offered this type of service





Roads, parks, murals and more

More than just motorways, our projects include safe, vibrant and high-quality spaces that leave a lasting legacy for local communities.

Ismay Reserve was an unused corridor in Sydney's west before it was transformed into a popular recreation and green space as part of the WestConnex project (see page 23).

Opened in September 2019, almost 6,000 homes are within a 10-minute walk of the 2.5 hectare park, which has a variety of attractions including a colourful mural by local artists Brendan Lakin, Leia Sidery and Jo Allsop, as well as sport and recreation facilities.

"We believe in the power of art, and that public art on a grand scale transforms bland spaces into sources of community pride," Leia said.

The legacy project has rejuvenated a previously inaccessible area, which will be enjoyed by the community for many years to come.

More green space will be delivered through WestConnex than any other urban road project in Australia's history, with more than 18 hectares of new open space to be created in Sydney's inner west, much of which has been co-created with the community.



Beautifying the underpass of the New M4, local artists Brendan Lakin, Leia Sidery and Jo Allsop completed a public mural as part of the development of Ismay Reserve in Homebush, Sydney

~30K

community interactions across our major projects

61%

sentiment score for WestConnex in New M4 area

30%

GHG emission savings for customers using our roads

145

grants and partnerships

COMMUNITY

Listening to feedback and acting on what’s important to communities allows us to improve the social, economic and environmental outcomes of our projects and operations in ways that contribute to community growth and prosperity.

Our roads provide critical transport connections for communities, connecting them with social, employment and educational opportunities, while also relieving neighbourhoods of heavy through-traffic. We create thousands of jobs through our major construction projects as well as wider economic benefits through the effective operation of our roads.

The long-term nature of infrastructure means we operate next to many diverse communities for decades. Maintaining positive relationships with these communities is vital to our business purpose to strengthen communities through transport.

Engagement through construction

The scale of our operations and infrastructure projects means there will be some degree of disruption to the community, particularly along project corridors. We work to minimise these impacts and ensure we have the greatest level of engagement with the community who, in some instances, live alongside construction sites for some years.

Each of our major construction projects has a dedicated team which engages with the community through every stage of the project both face-to-face, and through digital and printed communications.

Their mandate is to engage with communities on issues that matter to them and ensure that we achieve positive outcomes wherever possible. Across our projects, our teams align their interactions with our three engagement principles of being inclusive, open and honest, and genuine.

For example, on the West Gate Tunnel Project, we know that the safe management of tunnel spoil which contains low levels of a group of chemicals known as PFAS, is of concern to the communities nearby to potential spoil disposal sites. We have been working with the State and the D&C subcontractor as well as Victoria’s Independent Environmental Regulator to ensure that any spoil disposal facility that is selected meets all EPA and other regulatory requirements and considers community concerns. The project parties will continue to keep communities informed as plans for tunnel spoil disposal are progressed.

The WestConnex project in Sydney provides an example of the way we listen and work to meet the unique needs of each community.

The Community Engagement team has directly engaged with around 10,000 people face-to-face, and tens of thousands of community members through phone calls, emails and letters.

Their focus on house-by-house micro engagement has seen significant increases in community sentiment in the project area. Independent research conducted in November 2019 showed positive sentiment about WestConnex in the New M4 project areas increased from 43% to 61% since we became the operator of the project in 2017.

In acknowledgement of this best-practice community-engagement program, as well as the tunnels’ strong environmental performance in construction and into operations, this year the New M4 tunnels were awarded a “Leading” rating from the Infrastructure Sustainability Council of Australia.

UN SDGs relevant to this section



●●
Plant breathing walls installed on the Eastern Distributor, Sydney

Addressing air quality concerns

Poor air quality can affect the liveability, health and safety of communities so maintaining good air quality on our roads and projects is vital. Air quality is also an area of significant community interest and we undertake regular engagement to listen and act on any concerns.

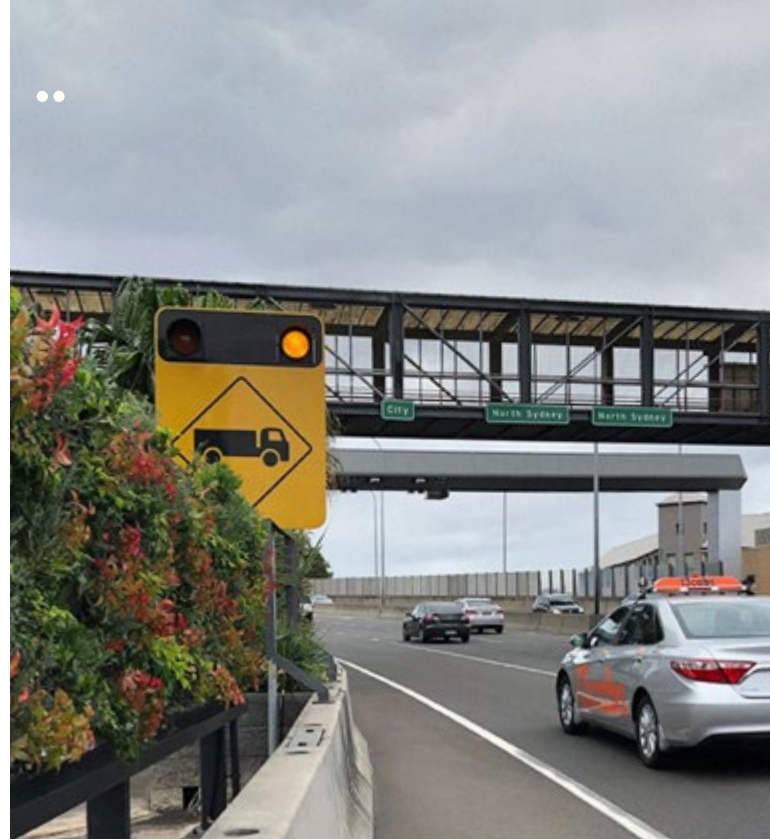
For the WestConnex and NorthConnex projects we have established Air Quality Community Consultation Committees to provide a dedicated channel for community representatives to hear more about how we are managing air quality impacts. Tunnels provide air quality benefits by removing heavy vehicles from local streets and moving them underground.

The West Gate Tunnel, for example, will remove 9,000 trucks from local roads each day. In a tunnel, vehicle emissions can be controlled and dispersed more effectively than on an open road.

We are required to meet stringent air quality measures for tunnel operations, which are reported to and enforced by the relevant environmental authority in each state. Our air quality monitoring includes in-tunnel conditions, ventilation outlet emissions, and ambient air quality around tunnel portals. Generally, the air quality in our tunnels is well within the annual limits set by environmental agencies. Across our tunnel projects we also monitor air quality around the site to understand local conditions. This helps us measure changes to local air quality once a tunnel opens. We regularly publish air quality data from our road projects and tunnels publicly on our customer website, linkt.com.au.

The WestConnex tunnel ventilation was designed to meet the NSW Government's rigorous air quality requirements, which are among the highest standards in the world. While the extensive tunnel network was designed to be wider, flatter and higher than most other tunnels in Sydney, meaning a smoother journey so vehicles generate fewer emissions from the outset.

See the FY20 Sustainability Supplement for more information about the air quality performance of our assets and projects.



'Breathing wall' trial to cut pollution

In addition to designing and operating our roads and tunnels in ways that protect air quality, we are testing new pollution-reducing technologies through two pilot initiatives.

In Sydney, a group called Junglefy has developed plant breathing walls, which we have tested on the Hills M2 and Eastern Distributor to determine their impact on air quality. They have performed well with nitrogen dioxide reduced by an average of 53%, ozone by an average of 29% and particulate matter—PM2.5—reduced by an average of 23%.

In Melbourne, we have commenced a trial of air purifying paint on a CityLink wall panel. The paint has the potential to reduce pollutants like nitrogen oxide and nitrogen dioxide, and contains self-cleaning properties, which could reduce maintenance costs and water consumption.

Trials such as these are business as usual for us as we continually seek new ways to do things that create better outcomes for our stakeholders.

Engaging the community through COVID-19

While construction works continued throughout FY20, restrictions implemented by State Governments as part of the COVID-19 pandemic response impacted our usual face-to-face engagement programs. Instead, our teams used digital platforms to keep communities informed about construction activities. These included:

- virtual opening of M8 using virtual tunnel tours, a purpose-built online engagement platform (which has seen more than 40,000 visitors), education kits sent to schools and consultative committees run online
- NorthConnex community open day planned to run virtually with 360-degree-video tours
- West Gate Tunnel Community Liaison Group meeting run digitally, achieving highest ever attendance
- increased use of social media to keep community informed and engaged with our projects.

Minimising our impacts

As one of the largest toll-road operators in the world, we are committed to playing our part in addressing climate change impacts by creating sustainable road infrastructure and minimising the environmental impact of our operations.

We have had a climate change strategy in place since 2012 and established a greenhouse gas (GHG) reduction target in 2016. We are also developing a detailed understanding of climate-related threats and opportunities and their impact on our operations. Asset deterioration and life-cycle planning, changes to traffic flow in periods of extreme heat or rain and disruption to our operations are the main areas of our focus.

In FY20 we increased our commitment to climate change action by adopting new GHG reduction targets which focus our efforts on decarbonising our business. Externally validated by the Science Based Targets initiative (SBTi), our new targets comprehensively cover scope 1, 2 and 3 emissions in line with climate science.

Achieving our scope 1 and 2 targets will largely be driven through delivery of our energy management program (see page 38 and Figure 5). While our new scope 3 targets signal a strong desire to work with our supply chain partners

on the shift to a low-carbon economy and reduce the carbon intensity of our construction activities.

Rethinking how we deliver major projects through changes to project specifications, materials and transport arrangements has already saved 14% of the total emissions generated by seven of our projects to date and our new scope 3 targets will reinforce our efforts.

Detailed information about our emissions including individual assets is provided in the FY20 Sustainability Supplement.

Managing energy use

With 97% of our scope 1 and 2 GHG emissions a result of our electricity use, managing our electricity consumption is one of the most important ways we can decarbonise our business.

Our energy management program is focused on achieving our target of reducing our consumption by 10% by 2023 (compared to 2013) through a program of 30 energy efficiency and renewable-energy initiatives. Initiatives delivered in FY20 helped reduce energy use and GHG emissions across our existing asset base (see next page), although overall our total energy demand increased with the operation of new roads.

NEW GHG EMISSION REDUCTION TARGETS¹

50%

absolute reduction in Scope 1 (fuel) and 2 (electricity) emissions

22%

intensity reduction in Scope 3 (purchased goods and services)

55%

intensity reduction in Scope 3 (capital projects)

Switching to renewable electricity

This year we took a significant step forward in reducing our GHG emissions over the long term by transitioning to renewable energy through entering into Power Purchase Agreements (PPAs). From 2021/22, these PPAs will ensure that 80% of the electricity needs of our Sydney and Brisbane operations will be generated renewably from regional wind farms.

In addition to driving sustainability outcomes, the PPAs will also help us to manage our energy costs over the long term.



FIGURE 5: 50% REDUCTION IN SCOPE 1 AND 2 EMISSIONS BY 2030

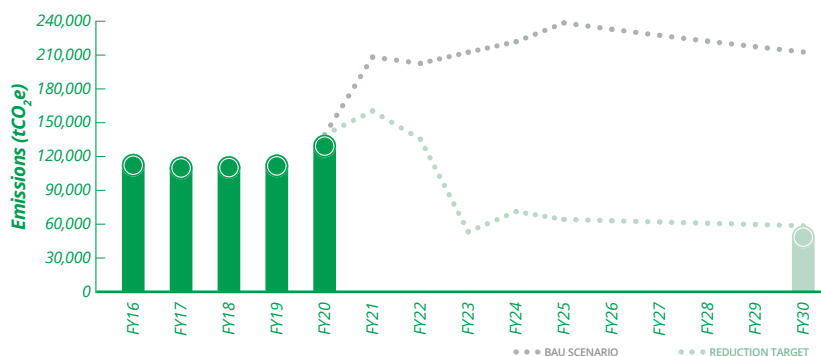


FIGURE 6: GHG INVENTORY (tCO₂e)

	FY18	FY19	FY20
Scope 1	3,697	3,393	4,391
Scope 2	117,139	118,953	135,426
Scope 3	23,274	503,423	634,566
Customer emissions	993,268	995,571	1,232,842

1 All targets have been validated by the SBTi. The targets in full are:

- Reduce absolute scope 1 and 2 GHG emissions 50% by FY30 from a FY19 base year
- Reduce scope 3 GHG emissions from purchased goods and services associated with road infrastructure maintenance and operation 22% per vehicle kilometre travelled by customers by 2030 from a 2019 base year
- Reduce scope 3 GHG emissions from capital goods 55% per \$M capital expenditure by FY30 from a FY19 base year

Saving energy across our operations

Most of the energy we use is for tunnel ventilation, lighting our roads and the operation of our traffic management centres, so we're making changes wherever possible that save electricity. Transitioning to low-energy lighting and revising the operation of ventilation systems in our tunnels has resulted in savings of 2% of our total energy use compared to a baseline year of 2016.

We have identified opportunities to save a further 14% through upgrades to tunnel ventilation, lighting and roadside equipment. Feasibility studies for many of these initiatives are nearing completion, and we plan to implement these in the near term.

Customer vehicle emissions

While customer vehicle emissions are not within our direct control or part of our targets, we track and analyse this information to understand trends and assess the relative performance of our assets.

Our analysis shows free-flow travel is key to reducing GHG emissions from vehicles as emissions are higher in stop-start conditions.

This year on average our customers saved almost 30% of their fuel and GHG emissions by choosing our roads rather than alternate stop-start routes. These savings are mainly due to more direct routes, faster travel times and higher travel speeds.

Through our Trip Compare tool on the Linkt website, our Melbourne and Sydney customers can access real-time information about the travel time, fuel consumption and GHG emissions for trips on our tolls roads versus alternate routes. Almost 75,000 people accessed the tool to help plan their journeys in FY20.

Energy-efficiency initiatives

LED LIGHTING UPGRADES

CityLink

Replacement of 1,000 high-pressure sodium and metal halide lights with LEDs on the iconic Soundtube and across the Southern Link

40%
light energy saving

Logan Motorway

Installation of 550 LED lights and 151 high-efficiency electronic variable speed signs through Logan Enhancement Project

10%
asset energy saving

Eastern Distributor*

First tunnel to be retrofitted with LED lighting in Australia, improving visibility for drivers. Design and planning completed

Forecasted
12%
whole-of-asset energy saving

TUNNEL VENTILATION

CityLink*

Two-week trial realigning tunnel ventilation operations with traffic volumes and maintaining air quality levels

11%
whole-of-asset energy saving during trial

**Detailed implementation planning underway*

Social and financial inclusion

In FY20 we continued to support and engage with communities through our social investment and financial inclusion programs, focusing on areas where we can make the most impact.

Our relationships with our partners and the broader community allowed us to respond quickly to both the bushfires in Australia and the COVID-19 pandemic and provide support in the most meaningful ways (see page 21), also laying the foundation for long-term assistance beyond these difficult times.

While our \$1.5 million targeted response to the past year's challenges ensured our largest-yet commitment to community investment in a single year, it formed just part of a \$3.3 million social investment program that reflects our business purpose to strengthen communities through transport.

Through that program we focus our social investment in three areas—safe and accessible transport; support for communities directly along our road corridors; and education and training.

Significant outcomes for FY20 included \$330,000 awarded through 65 grants to Australian community groups and the USD1 million milestone for the US Express Lanes grant program with more than 260 organisations supported since 2008.

We extended our partnership with Neuroscience Research Australia (NeuRA) for a further three years with a \$1.6 million commitment to continue research into road safety and crash injury prevention at the purpose-built Transurban Road Safety Centre at NeuRA's headquarters in Sydney.

In Queensland, we partnered with Kidsafe Qld to provide free car seat fittings and safety checks for more than 300 Linkt customers. Our annual Charity Day raised \$330,000 for Ronald McDonald House Charities South East Queensland to provide emergency accommodation at the Queensland Children's Hospital for families with a child in intensive care. Over the past seven years we have raised more than \$1 million for this charity.

In Melbourne, our annual Run for the Kids was staged as a virtual event and raised more than \$670,000 for the Royal Children’s Hospital, including our \$100,000 donation.

Financial inclusion

In FY20, we produced our first Financial Inclusion Action Plan (FIAP) and joined other companies taking practical action towards a more financially inclusive Australia.

Our FIAP contains actions to support our most financially vulnerable customers; deliver hardship awareness training for our workforce; provide community partnerships to support the financial counselling sector; and increase diversity of underrepresented businesses across our supply chain.

We also expanded our support for The Salvation Army by establishing a scholarship program to allow their employees to train as financial counsellors. Scholarship recipients will be based in areas with customers experiencing higher instances of financial hardship. In this way, the scholarship program allows us to support our customers as well as the 10 scholarship recipients and financial counselling industry.

A new partnership with The Smith Family to reduce financial barriers to education was also being investigated when the bushfires and pandemic hit, allowing us to quickly escalate our level of commitment to ensure extra support was directed to where it was needed most. This will provide 240 students from disadvantaged backgrounds with financial assistance for education essentials and access to out-of-school learning and mentoring programs through their Learning for Life program. An additional 197 students will be supported to complete a Certificate 1 in Financial Services, which will include new information focusing on the financial risks associated with purchasing and owning a vehicle.

● ●
Kay, one of 10 employees at The Salvation Army to receive a scholarship for a Diploma in Financial Counselling, and her daughter



Having a driver’s licence is a key to independence for many but it can also open up job, education and training opportunities.

That’s why we have partnered with four state-based organisations in learn-to-drive programs for vulnerable members of the community such as refugee women, indigenous youth and disadvantaged youth.

The programs provide access to a car, and free lessons from professional and volunteer instructors, while some also cover the cost of driving tests and licencing.

Our WestConnex driving program, run in partnership with the KARI Foundation, gives more than 200 Indigenous youth in Western Sydney access to a mentor, free supervised and professional driving lessons, as well as additional education and assistance to gain their licence.

Cianni, one of the program participants, said that achieving her licence would remove barriers to training and employment. “Having a driver’s licence has allowed me to apply for and gain full-time employment. I’m incredibly grateful to the program and especially my mentor,” she said.

More than 140 participants are currently enrolled in the Learner driver program and almost 100 in the Provisional driver program with KARI.

● ●
Cianni achieved her provisional licence through the program

1 INTRODUCTION AND OVERVIEW
2 BUSINESS PERFORMANCE
3 GOVERNANCE AND RISK
4 DIRECTORS' REPORT
5 REMUNERATION REPORT
6 FINANCIAL STATEMENTS
7 SECURITY/HOLDER INFORMATION



Many eyes on the roads

In under a decade, our Traffic Team has grown fourfold to more than 40 specialists with expertise ranging from traffic forecasting, to efficient transport networks, to changing travel behaviours.

“We’ve expanded to meet the growing complexity of the company and the evolving needs of our customers,” said Darryn Paterson, who is General Manager Strategy and Traffic.

“As a dedicated in-house team, we’re based in four locations and able to provide strategic insights to support and grow our business in those regions.”

The team has skills in strategic modelling; land use and demographics; econometrics and statistics; data analytics; freight and public transport movements; and traffic and operational modelling.

“We provide support through the whole asset lifecycle from consideration of new assets and their value to how we can improve on-road performance as well as advising on long-term trends and strategy,” Darryn said.

The Traffic Team works alongside the Traffic Revenue Planning and Analysis Team which focuses more on the immediate term, comparing forecasts with actual traffic volumes. This is another highly skilled unit that analyses the company’s revenue performance based on data such as vehicle classes, the mix of gantries and price changes.

Working together, these teams are critical to giving us a clear picture of how our roads are performing now and what to expect in the future.



Our people at work in our Melbourne headquarters discussing network connections and mobility trends

9,000+

workforce¹



89%

of employees say they have enough flexibility to manage work and other commitments



96%

of employees are clear about their role in creating a safe and healthy work environment



OUR PEOPLE

Our business success is testimony to our diverse and highly skilled team and a culture that allows our people to excel.

The rapidly changing nature of the transport and infrastructure industry has seen Transurban grow into a diverse and highly flexible direct workforce of nearly 3,000 people² that can readily respond to challenges and opportunities in our sector.

We have worked hard to create a resilient, adaptive culture—underpinned by personal accountability and corporate responsibility—where diversity of thought is valued.

Like most businesses, we found this year challenging as we contended

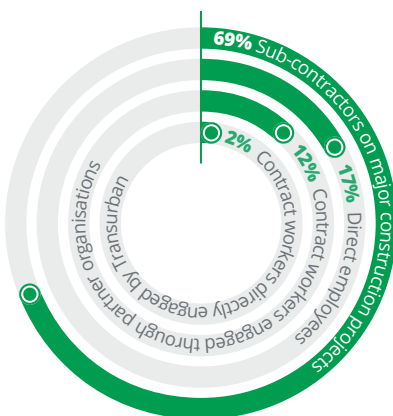
with the impacts of COVID-19. From the outset, we were committed to retaining our direct and indirect workforce, recognising their critical skills and technical expertise in not only maintaining operations but also to ensure we continued to be well positioned to realise future opportunities.

Our long-term focus on flexible work and investment in the technology required for our employees to work remotely meant that we were able to quickly adapt as the crisis unfolded. (see page 20). In a pulse survey held

during the peak of COVID-19, 89% of employees said they had all they needed to be able to work productively outside the office. Almost 90% said they continued to be connected to the purpose of their work.

Despite the significantly changed work environment, we continued to focus on talent retention and leadership development and were able to adapt important programs such as our Women in Leadership program to be delivered virtually.

FIGURE 7: TOTAL WORKFORCE



UN SDGs relevant to this section



FIGURE 8: WORKFORCE GENDER

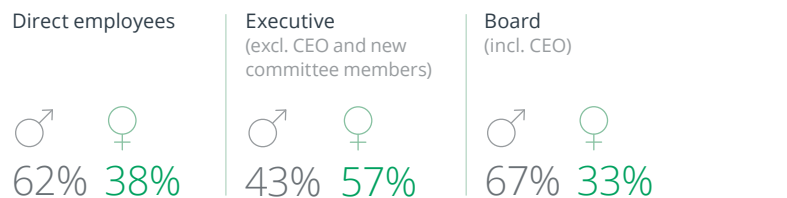


FIGURE 9: EMPLOYEES WHO WOULD RECOMMEND TRANSURBAN AS A GREAT PLACE TO WORK



1 Total workforce comprises our direct employees, contract workers, and subcontractors who deliver our major construction projects
 2 Direct workforce includes over 1,600 direct employees and over 1,300 workers contracted either directly by Transurban or through our partner organisations (primarily in customer service, technology and business operations). Excludes employees of the A25 and Interlink Roads (following increase to 100% ownership of the M5 West). Interlink employees will be included in FY21 data

•
•
The KARI Singers performed an Acknowledgment of Country for Sydney's WestConnex M8 opening in July 2020

Evolving operating model

In February 2020, we realigned our operating model to ensure Transurban continued to be best placed to deliver operational excellence as well take advantage of emerging opportunities.

Two of our biggest teams, Customer and Technology, representing more than 50% of our workforce, were integrated to reflect the increasing links between the areas and put us at the forefront of the rapidly evolving transport technology space.

To oversee the delivery of our current and future project pipeline, we consolidated our development, project delivery, operational excellence, risk and Health Safety and Environment teams. The new team, which also maintains our key partner relationships, will ensure we continue to be a preferred partner for infrastructure projects.

Two new Executive Committee positions were created to oversee these areas. See pages 12 and 13 for information on our Executive Committee members.

Continuous learning and development

Development of our employees happens at all levels of our organisation from our graduate programs to our senior leadership colloquiums.

In FY20, we expanded our online learning platform to offer virtual content across onboarding, induction and a range of leadership and professional development programs.

The digital format meant we were able to continue the programs for our workforce, most of whom had moved to remote working from March this year. More than 50% of formal learning in FY20 was delivered online.

During the year, we also introduced a Foundation Leadership Program to our suite of leadership development activities. The new program, aimed at new and emerging leaders, is designed to arm participants with an agile and disciplined approach to drive results and create value, particularly in complex or ambiguous situations.

We continue to support emerging talent, especially in the areas of technology and engineering. In addition to our Graduate Program, this year we have participated in a range of industry-based learning opportunities and partnerships with universities including the Monash University Industry Team Initiative in Melbourne, the Icarus Program at the University of Queensland, as well as Virginia Tech and the University of Maryland in the Greater Washington Area. We host interns across both our Australian and North American businesses, including our Transurban Females Excelling in Engineering and Technology (FEET) program, this year providing mentoring and hands-on experience to 23 undergraduate women. In North America we continued our internships supporting community diversity programs such as Opportunity Network and Genesys Works.

Belonging and wellbeing

We recognise that diverse skills and experience are essential to creating a strong organisational culture. Transurban does not tolerate discrimination of any kind and strives to achieve an inclusive workplace where all our employees have great opportunities to develop and grow.

Our work to improve gender equality was again recognised by the Australian Workplace Gender Equality Agency (WGEA) with an Employer of Choice Gender Equality Citation for the sixth consecutive year. This is reflected in our gender pay gap which continues to be less than 1% and is reviewed annually.

In North America, our team developed a plan to address diversity, equity, inclusion and anti-racism. The plan includes both short and long-term actions to promote openness in tackling racism, bias and discrimination and promoting diversity in talent, partnerships and our supply chain.

In our 2020 Our Voice survey, 93% of employees had a positive response in the areas of diversity and inclusion, consistent with prior years.

Flexible working

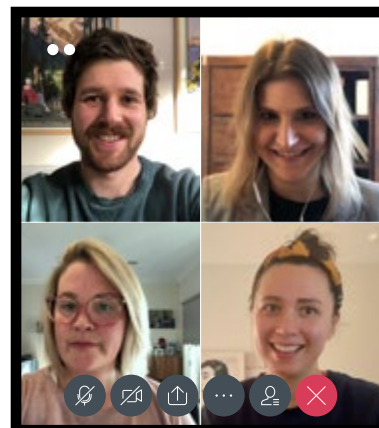
For us, flexibility extends beyond the ability to work from home and we encourage our employees to manage their work in a productive and healthy way.

In this year's Our Voice survey, 89% of employees said they had the flexibility they needed to manage work and other commitments, compared to 84% in 2018 and 75% in 2017.

Whether it is working from home or agreeing flexible working hours, employees can enter into formal flexible work arrangements for reasons such as transitioning to retirement, returning to work after parental leave or just to help them balance their work and personal commitments.

In FY20, 95% of our employees returned to work following parental leave with one of the key reasons being the opportunity for a flexible work arrangement (see Figure 10). Increasingly, primary carers leave is being taken up by men, who made up 15% of people who accessed the leave in FY20. This was up from 11% in FY19.

Employees also have the option to purchase up to six weeks additional leave every year through our Lifestyle Leave Policy.



••
Video conferencing played a vital role in connecting employees

Health and safety

Ensuring our employees' wellbeing is fundamental to the way we go about our business. This year it has been more important than ever and we continue to have a strong focus on the physical and mental wellbeing of our people.

All our employees are expected to keep themselves and their colleagues healthy and safe, while also minimising our impacts on the environment. Our employees have Health Safety and Environment (HSE) Action Plans where they report on their activities to ensure a healthy and safe work environment (see Figure 11).

They are also encouraged to be proactive in recording HSE observations. Our 1,600 direct employees recorded almost 20,000 observations, with 80% being positive.

In FY20, there were two employee recordable injuries, which required medical treatment for wellbeing and ergonomic-related factors (see Figure 12). All injuries are investigated with learnings applied to prevent future incidents.

Financial wellbeing

We also believe that the financial wellbeing of our people is important. As part of our wellbeing program, we ran a series of sessions to improve employees' financial literacy and capability. In addition, employees have access to Money Assist, which is a service through our Employee Assistance Program to help them build skills to manage their financial wellbeing. These initiatives support our Financial Inclusion Action Plan, which commits us to increasing employees' awareness of and access to financial services.



Social connection

Our employees recognise the importance of supporting the community so we have a well-established program, which allows them to take part in volunteering opportunities.

In FY20, one-in-ten employees volunteered for various not-for-profit organisations including Foodbank, which provides food for people in need. Our employees were also enthusiastic about supporting recovery efforts following the catastrophic bushfires in Australia during the 2019/2020 summer, organising fundraising and donation drives.

Transurban matched employees' donations and committed \$300,000 to the recovery efforts with a further \$200,000 to the Business Council of Australia's Community Rebuilding Initiative.

Cultural awareness

During the year, we introduced an online Indigenous Cultural Competency program in Australia to give our employees a greater understanding of Aboriginal and Torres Strait Islander people and their culture.

The program, which has been completed by about 30% of Australian employees so far, will assist employees to more confidently work with Indigenous Australians.

We are committed to reconciliation and in March this year we launched our second Innovate Reconciliation Action Plan (RAP) in consultation with Reconciliation Australia.

Our Innovate RAP is available at transurban.com/rap.

FIGURE 10: RETURN TO WORK AFTER PRIMARY CARERS LEAVE

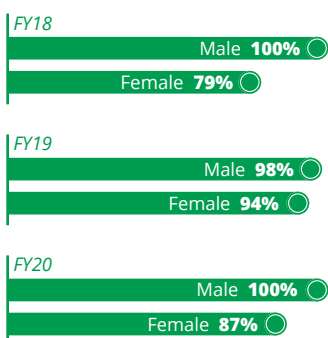


FIGURE 11: HSE ACTION PLANS

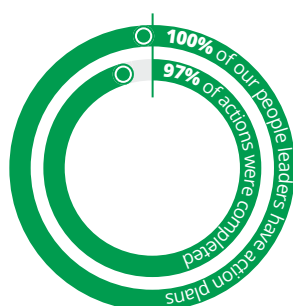


FIGURE 12: EMPLOYEE INJURIES

Year	2016	2017
2016	2	2
2018	0	2
2020	2	





Don't get too comfortable, drivers

Road safety researcher Julie Brown has some advice for older drivers who might think that sitting on a cushion while they are driving is a good idea—don't.

Associate Professor Brown, who is Co-Director of the Transurban Road Safety Centre at Neuroscience Research Australia (NeuRA), said results from the centre's crash-lab tests showed that comfort accessories such as cushions may increase the chance of injury in a crash.

"Around a quarter of older drivers use an after-market accessory to improve their comfort. But these products often have not been tested for safety," Associate Professor Brown said. "The results show accessories that change the geometry of a seatbelt or the posture of a driver could increase the chance of chest injuries in a crash."

NeuRA is developing guidelines for older drivers on how to both be comfortable and safe when driving.

The study was one of three rounds of research released in FY20 by NeuRA after crash-test simulations in the state-of-the-art Transurban Road Safety Centre, based in Sydney.

Other research tested the effectiveness of child restraints that were beyond their manufacturers' expiry date.

Another study assessed whether the shape and height of back seat arm rests could reduce the efficacy of child restraints during side-impact crashes. The research found that the position of arm rests could influence the likelihood of head injuries during a crash, even when a child is correctly strapped into a car seat.

The results of these research projects are available at transurban.com/neura.

In May this year, we extended our partnership with NeuRA for another three years, which will allow for further research into how changes to driver behaviour and vehicle design can reduce road trauma.



Associate Professor Julie Brown at work at our state-of-the-art research centre in Sydney

\$19B

project pipeline

2

US Department of Transportation grants for future transport research

3

safety research studies released

400

Virginian drivers to join road-user charging trial

GOVERNMENT AND INDUSTRY

As a partner to governments, we are united in our ambition to create well-connected and efficient transport networks that can support growing populations and rapidly shifting transport technologies.

We recognise that partnering with governments on major infrastructure is a privileged position and are proud of our proven track record in operations as well as project design and delivery.

Our investment in critical transport infrastructure has allowed governments to direct their spending into other priority areas, which will become even more important as they contend with unforeseen demands created by the COVID-19 crisis.

Governments have indicated that transportation projects—from shovel-ready minor projects and maintenance to major infrastructure—will be important to stimulate economic recovery and create jobs.

Importantly, throughout the height of the COVID-19 crisis, we and our partners were able to continue work on our major construction projects, keeping thousands of direct employees and subcontractors in a job.

We look forward to continuing to work with governments and our industry partners to support the recovery of the economies in which we operate.

UN SDGs relevant to this section





Partnering to progress government transport agendas

••
Australian Prime Minister Scott Morrison and NSW Premier Gladys Berejiklian outside the NorthConnex tunnel—where construction activities had been completed

In FY20, we delivered two major projects for our government partners in Australia and another in Virginia, US and in July 2020 we opened the second stage of Sydney's WestConnex project, the M8.

We are set to open the NorthConnex project, a critical missing link in the Sydney orbital network, in the coming months and are progressing another five projects to benefit fast-growing cities and regions (see pages 22–27).

In November 2019, we also announced that we would join the Virginian government in a Public Private Partnership (PPP) with the Maryland government to replace the ageing American Legion Bridge, which is one of the worst bottlenecks on the Capital Beltway in the Greater Washington area and one of the most congested highway corridors in the US.

Known as the Capital Beltway Accord, the partnership is one of the first bi-state, bipartisan PPPs in the US and sets a precedent for states under different party leadership to work together to advance solutions to regional issues. By utilising private capital, both states will be able to fast-track a critical infrastructure project.

The project will widen the 10-lane bridge and extend our 495 Express Lanes across the Potomac River into Maryland. Daily traffic has increased 390% since the bridge was built in 1962 and the region

is expected to grow by another 1.2 million by 2040. More than 40% of the region's 6.6 million population travels this section of the Capital Beltway.

Under the agreement, each state will have a private partner to fund rebuilding of a portion of the bridge. Transurban will fund Virginia's portion. Maryland's partner is expected to be announced in 2021 as part of the Maryland Express Lanes Project. The Maryland Department of Transportation is running a multi-step competitive selection process for a developer to enter a PPP to deliver the first phase of the project, estimated to cost USD3-4 billion. The phased and collaborative approach to development of the Express Lanes is attractive to Transurban, and we are a bidder for this project.

Contributing to transport policy

As a leading transport and infrastructure provider we believe it is important to contribute to policy development and thought-leadership activities in the sector.

During the year, we contributed to a number of government inquiries in Australia into road safety to share our expertise in operating roads that have been evaluated as being up to 68% safer than like roads.

We highlighted measures that have proven effective in reducing road trauma and improving driver behaviour including average-speed cameras, mobile phone detection cameras, improved vehicle safety and government infrastructure funding and approval tied to the design and construction of safe roads.

We also shared findings from some of our activities including dynamic speed management trials and work zone safety initiatives including remotely controlled traffic cones.

Sharing learnings

During the year we hosted delegations from North America to discuss transportation challenges and priorities for our countries.

Transurban sponsored the 2020 Australia Canada Economic Leadership Forum, which is the premier leadership dialogue between the two countries and coordinated locally by the Business Council of Australia. In Sydney, we also hosted a delegation of public and private infrastructure leaders through the National Governors Association (NGA), a bipartisan American public policy organisation. Led by Maryland Governor Larry Hogan, the NGA's 2019–2020 focus is infrastructure and the visit gave us the opportunity to showcase our major projects, and highlight to governors across the US the innovative ways Australia has harnessed the private sector to help deliver new and improved infrastructure.

Shaping future transport

As vehicles become more fuel efficient or electric, governments around the world are investigating ways to create a more sustainable road-funding mechanism as revenue from fuel tax diminishes.

Transurban has advocated for a user-pays road-charging model as a way to use infrastructure more efficiently, while providing a fairer and more transparent system for road users.

In the US, we continue to advance planning with the Eastern Transportation Coalition, formerly the I-95 Corridor Coalition, for a feasibility study of road-user charging. This multi-phase, multi-state study is among the largest on the East Coast and has received funding from the US Department of Transportation.

The feasibility study will leverage the advanced technology of the Virginia Express Lanes and its tolling systems to put 400 drivers on the road with in-vehicle technology to evaluate user-pay systems, congestion pricing, and various fees and invoicing methods to assess the customer experience with user-fees on toll facilities. This phase of the study is the first to integrate tolling and congestion pricing.

Our involvement in the study follows our Melbourne Road Usage Study, which tested different user-pays models as an alternative to fuel excise.

CAV technology testing ground

With connected and automated vehicles (CAVs) offering significant potential to improve safety and traffic flow, Transurban has continued to work with a network of industry partners to pave the way for their safe introduction.

Along with trials over the past few years in our Australian markets, we are also partnering with the Virginia Tech Transportation Institute, Virginia Department of Transportation and major auto manufacturers in the US to trial technology to improve communications between CAVs and road infrastructure on the 95 Express Lanes.

Technology being tested in the trial aims to better enable roads to “speak” to CAVs so that they can avoid hazards and adapt to rapidly changing driving environments.

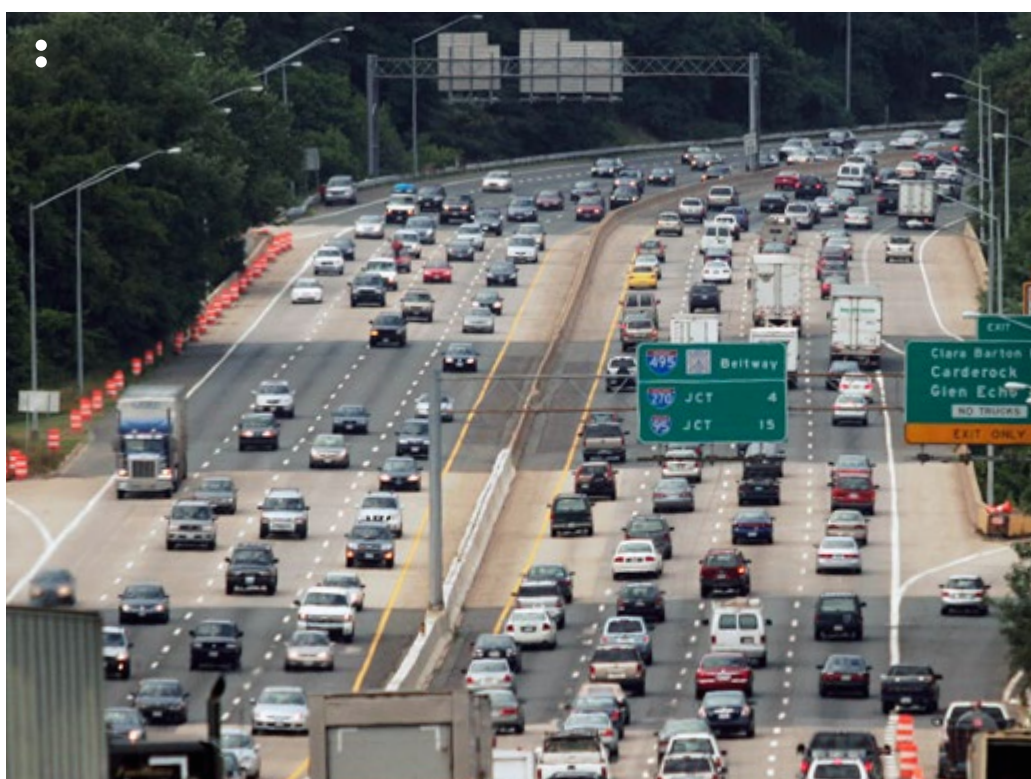
The technology has the potential to greatly improve work-zone and first responder safety on free-flowing motorways such as the Express Lanes.

Planning is under way and on-road trials are expected to start in 2022. The trial was awarded a USD7.5 million grant from the US Department of Transportation in a highly competitive grant program, which is awarded to only 10% of applicants. The grant recognises the Virginia Express Lanes’ reputation as a proven testbed for emerging technologies and the strength of Transurban’s ongoing industry and academic partnerships in this area.

During the year, we also held a trial in Brisbane to determine the potential for “speed harmonisation” in current vehicles and ultimately in CAVs to ease congestion and improve safety.

Research suggests that a small number of vehicles, particularly carefully controlled automated vehicles, can have a significant impact on smoothing traffic flow and reducing stop/start conditions or sudden changes in speed.

The initiative complemented the broader CAV trials that we have held in Melbourne, Sydney and Brisbane. Information about those trials and results is available at cavs.transurban.com.



American Legion Bridge

- 1 INTRODUCTION AND OVERVIEW
- 2 BUSINESS PERFORMANCE
- 3 GOVERNANCE AND RISK
- 4 DIRECTORS' REPORT
- 5 REMUNERATION REPORT
- 6 FINANCIAL STATEMENTS
- 7 SECURITY HOLDER INFORMATION



Tyres make their mark in innovative recycling project

Old truck tyres have found a new lease of life in the road—instead of on it—in a trial project on Brisbane’s Gateway Motorway.

More than 250 tyres have been diverted from landfill and blended with asphalt to resurface an entry ramp to the Gateway.

Infrastructure construction is resource intensive and this project is one example of how we and our partners continually examine and challenge the way we plan, design, construct and operate assets to reduce their impact.

Transurban worked with contractor QBC and asphalt provider Fulton Hogan on the project, which resulted in 68% lower emissions than a standard asphalt mix.

“It’s great to see Transurban trialling the use of our gap graded crumbed rubber asphalt. Up to 48 million tyres reach end of life each year in Australia, and they’re better recycled than ending up as landfill,” said Laszlo Petho, Fulton Hogan Pavements Engineering Manager. “Gap crumbed rubber asphalt is more durable than the traditional asphalt, meaning less maintenance and less impact on drivers.”

This type of initiative reinforces our commitment to the United Nations’ Sustainable Development Goal 12—Responsible Consumption and Production.

Over the next year, we will monitor how the asphalt performs to assess whether it can be used more widely on resurfacing projects.



2,000+

direct suppliers¹



\$3.1B+

annual managed spend²



USD

\$43M+

spent with certified social enterprises



Working closely with our partners and suppliers allows us to drive innovation, manage risk and ultimately deliver better, more sustainable results and business practices.

BUSINESS PARTNERS AND SUPPLIERS



As every element of the way we design, build and operate roads evolves to become more technologically advanced and sustainable, the scale and diversity of our partners and suppliers—from tier one construction firms to small social enterprises—gives us a great platform to lead industry innovation and drive best practice.

In FY20, we partnered on initiatives that ranged from reducing GHG emissions on major construction projects to helping lead an industry coalition to tackle modern slavery.

While the COVID-19 pandemic presented unique challenges, we remained focused on our sustainable procurement program that takes a hands-on approach to supplier management to better direct our spending in ways that support the social, economic and environmental wellbeing of our communities.

We were able to take immediate steps to assist our suppliers and manage any risk of supply chain shortages and disruption (see page 20).

Our Supplier Sustainability Code of Practice is available at transurban.com/suppliers.

Modern slavery response

In FY20, we continued to work with our suppliers to identify and address any possible exposures to modern slavery in our supply chains. Modern slavery is a serious and complex issue that requires a long-term and coordinated response. As such, we have joined like-minded industry partners to adopt a united approach to addressing the issue.

We continued our work with the Modern Slavery Road Construction Industry Coalition, which we partnered with the Infrastructure Sustainability Council of Australia to establish in FY19. The coalition, comprising government and private sector organisations, has focused on raising awareness of the Modern Slavery Act, industry risks and reporting and, as a next step, will undertake pilot exercises with practical actions to address high-risk issues.

Transurban is also a member of the United Nations Global Compact Network Australia's Modern Slavery Community of Practice, which is among peak bodies that advise the Federal Government. Our actions on modern slavery address key government policies and legislative requirements, such as the Commonwealth Modern Slavery Act and the Virginia Small Business and Supplier Diversity initiative. In line with Australian legislation, we will submit our first Modern Slavery Statement to the Federal Government by December 2020.

UN SDGs relevant to this section



1 Up by more than 400 from FY19 primarily due to the integration of WestConnex and M5 West
2 Up by more than \$1.25 billion since FY19 primarily due to the integration of WestConnex and M5 West as well as ongoing major construction activity

Working with Indigenous communities, businesses



Respecting and supporting Indigenous communities is an important part of the way we do business.

In Australia, our M8 and M4-M5 Link projects, which are part of WestConnex in Sydney, have spent more than \$32 million so far with accredited Aboriginal businesses across the many supplier contacts available for tender.

These include Borger Cranes, Outback Workwear and Aboriginal Employment Strategy.

We have also committed to the employment, training and development of Aboriginal people and in FY20, 54 Indigenous people joined the M4-M5 Link project through direct hire.

A cultural awareness program is part of the project induction to provide context to Indigenous Australia's background and awareness of complex history and achievements through social change and community empowerment.

For more details on our commitments to the Indigenous communities, see our Reconciliation Action Plan at transurban.com/rap.

● ●
Shawn and Nathan Borger are supplying cranes for the M4-M5 Link project

Supporting small business

One of the fundamentals of our sustainable procurement program is support for small and diverse businesses. In Virginia, US, our construction projects are required to meet goals to assist small businesses and supplier diversity. To date, we have spent more than USD909 million under these programs.

Transurban North America has exceeded all goals by engaging certified Disadvantaged Business Enterprise (DBE) and Small Women-owned and Minority-owned (SWaM) businesses. We have DBE and SWaM targets for our ongoing projects—USD84 million for the Fredericksburg Extension Project and USD75 million for the 495 Extension Project.

An example of our support for SWaM businesses in FY20 was the winning tender to supply laptops to our US workforce. Advanced Computer Concepts (ACC), a woman-owned small business and new supplier for us, won the USD100,000 contract over a number of larger, more established firms. After further engagement with ACC we increased the scope to include end-user hardware and network equipment bringing the total contract value to USD1.5 million.

"The relationship and contractual opportunities provided by Transurban have been an essential part of ACC's strategy to deepen our impact in the commercial space. This has resulted in positive financial impacts for our employees at ACC including our engineers, logistics team, and salespeople," said Reza Zarafshar, President, ACC.

Value of partnerships

We know we can achieve more when we work together so it is important for us to seek opportunities to exchange ideas on the way we go about business.

In November 2019, we established a Joint Sustainability Governance Group with Ventia, one of the largest infrastructure service providers in Australia and New Zealand and major supplier of our incident response and maintenance services, to identify initiatives to improve social and environmental practices.

The Group identified four areas of focus: vehicle emissions, roadside litter, diversity and modern slavery. As an example, the group is sharing information about Transurban's approach to addressing modern slavery.

We hope to replicate collaborative groups such as this with other suppliers in the future.



Contractor safety

Safety in our supply chain, including the more than 6,000 subcontractors that work on our construction projects, is equally important to us as the safety of our direct workforce.

We work closely with our partners as they identify potential hazards and risks and determine mitigation measures. We also have well-established processes to analyse our HSE information for common learnings and communicate the outcomes of any incident investigations and share lessons learnt.



For example, this year we have worked closely with Lendlease Samsung Bouygues Joint Venture, our contractor on the M4-M5 Link, which is part of the WestConnex project, to ensure we exceed the industry standard on compliance with Australian heavy vehicle legislation. Above-standard measures include weighbridges on all sites, real-time monitoring of driver speed and fatigue, quarterly driver licence checks and limiting the age of the fleet. Standard actions include maintenance inspections, drug and alcohol testing of drivers and load restraint guidelines.

In FY20, we recorded a contractor recordable injury frequency rate (RIFR) of 3.6 per million work hours, our lowest ever result (see Figure 13). This was below our contractor RIFR target of 4.20 and WestConnex was included in our overall metrics for the first time. Recordable injuries include lost-time injuries, where a person loses one or more full shifts from work and medical treatment injuries where medical treatment (other than first aid) is required.

6

major projects progressed with construction contractors



24M

contractor hours worked on major projects

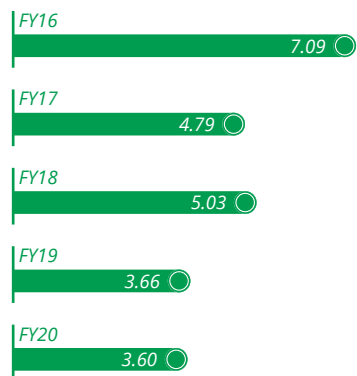


~6,000

subcontractors have completed online HSE inductions



FIGURE 13: CONTRACTOR RIFR



●● Maintenance workers in the New M4 tunnels

●● Maintenance contractors inspecting the Lane Cove Tunnel ventilation fans



Environmental leadership

•• Logan Enhancement Project awarded the first *Leading* infrastructure sustainability rating in Queensland

•• New M4—one of Australia's most sustainably designed and constructed tunnels

Working with our construction partners, we are on track for cumulative savings of more than 400,000 tonnes in greenhouse gas emissions from materials compared to base cases for seven major projects to date. These savings are equivalent to offsetting the carbon footprint of a \$2.2 billion road project.

Savings such as these demonstrate the ingenuity and results that can be realised when we and our partners challenge the way we design, construct and operate our assets.

We require all of our major Australian projects to be designed to achieve a rating of 'Excellent' or above according to criteria set by the Infrastructure Sustainability Council of Australia (see page 27). Contractors are required to achieve that same rating for the project's construction. In North America, the major project procurement process requires contractors to achieve a rating using the Envision infrastructure sustainability rating system.

Our efforts in this area are a key enabler for us to achieve our science-based target of a 55% intensity reduction in scope 3 (capital project) emissions by 2030 (see page 37).

Rethinking carbon-intensive materials

Cement production accounts for about 8% of emissions globally so it is imperative to look at ways to reduce its use and impact.

Across seven projects, our contractors have reduced the amount of concrete, of which cement is the key component, by 300,000 tonnes.

In FY19, along with Boral, we worked with leading Australian climate change thinktank, Beyond Zero Emissions, which has researched strategies and set targets to reduce cement-related GHG emissions and we are now engaging with the industry around implementing those targets.

This year we also used a low-carbon concrete to construct the Brisbane cycle park which was part of our Logan Enhancement Project (see page 24). The concrete replaced a portion of the emissions-intensive Portland cement with an industrial waste product called steel slag, which reduced emissions by more than 50% compared to Australian averages.

Our contractors have also achieved significant reductions in the use of asphalt—around 12% across all projects—mainly by using alternative asphalt products and design improvements to reduce pavement layer depth.

On the Logan Enhancement Project, we used a more sustainable alternative to traditional asphalt—312,000 tonnes of 'EME2'—the first project in Australia to do so at a commercial scale. Use of EME2 has resulted in lower carbon emissions (CO₂-e) and reduced total asphalt use by approximately 23%.



M5 WEST

now 100% owned after remaining 34.62% minority interest acquired

72.3%

proportional Group EBITDA margin in FY20

\$8.6B

of gross debt refinanced or raised in FY20

>75%

of original FY20 distribution paid

INVESTORS

We understand that for our business to deliver value over the long term, we need to balance the needs of all stakeholder groups. For investors, our focus is on prudent capital management to create long-term security holder value.

How we measure performance

Management consider proportional results as the best indicator of business performance. Proportional results are a reflection of Transurban's ownership of individual assets and the contribution they make to the Group's performance.

Note B4 to the Group Financial Statements presents further detail on the proportional results for the Group, including reconciliations to the statutory result.

Proportional EBITDA

Management consider proportional EBITDA to be the best measure of underlying business performance. Proportional EBITDA is the aggregation of the results from each asset multiplied by Transurban's percentage ownership as well as the contribution from central Group functions. Proportional EBITDA reflects the contribution from individual assets to the Group's operating performance and focuses on elements of the result that management can influence to drive improvements in short term earnings.

Free Cash

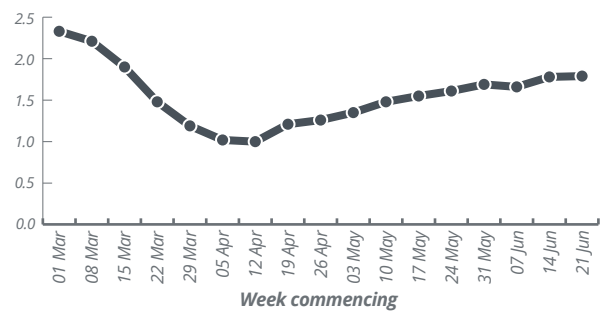
Free Cash is the primary measure used to assess the cash performance of the Group and represents the cash available for distribution to security holders. The Group seeks to align distributions with Free Cash which is defined in note B10 of the Group Financial Statements.

COVID-19 impacts

Consistent with most industries globally, Transurban's revenue streams have been significantly impacted as a result of COVID-19. Across our Australian and North American markets, impacts to Transurban's business were observable from early March 2020 as traffic volumes rapidly deteriorated. These impacts peaked in April with traffic across the Group down almost 50% for the month relative to the prior corresponding period.

Despite April representing the most significantly impacted month of traffic for the Group, initial improvements were seen through the second half of the month. As government-imposed restrictions progressively unwound, gradual traffic improvement continued, as can be see in Figure 14, showing the Group's average daily traffic by week.

FIGURE 14: GROUP AVERAGE DAILY TRAFFIC BY WEEK (MILLIONS)



All UN SDGs are relevant in the creation of sustainable value for investors



FY20 financial performance highlights

Key metrics

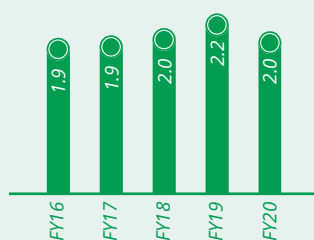
The below table is a summary of key financial measures which management consider the best representation of underlying business performance.

Financial metrics		FY20	FY19	% growth
Proportional toll revenue	\$ millions	2,492	2,581	(3.4%)
Proportional EBITDA (excl. significant items)	\$ millions	1,888	2,016	(6.4%)
Statutory revenue	\$ millions	3,616	4,166	(13.2%)
Statutory NPAT	\$ millions	(153)	170	(190.1%)
Statutory cash flows from operating activities	\$ millions	1,131	1,197	(5.5%)
Free Cash	\$ millions	1,476	1,527	(3.3%)
Gross distributions	\$ millions	1,284	1,577	(18.6%)
Distributions per security	cps	47.0	59.0	(20.3%)
Proportional drawn debt	\$ millions	22,118	19,394	14.0%

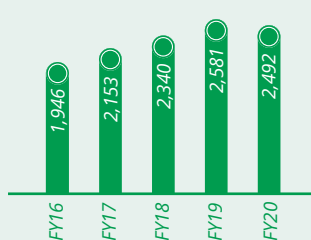
Ratios and rates

Proportional Group EBITDA margin	%	72.3	75.4
FFO/Debt	%	7.0	8.7
Distribution free cash flow coverage	%	115.0	96.8
Corporate SICR	x	3.8	4.1
Gearing	%	35.8	32.0
Weighted average cost of debt			
AUD debt	%	4.4	4.6
USD debt	%	4.4	4.4
CAD debt	%	5.0	4.9

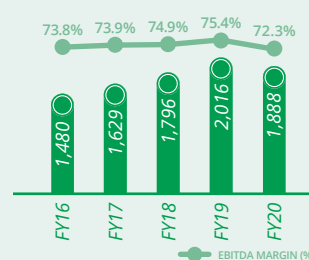
AVERAGE DAILY TRAFFIC (MILLIONS)



PROPORTIONAL TOLL REVENUE (\$ MILLIONS)

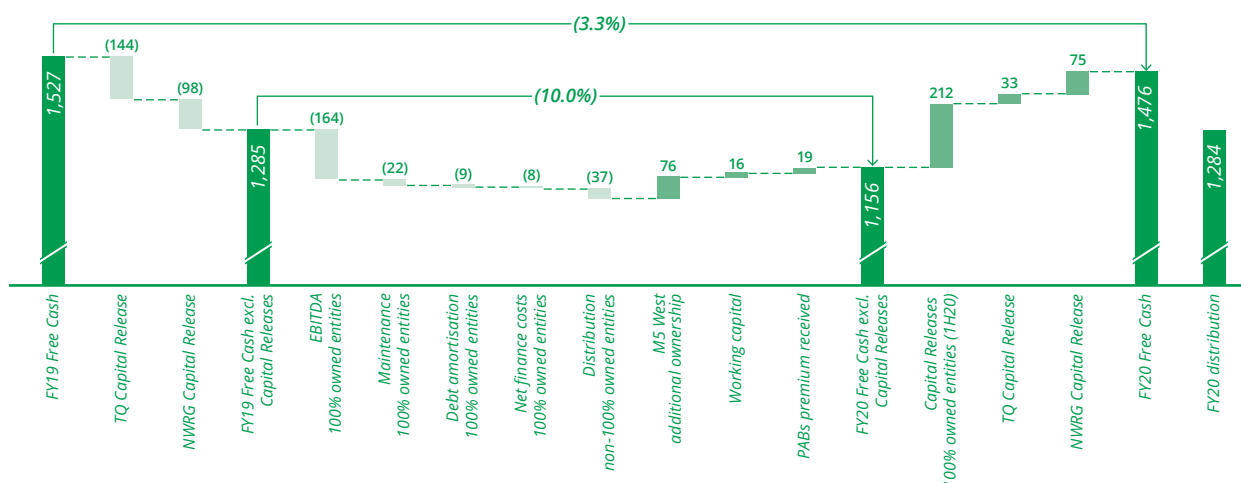


PROPORTIONAL EBITDA (\$ MILLIONS)



Operating performance

Free Cash reconciliation



Key drivers

EBITDA from 100% owned assets

Decrease in EBITDA from 100% owned assets owing to the impact to revenue from reduced traffic as a result of COVID-19, combined with a relatively low and stable cost base as expanded on below.

Revenue

Negative revenue growth was driven by the decrease in traffic as a result of significant and prolonged impacts to volumes due to COVID-19. Revenue impacts were mitigated to some extent by toll price escalation across Transurban's Australian markets and on the A25 in Montreal. Transurban's Express Lanes assets in Virginia are dynamically priced and were severely impacted by COVID-19 (given the lack of congestion on adjacent general-purpose lanes).

Costs

Underlying costs were reduced during the period through cost discipline and scale benefits as well as reductions to volume-related expenses including transaction costs. Overall growth in costs was driven by higher spend on strategic growth projects related to potential opportunities, primarily in North America. Transurban has maintained employment for its direct workforce through the crisis.

Maintenance from 100% owned assets

The increase in maintenance costs of \$22 million was largely driven by the additional provisions required to support the CityLink concession extension and the opening of 395 Express Lanes.

Net finance costs from 100% owned assets

Net finance costs grew by \$8 million, largely a result of increased borrowing to fund the development pipeline and to increase liquidity levels to support the business through COVID-19. The Group's weighted average cost of AUD decreased in FY20 to 4.4%.

Distributions from non-100% owned assets

Distributions fell in line with Free Cash at the individual asset level as a result of negative impacts to traffic volumes due to COVID-19, partially mitigated by toll price escalation. While the majority of non-100% owned assets paid distributions in line with their individual Free Cash, some distributions were deferred.

Working capital

The favourable movement in working capital compared to FY19 was largely driven by a decrease in accounts receivable in line with traffic volumes.

Other movements

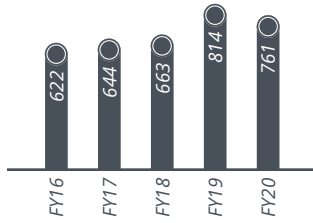
The key other movement is in relation to the impact of increased ownership of the M5 West in FY20.

Capital Releases

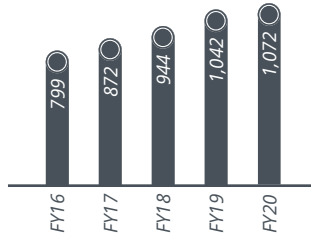
Capital Releases were \$78 million higher in FY20 compared to FY19. Capital Releases were delivered by Hills M2, Lane Cove Tunnel, Transurban Queensland and the NorthWestern Roads Group (in relation to M7). Proceeds from Capital Releases received in 2H20 were retained by Transurban to support credit metrics.

Sydney

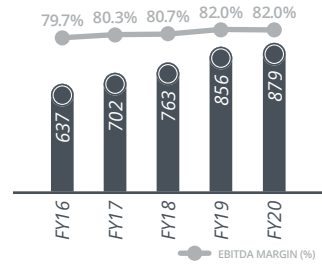
AVERAGE DAILY TRAFFIC (THOUSANDS)



PROPORTIONAL TOLL REVENUE (\$ MILLIONS)



PROPORTIONAL EBITDA (\$ MILLIONS)



FY20 performance¹

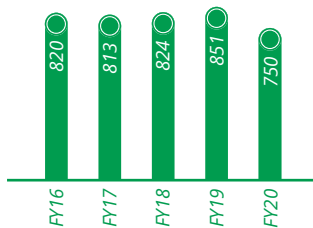
- 6.5% decrease in average daily traffic driven by weak June quarter as a result of COVID-19
- Toll revenue growth of 2.8% despite traffic impact, largely due to opening of New M4 tunnels in July 2019 and the additional ownership interest in the M5 West
- EBITDA margin was flat at 82.0% (from 82.0% in FY19), reflecting decreased toll revenue offset by liquidated damages received and new assets including the additional ownership of M5 West

Portfolio summary

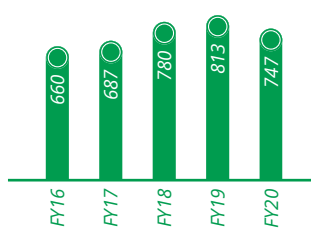
- Hills M2
- M5 West
- Lane Cove Tunnel
- Cross City Tunnel
- Eastern Distributor
- Westlink M7
- New M4
- M8 (opened July 2020)
- M5 East
- NorthConnex (opening FY21)
- M4-M5 Link (under construction)
- Rozelle Interchange (under construction)

Melbourne

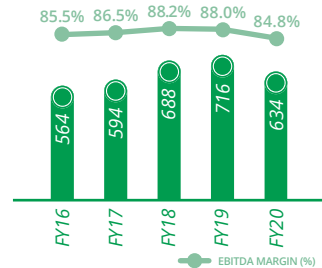
AVERAGE DAILY TRAFFIC (THOUSANDS)



PROPORTIONAL TOLL REVENUE (\$ MILLIONS)



PROPORTIONAL EBITDA (\$ MILLIONS)



FY20 performance¹

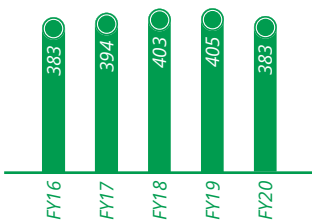
- 11.9% decrease in average daily traffic driven by weak June quarter as a result of COVID-19
- Toll revenue decreased by 8.1%
- COVID-19 restrictions in Victoria were more severe and prolonged relative to Sydney and Brisbane, causing a more significant impact to revenue relative to other Australian markets
- EBITDA margin decreased to 84.8% (from 88.0% in FY19), reflecting decreased toll revenue and the re-basing of the CityLink maintenance provision (non-cash) as a result of the 10-year concession extension

Portfolio summary

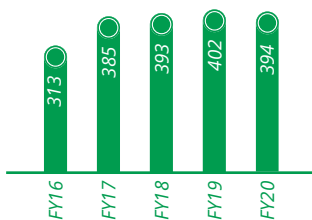
- CityLink
- West Gate Tunnel (under construction)

Brisbane

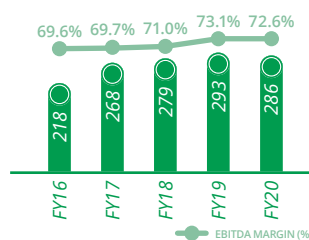
AVERAGE DAILY TRAFFIC (THOUSANDS)



PROPORTIONAL TOLL REVENUE (\$ MILLIONS)



PROPORTIONAL EBITDA (\$ MILLIONS)



FY20 performance¹

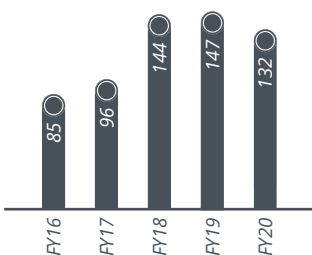
- 5.3% decrease in average daily traffic driven by weak June quarter as a result of COVID-19
- Toll revenue decreased by 1.9% with impacts mitigated to some extent by increased truck toll multipliers on the Logan and Gateway motorways which came into effect during FY20
- EBITDA margin decreased slightly to 72.6% (from 73.1% in FY19), reflecting decreased toll revenue largely offset by favourable revenue uplift post completion of asset enhancement projects and benefits received from recent insourcing of tunnel operations

Portfolio summary

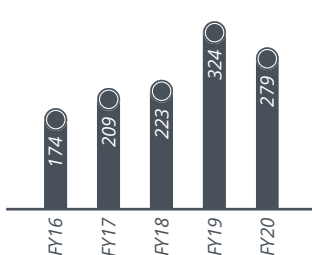
- Gateway Motorway
- Logan Motorway
- AirportlinkM7
- Clem7
- Legacy Way
- Go Between Bridge

North America

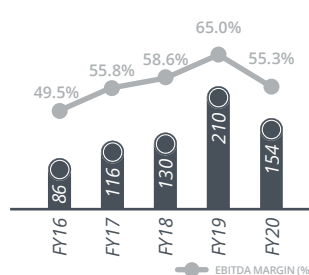
AVERAGE DAILY TRAFFIC (THOUSANDS)



PROPORTIONAL TOLL REVENUE (\$ MILLIONS)



PROPORTIONAL EBITDA (\$ MILLIONS)



FY20 performance¹

- 10.3% decrease in average daily traffic driven by weak June quarter as a result of COVID-19
- Toll revenue decrease of 13.9%, impacted by Express Lanes which have underperformed through COVID-19 pandemic due to the dynamic, congestion-based tolling mechanism
- EBITDA margin decreased to 55.3% (from 65.0% in FY19), impacted by decreased toll revenue and the opening of the 395 Express Lanes (including the Transit Investment Payment)

Portfolio summary

- 95 Express Lanes (GWA)
- 495 Express Lanes (GWA)
- A25 (Montreal)
- Fredericksburg Extension (GWA, under construction)
- 495 Northern Extension (GWA, in procurement)
- Capital Beltway Accord (GWA, progressing with government)

¹ All figures are proportional

Capital management

Transurban's capital strategy is underpinned by fundamental objectives:



Maintain strong investment grade credit metrics



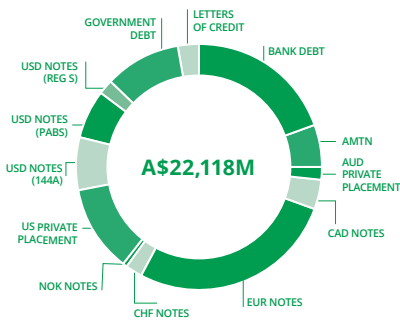
Efficiently fund our development pipeline



Distributions for security holders

This is enabled by the underlying strength of the Group's operating cashflows which support security holder distributions and allow efficient funding of opportunities through a combination of debt and equity funding.

FIGURE 15: DIVERSIFIED FUNDING SOURCES (GROUP DEBT AS AT 30 JUNE 2020)^{1,2}

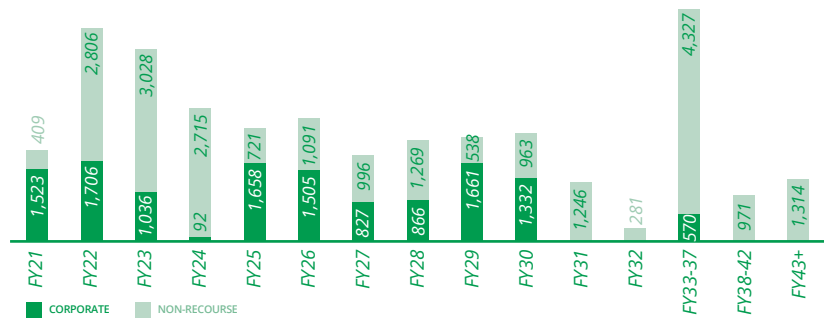


Debt overview

In FY20, Transurban raised \$8.6 billion of debt across bank and debt capital markets, with \$3.7 billion of this raised during March and April as the COVID-19 crisis escalated and capital markets reacted with volatility. The business responded quickly in securing additional liquidity as the impacts of COVID-19 set in, providing a significant buffer to protect against any credit market freeze. This response provided the Group with sufficient liquidity to meet capital requirements and debt refinancing obligations through to June 2021.

The Group's weighted average cost of AUD debt decreased in FY20 to 4.4%, with the tenor increasing to 8.4 years. Owing to the prudent management of the debt book, only a small proportion of Group debt still requires refinancing in FY21 (refer to Figure 16). This is in line with the Group's funding plan which aims to reduce funding and liquidity risk, maintain high investment grade credit metrics and maintain or grow diversity of funding sources.

FIGURE 16: GROUP PROPORTIONAL DEBT MATURITY PROFILE (\$ MILLIONS)^{3,4}



Distribution

In light of impacts to the business as a result of COVID-19 and response measures implemented by governments, distribution guidance for 2H20 was withdrawn on 1 April 2020.

A distribution totaling 16.0 cents per stapled security will be paid for the six months ended 30 June 2020, taking the FY20 distribution to 47.0 cents per stapled security. The Transurban Board expects the FY21 distribution will be in line with Free Cash, excluding Capital Releases.

1 Represents the full available debt facility
 2 Proportional drawn debt inclusive of issued letters of credit. CAD, CHF, EUR, NOK and USD debt converted at the hedged rate where cross currency swaps are in place. USD debt is converted at the spot exchange rate (0.6857 at 30 June 2020) where no cross currency swaps are in place. CAD debt is converted at the spot exchange rate (0.9380 at 30 June 2020) where no cross currency swaps are in place
 3 The full value of available debt facilities is shown. Debt is shown in the financial year in which it matures
 4 Debt values are shown in AUD as at 30 June 2020. CAD, EUR, NOK and USD debt converted at the hedged rate where cross currency swaps are in place. USD debt is converted at the spot exchange rate (0.6857 at 30 June 2020) where no cross currency swaps are in place. CAD debt is converted at the spot exchange rate (0.9380 at 30 June 2020) where no cross currency swaps are in place

Outlook

The traffic outlook for FY21 is for improvement in line with the easing of government restrictions, which has been observed in some of our markets. However, the rate and trajectory of that traffic performance will remain sensitive to government responses and economic conditions in each of our markets.

The near-term priorities for the business are consistent with our approach since the onset of the COVID-19 crisis.

While COVID-19 and the associated government responses have impacted the business's operating cashflows, both our capital and operational positions remain strong and we are well positioned to participate in the economic rebuilding in each of our markets, which will undeniably require private-sector involvement. Transurban is engaging with industry and governments on a pipeline of potential infrastructure to support the economy and drive growth. In parallel, we will continue to work with our construction partners and other stakeholders to advance seven major projects across Australia and North America (refer to Figure 17).

We will continue to monitor and analyse changing mobility trends which may be accelerated as a result of COVID-19. As each of our markets emerge from the crisis, motorway capacity may be needed to support commercial traffic and modal shifts from public transport and Transurban is well positioned to benefit from these trends. Longer term, we consider that the future state of mobility presents substantial opportunities for the business.

Near-term priorities



Doing all that we can to keep our employees, contractors and customers healthy and safe through this challenging period



Keeping our roads fully operational and transporting people and goods where they need to go



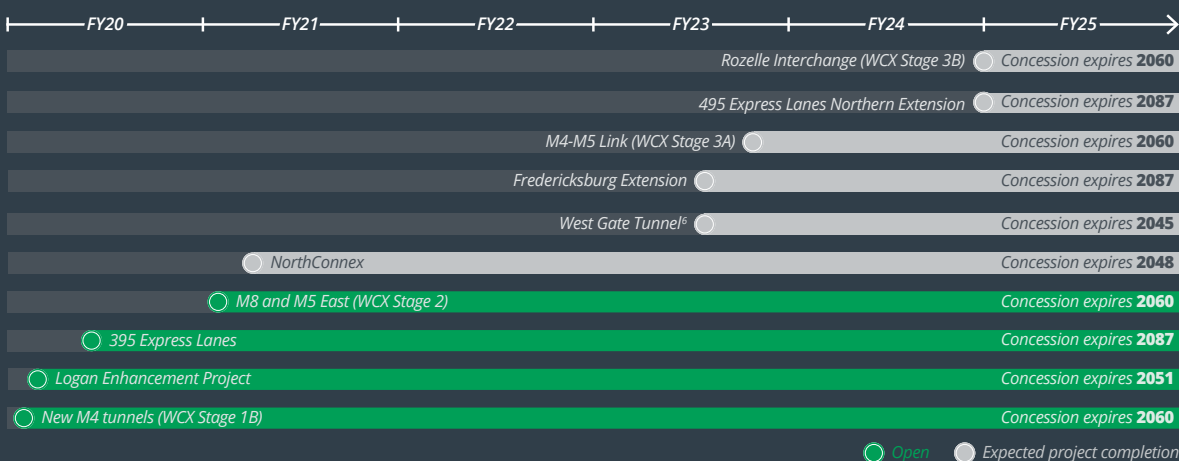
Providing additional support to our customers and communities through expanded programs and new initiatives



Playing an active role in the economic recovery by maintaining our workforce, continuing work on our portfolio of major projects and pursuing new opportunities



FIGURE 17: PROJECT PORTFOLIO EXPECTED COMPLETION TIMELINE⁵



⁵ Additionally, Transurban is developing the Capital Beltway Accord Project in partnership with the Virginia Government. This project, announced in November 2019 will extend the 495 Express Lanes north by 4.2km

⁶ Project now expected to be completed in 2023

60 GOVERNANCE AND RISK

—SECTION 3—



GOVERNANCE

Transurban is committed to good governance, transparency and accountability. The Board¹ believes this is essential for the long-term performance and sustainability of our business, and to protect and enhance the interests of security holders and other stakeholders.

Introduction

Transurban's governance framework plays a critical role in helping the business deliver on its strategy.

It provides the structure through which business objectives are set, performance is monitored, and risks are managed. It includes a framework for decision making across the business and provides guidance on the standards of behaviour expected of Transurban's people.

Transurban's governance framework including our statement of compliance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, is detailed in our 2020 Corporate Governance Statement, which is available on our website together with key governance documents, including charters and policies (transurban.com).

Role of the Board

The Board is accountable to security holders for the performance of Transurban. The Board's primary roles are to demonstrate leadership and provide overall strategic guidance for Transurban and effective oversight of management in implementing Transurban's strategic objectives and instilling its values.

The Board regularly reviews the charters and policies that underpin Transurban's corporate governance practices to ensure they remain appropriate, reflect high standards of governance and meet regulatory requirements.

Board composition and structure

The Board is structured to ensure that it is comprised of individuals with appropriate skills, knowledge, experience and diversity to develop and support Transurban's strategy and enable it to discharge its responsibilities and add value.

As part of the Board's succession planning, the Board utilises a skills matrix to assist in assessing the range of skills, knowledge, experience and diversity on the Board, and to identify particular competencies and perspectives that will enhance the Board's effectiveness and add value.

The Board appointed Terence Bowen as a Non-executive Director on 1 February 2020, and Robert Edgar retired as a Non-executive Director on 10 October 2019.

During the year the Board reviewed the interests, positions and relationships of the Non-executive Directors and considers each of them to be independent.

1
INTRODUCTION
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GOVERNANCE
AND RISK4
DIRECTORS'
REPORT5
REMUNERATION
REPORT6
FINANCIAL
STATEMENTS7
SECURITYHOLDER
INFORMATION

¹ The Boards of Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited as responsible entity for Transurban Holding Trust (together, Transurban) have common directors and meet concurrently, and are collectively referred to as the Board

TRANSURBAN BOARD FY20 AREAS OF FOCUS

During the year, the Board has provided strategic guidance and effective oversight of management in its implementation of Transurban's strategy—to provide sustainable transport solutions that offer choice, reliability, safety, transparency and value.

The Board has actively exercised its stewardship responsibilities in relation to Transurban's management of the business during the COVID-19 pandemic, including providing additional support and guidance to management through additional Board meetings and briefings, and overseeing additional trading updates to the market.

Key strategic, governance and oversight activities for the year included:

Health and safety

Ongoing commitment and oversight of Transurban's workplace health, safety and wellbeing strategy and performance across the business including on major projects.

Customer and community

Oversight of customer initiatives and expanded hardship programs including through Linkt Assist (Australia) and First Time Forgiveness (North America), providing financial support for customers and other members of the community.

People and culture

Supporting and monitoring the realigned Transurban leadership model to position Transurban for the future; and oversight of Transurban's commitment to its Belonging and Wellbeing programs.

Sustainability

Approved more ambitious greenhouse gas emission reductions through new targets validated by the Science Based Targets initiative and Power Purchase Agreements for future supply of up to 80% of electricity needs for Brisbane and Sydney operations from renewable sources.

Oversight of COVID-19 pandemic response

Additional Board meetings and briefings to oversee Transurban's response to the impact of the pandemic including: health and safety; customers; people; operations; projects; assets; finance; treasury; capital and liquidity matters; risk management; and additional market updates.

Asset management and performance

Ongoing oversight of Transurban's delivery of committed projects including the opening of New M4 tunnels, the Logan Enhancement Project and the 395 Express Lanes; ongoing major project delivery pipeline including the M8 (Stage 2 of WestConnex), NorthConnex, Fredericksburg Extension and the West Gate Tunnel Project; and continuing to assess emerging opportunities in the regions in which we operate.

Capital management

Oversight and approval of the raising of \$8.6 billion in new facilities (bank debt and capital market issuances) including \$3.7 billion during March and April 2020 to further strengthen Transurban's liquidity position; and approval of \$500 million institutional placement and \$312 million Security Purchase Plan in August and September 2019 to primarily fund the acquisition of the remaining equity interests in M5 Motorway.

Strategy and risk

Together with Management, setting the strategic direction of the business including: approving the annual financial budget, and monitoring corporate performance; ongoing review of the Risk Appetite Statement (including financial and non-financial risk) and Enterprise Risk Management Framework to further enhance the assessment and management of material business risks.

Board succession planning

Board succession planning, including the appointment of a new independent Non-executive Director.



STAKEHOLDER ENGAGEMENT

Developing close relationships with our stakeholders allows us to identify and invest in projects and programs that matter



OPTIMAL NETWORKS

To keep traffic flowing safely and efficiently, we develop operational, policy, project and technology solutions that get more out of roads and the broader network



DELIVERY AND OPERATIONS

Delivering our projects and operating our roads as safely and efficiently as possible is our core focus and fundamental to our value proposition over the long term



DISCIPLINED INVESTMENT

Thinking holistically about the operation of the broader transport network, we invest in projects that are necessary for the growth and prosperity of communities



The Board possesses the skills, experience and diversity that it considers appropriate having regard to Transurban's strategic objectives and core capabilities (as set out above). In this regard, the Board collectively has the following key skills and experience:

Collective skills and experience of the Board

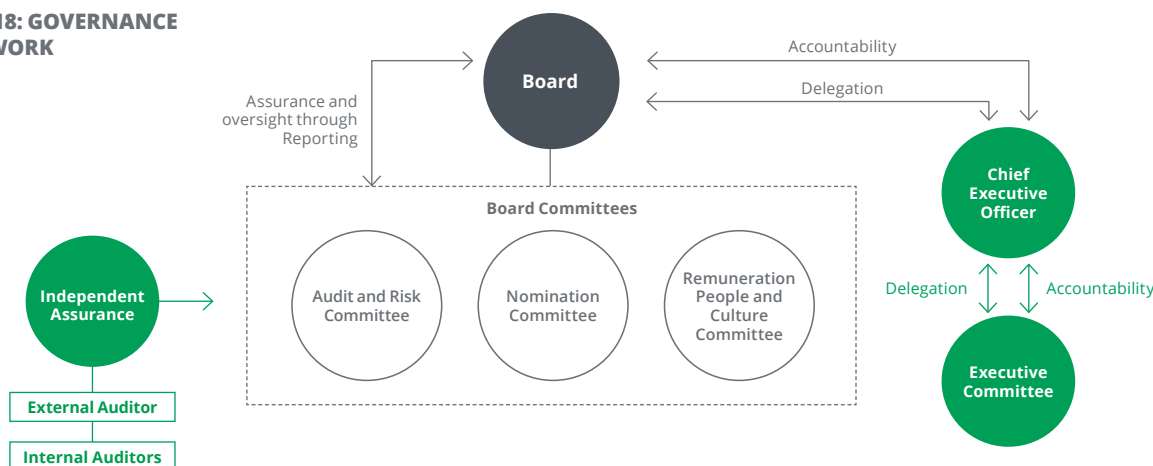
Industry specific knowledge and expertise	Specific experience, knowledge and expertise gained across the broader infrastructure and transport industries, including global experience
Financing / capital management	Experience in complex financing and/or capital management including economic drivers and global business perspectives
Project development, project management and delivery	Experience in all aspects of major infrastructure projects, including project engineering
Government and stakeholder relations, public policy and community engagement	Experience in government and regulatory policy matters (including public policy discourse), multiple stakeholder relations and community engagement
Technology	An understanding of, or experience in, organisations of a significant size having a major technology focus, including new technologies and digital disruption, digital customer management, and cyber security
Customer experience	Knowledge of, or experience in, organisations and operations managing large retail customer bases
General corporate, executive and director experience	Strategic and commercial acumen, health, safety and environment, sustainability, financial acumen, leadership, governance and compliance, risk management and people, culture and remuneration

The Board meets as often as necessary to discharge its responsibilities. Typically this requires Board members to attend at least eight scheduled meetings each year, the Annual General Meeting, Committee meetings and unscheduled meetings as required.

Board meetings are typically held in each of our regions over the course of the year. In addition to these meetings, Directors also attend regional activities, including briefings, asset or project site visits and presentations, and opportunities for employee and stakeholder engagement. The Board also meets with Transurban's Executive Committee for biannual strategy sessions.

Directors are also invited to participate in asset or project tours outside of the scheduled Board program. These tours are an important element of the Board's induction and ongoing educational activities and enable Directors to obtain the required deep understanding of the activities and operations within each region. Due to various COVID-19 related Government restrictions imposed during the year, certain regional meetings and activities scheduled for the second half of the year were paused.

FIGURE 18: GOVERNANCE FRAMEWORK



Board Committees

The Board has established three standing Committees, each operating under a separate Charter, approved by the Board, which sets out its responsibilities.

Board of Directors

Audit and Risk Committee

Responsibilities:

To assist the Board in fulfilling its corporate governance and oversight responsibilities relating to the integrity of Transurban's financial reporting, the effectiveness of Transurban's systems of financial risk management and internal controls; internal and external audit functions, Transurban's risk profile and risk policy and the effectiveness of Transurban's risk management framework and supporting risk management systems.

Areas of focus during FY20 included:

- Review and approval of significant accounting and financial reporting disclosures including in relation to: the pro-rata institutional placement and security purchase plan; the status of major projects; the acquisition of remaining equity interest in the M5 Motorway; and the impact of government-imposed restrictions relating to COVID-19 on accounting, audit and risk-related matters.
- Oversight of the assurance and disclosure processes for the Transurban Corporate Report incorporating the financial statements and remuneration report; and disclosures relating to the Taskforce on Climate-related Financial Disclosures.
- Continued oversight of risk management activities including annual review of the Risk Appetite Statement and Risk Management Policy and Enterprise Risk Management Framework.
- Approval of, and delivery oversight of, the FY20 Internal Audit Plan.

Nomination Committee

Responsibilities:

To assist the Board in fulfilling its responsibilities relating to the composition and performance of the Board, Board appointments, and succession planning.

Areas of focus during FY20 included:

- Ongoing Board succession planning, including selection and appointment of new Non-executive Director.
- Overseeing the establishment of the North American Advisory Board to provide input to the Board and management on North American matters.
- Overseeing the process for the annual review of Board, Board Committee and Director performance.

Remuneration, People and Culture Committee

Responsibilities:

To assist the Board in fulfilling its responsibilities in relation to the remuneration of the Chairman and other Non-executive Directors, performance and remuneration of, and incentives for, the CEO and Senior Executives, remuneration strategies, practices and disclosures, and management programs to optimise the contributions of Transurban's people and to support and further corporate objectives.

Areas of focus during FY20 included:

- Reviewing CEO and Senior Executive fixed, performance-based and equity-based remuneration, including reviewing appropriate performance measures.
- Oversight of Executive development and succession including oversight of the selection and appointment of new Executive Committee member.
- Reviewing Transurban's Diversity Policy and measurable objectives and overseeing the Group's progress against these objectives.
- See Remuneration Report on pages 79 to 100 for further information.



Governance policies

Transurban has a number of governance policies to guide how it does business, including:

- **Code of Conduct**—articulates the behaviour expected of Transurban's Directors and employees, who are expected to align their actions with the code and Transurban's values whenever they are representing Transurban.
- **Continuous Disclosure Policy**—establishes our procedure for compliance with Transurban's continuous disclosure obligations and provides guidance for the identification of material information and timely disclosure of Transurban's activities to the market.
- **Dealing in Securities Policy**—prohibits Transurban Directors, employees, contractors and their related parties from dealing in Transurban securities if they are in possession of price-sensitive information and provides for open periods during which Directors and employees may trade, subject to any required approvals being obtained.
- **Ethical Business Practices Policy**—defines the standard required from employees and third parties when working with Transurban, and confirms Transurban's commitment to a sound culture of compliance and ethical behaviour.
- **Health, Safety and Environment Policy**—provides Transurban's commitment to a healthy and safe work environment for all employees, contractors and third parties and to minimise impacts to our environment.
- **Risk Management Policy and Enterprise Risk Management Framework**—provides guidance and direction on the management of risk in Transurban and states Transurban's commitment to the effective management of risk.
- **Whistleblower Policy**—encourages Transurban Directors, employees, contractors and suppliers who have witnessed, or know about, any misconduct or suspected misconduct to speak up without fear of intimidation, disadvantage or reprisal.

Corporate Governance Statement

For detailed information on the corporate governance framework and main governance practices, policies and charters of Transurban Group for the year ended 30 June 2020, including details of the Group's compliance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, refer to the Group's 2020 Corporate Governance Statement on the Transurban website.

BOARD OF DIRECTORS

Lindsay Maxsted

DipBus, FCA, FAICD—Age 66
 Chair and independent Non-executive Director since August 2010 and March 2008 (respectively)

Chair of the Nomination Committee



Skills and experience

Lindsay is a Non-executive Director of BHP Group Limited and BHP Group plc (since 2011). He is also the Managing Director of Align Capital Pty Limited and Honorary Treasurer of the Baker Heart and Diabetes Institute.

Lindsay was previously Chair (2011–2020) and a Non-executive Director of Westpac Banking Corporation (2008–2020) and a partner of KPMG Australia where he was CEO of that firm from 2001 to 2007. His principal area of practice prior to this was in the corporate recovery field managing a number of Australia's largest insolvency/workout/turnaround engagements.

Scott Charlton

BSc, MBA—Age 56
 Chief Executive Officer and Executive Director since July 2012



Skills and experience

Scott joined Transurban from Lendlease, where he held positions as Group COO and Group Director of Operations. Previously Scott held several senior positions across a range of infrastructure entities and

financial institutions, including as CFO of Leighton Holdings Limited and Managing Director of Deutsche Bank in Australia and Hong Kong.

Scott is Deputy Chair of Infrastructure Partnerships Australia and is a member of the Monash Industry Council of Advisors, the Business Council of Australia and of Roads Australia.

Mark Birrell

BEC, LLB, HonLLD, FAICD—Age 62
 Independent Non-executive Director since May 2018

Member of the Audit and Risk Committee and the Nomination Committee



Skills and experience

Mark is an experienced Director with credentials spanning the private and public sectors. He has deep industry knowledge in the fields of transport, infrastructure and logistics. Mark is Chair of Post Super Pty Ltd (since 2013) and past President of the Victorian Chamber of Commerce and Industry. His previous roles include Chair of Regis Healthcare Limited (2014–2018), Infrastructure Australia, the Port of Melbourne Corporation, Evans & Peck Limited, and Deputy Chair of Australia Post. He brings extensive legal experience and was National Leader of the Infrastructure Group at Minter Ellison.

Mark was the founding Chair of Infrastructure Partnerships Australia, the nation's peak infrastructure sector body, and has a significant public policy

background through his earlier service as a Cabinet Minister in Victoria.

Terence Bowen

BAcc, FCPA, MAICD—Age 53
 Independent Non-executive Director since February 2020

Member of the Nomination Committee



Skills and experience

Terry has over 25 years' of extensive financial, strategic and operational experience across a range of sectors within some of Australia's leading companies.

Terry is currently Chair of the Operations Group at BGH Capital, and a Non-executive Director of BHP Group Limited and BHP Group Plc (since 2017), Navitas Pty Ltd and the West Coast Eagles Football Club. He previously served as Managing Partner and Head of the Operations Group at BGH Capital and prior to this served as an Executive Director and Finance Director of Wesfarmers Limited (2009–2017), Finance Director of Coles and Managing Director of Wesfarmers Industrial and Safety. Terry was formerly the CFO of Jetstar Airways, and before this held senior finance roles with Tubemakers of Australia Limited.

He is a former Chair of the West Australian Opera Company Incorporated and a former Non-executive Director of the Western Australian Institute of Medical Research Pty Ltd, Gresham Partners Holdings Limited and Gresham Partners Group Limited.

Neil Chatfield

MBA, FCPA, FAICD—Age 66

Independent Non-executive Director since February 2009

Member of the Audit and Risk Committee, the Remuneration, People and Culture Committee, and the Nomination Committee



Skills and experience

Neil is an established Executive and Non-executive Director with extensive experience across all facets of

company management, and with specific expertise in financial management, capital markets, mergers and acquisitions, and risk management.

Neil is the Chair (since 2015) and a Non-executive Director of Costa Group Holdings Limited (since 2011) and Chair (since 2019) and a Non-executive Director of Aristocrat Leisure Limited (since 2018). Neil is also Chair of Launch Housing, a not-for-profit organisation.

He was previously the Chair (2012–2018) and a Non-executive Director of Seek Limited (2005–2018), a Non-executive Director of Atomos Limited (2018–2019) and a Non-executive Director of Iron Mountain Incorporated (2016–2017). Neil also previously served as Executive Director and the CFO of Toll Holdings.

Samantha Mostyn

BA, LLB—Age 54

Independent Non-executive Director since December 2010

Chair of the Remuneration, People and Culture Committee and a member of the Nomination Committee



Skills and experience

Sam has significant experience in the Australian corporate sector both in executive and non-executive

capacities, in particular in the areas of human resources, corporate and government affairs, sustainability management and diversity.

Sam is Chair and a Non-executive Director of Citigroup Pty Limited (since 2015) and a Non-executive Director of Mirvac Group Limited (since 2015). She is also a Director of the Sydney Swans Football Club.

She was previously a Non-executive Director of Virgin Australia Holdings

Limited (2010–2019) and Cover-More Group Limited (2013–2017).

Sam is a member of the NSW Climate Change Council, the advisory boards of ClimateWorks Australia, a Board member of the GO Foundation and of the Centre for Policy Development, and Chair of the Australian National Research Organisation for Women's Safety. She was previously Chair of Carriageworks.

Christine O'Reilly

BBus—Age 59

Independent Non-executive Director since April 2012

Chair of the Audit and Risk Committee and a member of the Nomination Committee



Skills and experience

Christine has over 30 years' experience in the finance and infrastructure sectors in various roles including as Co-Head

of Unlisted Infrastructure at Colonial First State Global Asset Management and as Chief Executive Officer of the GasNet Australia Group. Christine's early work history includes eight years with investment bank, Centaurus Corporate Advisory Services, and audit experience with PricewaterhouseCoopers where she qualified as a chartered accountant.

Christine is a Non-executive Director of CSL Limited (since 2011), Medibank Private Limited (since 2014) and Stockland Corporation Limited (since 2018). She is also a Non-executive Director of Baker Heart and Diabetes Institute. She was previously a Non-executive Director of Energy Australia Holdings Limited.

Peter Scott

BE (Hons), MEngSc, Hon FIEAust, MICE—Age 66

Independent Non-executive Director since March 2016

Member of the Audit and Risk Committee and the Nomination Committee



Skills and experience

Peter has over 20 years' senior business experience in publicly listed companies and a breadth of expertise in the engineering and finance sectors.

He was formally the CEO of MLC and head of National Australia Bank's Wealth Management Division and held a number of senior positions with Lend Lease.

Peter is a Non-executive Director of Centuria Heathley Limited. His pro bono activities include being Chair of Igniting Change Limited, a not-for-profit organisation, a member of the Prime Minister's Community Business Partnership, and a Fellow of the Senate of the University of Sydney. He was previously Chair and a Non-executive Director of Perpetual Equity Investment Company Limited (2014–2017), Chair (2010–2017) and a Non-executive Director of Perpetual Limited (2005–2017) and a Non-executive Director of Stockland Corporation Limited (2005–2016).

Jane Wilson

MBBS, MBA, FAICD—Age 62

Independent Non-executive Director since January 2017

Member of the Remuneration, People and Culture Committee and the Nomination Committee



Skills and experience

Jane has over 20 years' experience as a Director of companies, government-owned corporations and not-for-profit organisations.

She has considerable experience in finance, banking and medicine.

Jane is a Guardian of the Future Fund, Australia's Sovereign Wealth Fund, a Non-executive Director of Sonic Healthcare Limited (since 2010) and Costa Group Holdings Limited (since 2019).

Jane was previously the Deputy Chancellor of the University of Queensland, and previously a Non-executive Director of the General Sir John Monash Foundation, Opal Aged Care Limited and the Winston Churchill Memorial Trust.

RISK MANAGEMENT

A holistic and practical approach to identifying and managing risks is essential for an organisation’s resilience and sustainability. By understanding and anticipating change, Transurban is able to mitigate associated threats, as well as actively exploit business opportunities that appear in the transition.

Risk management is embedded into our strategy setting and decision-making processes as well as our daily operations to ensure we continuously deliver value for our stakeholders. We proactively implement strategies and contingency plans to manage risk, and assess how effective they are through regular reviews so we can make changes where necessary.

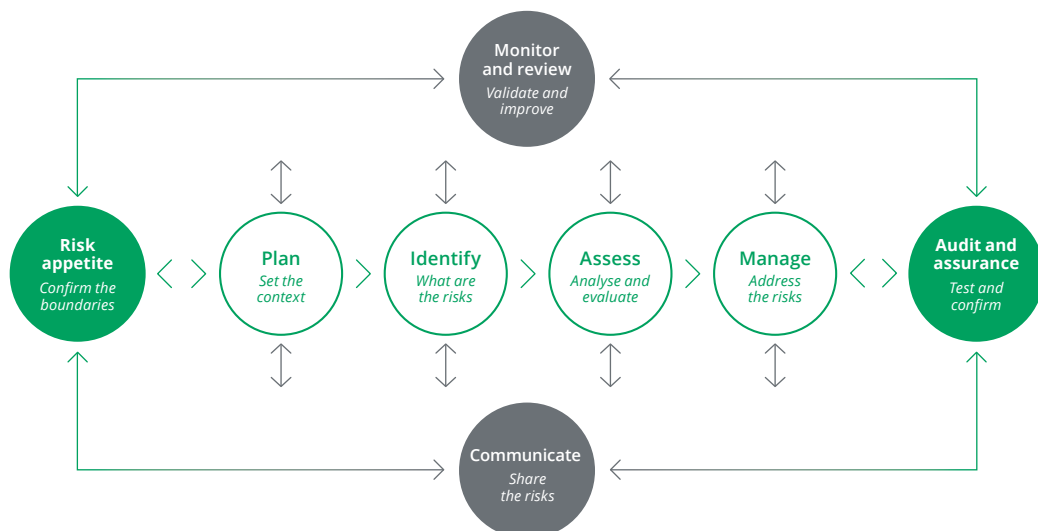
The Enterprise Risk Management (ERM) Framework is central to our approach. It provides governing principles and guidance on how to identify, assess, manage and escalate risks to ensure we respond appropriately to those with the potential to materially impact our business.

The ERM Framework is overseen by the Board and the Audit and Risk Committee and is actively managed by the CEO and Executive Committee along with senior managers. It includes a Risk

Appetite Statement spanning financial and non-financial measures outlining the level of risk that we are prepared to either accept, tolerate or avoid in the pursuit of our business strategy. The Statement, which is critical in guiding our attitudes and behaviours towards risk, is reviewed by the Board annually.

We have a dedicated ERM software system to support the iterative management of risks. Every employee is accountable for actively managing the risks within their area of responsibility, and ensuring compliance with the risk framework. A number of factors can influence all aspects of risk management, so it is critical that we monitor and assess the organisation’s risk culture on an annual basis to ensure a consistent understanding and approach across the business.

FIGURE 19: ENTERPRISE RISK MANAGEMENT PROCESS



Scope of risk management activities

Transurban's ERM approach is organisation-wide; connecting our business disciplines, projects, operations, functions and strategic plans. To ensure a broad view of risk, it considers both the internal and external operating environment and reflects financial and non-financial risks to the business. Non-financial categories of risk include:

- Compliance:** deed, legislative, legal and other operating requirements.
- Commercial:** includes contractual requirements, procurement processes and subcontractor arrangements.
- Environmental:** impacts to the physical environment and/or relating to the physical working environment, including the impacts from climate change.
- Safety and health:** the safety and health of all parties that we have a duty of care towards when executing our works.
- Stakeholder and community:** risks associated with internal and external stakeholders including the communities within which we operate.

We consider a number of consequences related to these risks. Financial, business disruption, health and safety, environmental, schedule and reputation consequences are assessed where appropriate for each risk.

From a business resilience perspective, we test our emergency management, business continuity, and crisis management processes through scenario and desktop exercises. This has enabled us to be agile when testing potential operational and business disruption events and to trial alternative approaches to prevent, respond and recover from incidents, disruption or pursue opportunities.

This approach to risk management is also supported by Key Risk Indicators (KRIs) and Key Performance Indicators (KPIs). These both link to our Risk Appetite Statements. By using these KPIs and KRIs, our performance against financial and non-financial risk appetite can be tracked and presented to the Board, providing early warnings of rising risk levels.

Measuring the effectiveness of our activities

The ERM Framework is linked to our assurance and governance processes—with outcomes from our risk processes used to define areas of focus for internal audit. These reviews provide independent and objective assurance on the adequacy and effectiveness of our internal control environment and recommendations to improve efficiency.

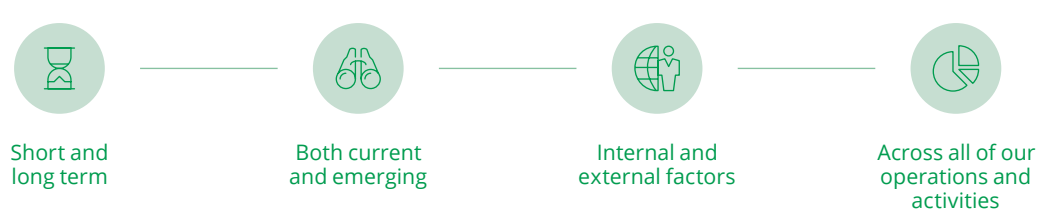
In addition, to determine the current effectiveness of our risk management capabilities and assess the depth of our risk culture, a series of risk-related questions are included in our annual employee 'Our Voice Survey'. The purpose of these questions is to assess the current understanding of risk and risk management practice within the business and confirm the propensity of employees and the business to take considered risk.

Annually, the Board requests that Internal Audit undertakes a review of Transurban's ERM framework. This review is to satisfy the Board that the framework itself continues to be sound and aligned to the ASX Corporate Governance Council Principles and Recommendations. This review consists of a high-level gap analysis of the alignment of the Transurban risk management approach with ASX Corporate Governance Council Principles and Recommendations and ISO 31000:2018, taking into account Transurban's ERM framework and its application within the business.

The detailed results from both the employee and ERM review are used to identify business areas requiring focused risk support and capability development activities. The results and feedback will also form the basis of future risk management training, education and ERM Framework improvement activities.

To support broader Internal Audit assurance activities Transurban utilises a co-sourced approach consisting of an external independent Internal Audit Service Provider (EY) and a core internal team led by the Head of Internal Audit. This approach enables a balance of independence, external experience and internal knowledge. Internal Audit operates under a plan approved annually by the Audit and Risk Committee and has full access to all functions, records, property and personnel of the Transurban Group. Internal Audit administratively reports to the CFO and has a direct communication line to the Chair of the Audit and Risk Committee. The results of internal audit activities are reported to the Audit and Risk Committee.

FIGURE 20: OUR RISK AND IDENTIFICATION AND REVIEW PROCESS COVERS THE FULL SPECTRUM OF OUR ACTIVITIES



Key risks (opportunities and threats)¹

Opportunities and description	Change in opportunity within FY20 ²	Example management responses
<p>New business opportunities in our target markets</p> <p>Entry into new markets has provided opportunities to further grow the business and enhance existing assets and operations.</p>	<p> Increase reflects material emerging opportunities in core markets</p>	<ul style="list-style-type: none"> • Focus on the right opportunities aligned to our business strategy • Continue to build relationships with partners • Demonstrate core capabilities and delivery credibility • Maintain leading understanding of the transport needs of our markets.
<p>Harness technology and services to develop new projects and offerings</p> <p>Implementation of technology and mobile app platforms have presented the opportunity to rapidly respond to changing customer expectations within the market and establish differentiators against our competitors.</p>	<p></p>	<ul style="list-style-type: none"> • Horizon scanning and emerging technology review • Technology road map, including identification of suitable technology partners and solutions • Strategic initiatives to test and pilot technology adaptations • Community and customer engagement • Continued investment in digital offerings including apps and features.
<p>Leverage capabilities to enhance motorway networks</p> <p>Opportunity to enhance network development, including but not limited to core assets.</p>	<p></p>	<ul style="list-style-type: none"> • Harness knowledge and experience to drive operations and maintenance • Ongoing focus on relationships with stakeholders • Develop new service offerings utilising existing capabilities • Develop network opportunities based off of a deep understanding of transport needs of our markets.
<p>Sustainability initiatives to enhance road user and community experience</p> <p>Opportunity to further pursue sustainability projects to enhance social and environmental outcomes for communities and social licence credentials.</p>	<p></p>	<ul style="list-style-type: none"> • Customer Hardship Program and Financial Inclusion Action Plan • Managed motorway risks such as pre peak-hour speed limit reductions to lower risk of rear-end crashes • Transurban Road Safety Centre at Neuroscience Research Australia(NeuRA) research program • Membership with Social Traders to identify opportunities to increase direct and indirect spend with certified social enterprises • Infrastructure sustainability ratings for road assets • Research and pilots of new technologies to reduce environmental impacts of construction materials.





¹ Transurban's exposure to financial risks and the policies we have in place for managing that risk can be found in the Derivatives and Financial Risk Management notes—see note B15. This section discusses our hedging policies, credit risk, interest rate risk and liquidity and funding policies
 Transurban considers the impacts of climate change as a potential contributing factor to many of our threats and opportunities. For more information on our climate change management strategies and our consideration of transition and physical risks refer to Climate risk management on page 73 of this Report and our Sustainability Supplement

² Directional arrows are a general assessment only of the risk change over the year, detailed risk reviews are undertaken regularly to ensure alignment with our risk appetite statement as outlined on page 68 and 69

Threats and description	Change in threat within FY20	Example management responses
<p>Maintaining our social licence to operate Failure to live the Transurban values when engaging with our stakeholders or failure to satisfactorily meet their needs could result in a loss of trust in our business, with implications for our reputation and business operations.</p>	<p>↑ Increase reflects negative impacts of COVID-19 on the community</p>	<ul style="list-style-type: none"> Enhanced customer hardship initiatives and measures to assist frontline workers and address impacts of COVID-19 being felt across our communities Continuous stakeholder listening program to enable practical business responses Proactive activities to enhance our social licence to operate Program of communication activities that engage all stakeholder groups.
<p>Unfavourable changes in the market or to operating conditions Key assumptions relating to the operating environment and/or budget forecasts may prove to be incorrect.</p>	<p>↑ Increase reflects initial impact of COVID-19 and subsequent government responses</p>	<ul style="list-style-type: none"> Revised traffic models to reflect shift in external environment due to COVID-19 Scenario analysis reflecting further COVID-19 future outlook uncertainties Strategic and emerging risks and mitigations identified and managed as part of the overall Risk Management Framework Ongoing regional and asset traffic analysis supplemented by third party data and/or review.
<p>Delivering our major projects to meet agreed outcomes Contractor performance or behaviour could lead to a failure to deliver projects on time and within budget resulting in reputational issues which could impact on future opportunities.</p>	<p>↑ Increase reflects issues around contractor performance during the period</p>	<ul style="list-style-type: none"> Due diligence throughout procurement and tender processes Standard D&C risk allocations including appropriate security packages Project Steering groups, Internal Audit Program and Program reviews Enterprise Risk Management Framework incorporating project risk reviews Ongoing focus on relationship with current and potential suppliers including Senior Executive engagement with major contractors.
<p>Customer and road safety Failure to effectively manage road infrastructure and response to incidents could impact customer and road safety.</p>	<p>↓ Decrease due to implementation of road enhancements and initiatives</p>	<ul style="list-style-type: none"> Australian Road Research Board assessment of the Australian network to determine International/Australian Road Assessment Program safety ratings Monash University Accident Research Centre analysis of serious injury crashes on Australian roads Road Safety Action Plans and Community of Practice Continued focus on emergency response capabilities and delivery of emergency management exercises Transurban Road Safety Centre at NeuRA research program.
<p>Cyber security and information protection Failure of IT security controls or an ineffective response to a cyber incident could result in a disruption to operations, damage to equipment and/ or loss of sensitive or personal data.</p>	<p>—</p>	<ul style="list-style-type: none"> Cyber security framework, including data protection management and third-party data risk management Cyber training and awareness programs Business continuity planning Security assessments including penetration and resilience testing.
<p>Failure of technical infrastructure Failure to adequately maintain or validate activities as required could lead to breaches of concession, possible safety risks and/or reputational damage.</p>	<p>—</p>	<ul style="list-style-type: none"> Transurban Asset Management System and associated processes Supplier and Contractor Management Framework outlines requirement for regular audits, inspections and quality assurance assessments of contractors and sub-contractors Asset reviews and Internal Audit Program.
<p>Changes in government policies or regulatory interpretations A change in government policy could impact on the ability to deliver the business strategy.</p>	<p>—</p>	<ul style="list-style-type: none"> Contributions to policy discussions through submissions to government inquiries and draft strategies Engagement with all levels of government—political and bureaucratic—to understanding policy positions and the potential implications.

Key risks (opportunities and threats)

Threats and description	Change in threat within FY20	Example management responses
<p>Ensuring the safety and wellbeing of employees and contractors</p> <p>Due to the nature of some of our work activities employees, workers and other stakeholders could be exposed to harm or suffer wellbeing issues if business controls fail to be adequate or due to third-party behaviours. High-risk activities include incident response, construction and operations and maintenance activities.</p>		<ul style="list-style-type: none"> • Safety reporting and management systems that enable detailed analytics • Contractor management and engagement to ensure implementation of Transurban minimum requirements • Ongoing development and enhancement of the Transurban health safety and environment (HSE) culture including delivery of mental health and wellbeing initiatives • HSE training and awareness including practical exercises.
<p>Dependency on third parties and critical suppliers</p> <p>Loss of a key strategic supplier due to liquidation, legal action, buyout/ infrastructure and response to incidents competitive takeover, or performance issues could lead to a disruption in supply of a critical service to Transurban.</p>		<ul style="list-style-type: none"> • Due diligence throughout procurement processes • Environmental scans and industry engagement • Supplier and Contractor Management Framework which includes requirements for Supplier Performance Management • Ongoing delivery of Sustainable Procurement Program including preparation for Modern Slavery Act requirements and collaboration with suppliers to respond to potential risks within our supply chain.



— FEATURE —

Proactive risk management enabling organisational resilience

The ongoing monitoring of national and global events which may create opportunity or pose a threat to our business enabled us to quickly identify potential areas of exposure when the COVID-19 virus was emerging overseas.

In January the Business Resilience Team commenced monitoring the initial COVID-19 virus outbreak and began reviewing and updating the Transurban Pandemic Response Plan. This included working across the business to update and test business continuity plans based on evolving government guidance.

Scenario risk analysis was undertaken to consider all forms of disruption risk. This included lack of access to locations, supply chain disruption and personnel and revenue impacts. These risks are subject to continuous review and are part

of our existing Pandemic Preparedness plans, which have mitigating strategies to reduce the impact that COVID-19 would have on our operations, services and projects.

Our business and strategic risks were also continuously reviewed and reassessed by the Executive Committee given the uncertain environment we and our stakeholders faced.

Our COVID-19 Working Group and Emergency Strategy teams remain in place to continuously review, plan, update and coordinate our business continuity and pandemic preparedness plans, and response protocols to reflect government and agency guidance and our revised risk profile. The experience gained through the response to the COVID-19 pandemic will be assessed and improvements to our ERM and Business Resilience Frameworks will be discussed with the Executive Committee and implemented where appropriate.

Climate risk management

We are committed to managing the impacts of climate change and supporting the transition towards a low-carbon economy. We recognise that climate change will affect our business both directly and indirectly and may influence the way we operate our business into the future.

Like all threats and opportunities, risks related to the climate are managed using our Enterprise Risk Management Framework (see page 68).

In FY20 we replaced our 2012 Climate Change Strategy with a revised Climate Change Framework (Figure 21).

This framework reflects our current understanding of climate-related risk, and covers priority areas associated with the low-carbon transition, emissions reduction, climate risk integration and asset and business adaptation.



FIGURE 21: OUR CLIMATE CHANGE FRAMEWORK

Our climate change framework aims to support the transition to a net zero future and implement measures that ensure our infrastructure and operations are resilient under potential future conditions.

Towards net zero

Energy	Low-carbon supply chain	Customer emissions	Roadside regeneration
Energy-efficiency upgrades	Low-carbon materials Circular economy	Customer engagement on fuel and emissions reduction	Improve vegetation within our alignments
Onsite renewables Power Purchase Agreements	Partnerships and engagement	Support the uptake of zero-emissions vehicles	Green infrastructure

Resilient infrastructure and operations

Climate risk integration	Asset and business adaptation	TCFD compliance and reporting
Embed climate risk within relevant processes and systems	Adaptation plans	Integration with financial systems, processes and reporting
Training and capacity building	Impact assessments and scenario analysis	Ongoing reporting

Progress towards addressing climate-related risks

In 2018, we committed to address the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which provides the leading framework for climate-related financial risk disclosures.

The TCFD's recommendations cover governance, strategy, risk management, and metrics and targets. Our full response to the TCFD recommendations is available in our FY20 Sustainability Supplement.

Highlights of our progress are below:

Governance

TCFD recommended disclosure: Disclose the organisation's governance around climate-related risks

Our response:

- Climate-related risks covering both threats and opportunities are overseen by the Board of Directors via the Audit and Risk Committee.
- The Audit and Risk Committee is updated at least half-yearly on climate-related risks, emerging themes and areas of progress.
- Responsibility for climate-related risks sits with all areas of the business, however the strategic response and overall direction is managed between the Sustainability and Risk leadership teams and relevant members of the Executive Committee.
- A cross-discipline internal governance group provides additional oversight of climate-related initiatives, management priorities, and annual reporting.

Strategy

TCFD recommended disclosure: Disclose the actual and potential impacts of climate-related risks on the organisation's businesses, strategy, and financial planning where such information is material

Our response:

- A revised Climate Change Framework has been developed to set our strategic direction for FY21–23.
- We expect that climate change will affect all areas of Transurban's organisational strategy to some extent, and may influence some of the ways we manage our business.
- To address the impacts of climate change we consider risks associated with the low-carbon transition and the physical impacts of climate change.
- Climate-related threats and opportunities have been identified and consolidated into six high-level risk themes. Materiality is determined based on the potential long-term impacts, likelihood the risk will be realised, and relationship with our organisational strategy and financial systems.
- We do not expect any short or mid-term financial impacts that would be considered material based on initial risk assessment and internal engagement.

- Longer term, the extent to which financial impacts are realised depends on how we respond to the various threats and create strategies to capitalise on opportunities. We have prioritised two initial projects to investigate the long-term possible impacts associated with toll revenue and lifecycle and maintenance costs. Case studies are included within the full disclosure.
- Individual risk responses consider multiple climate change scenarios, emerging trends, and timing of possible impacts. Each response summarises existing controls and any priority actions.

Risk management

TCFD recommended disclosure: Disclose how the organisation identifies, assesses, and manages climate-related risks

Our response:

- The process to identify and manage climate-related risks aligns with Transurban's enterprise approach to risk management. The ERM Framework provides guidance on the identification, assessment, management and escalation of risks to ensure that key risks, including those with the potential to have a material impact on the business, are escalated appropriately for decision-making and proactive management.
- A number of unique elements characterise climate-risk management, including the use of scenario analysis, a two-staged assessment process to model and quantify impacts where possible, and documenting the impacts of risks on financial systems and processes.
- Climate change risk assessments have been completed for all Australian assets.
- For major projects, our contractors are required to undertake a climate change risk assessment, consider the impact of design and construction on the environment, and achieve sustainability performance ratings. In Australia, all major projects are required to achieve at least an 'Excellent' Infrastructure Sustainability rating through design and construction from the Infrastructure Sustainability Council of Australia.

Metrics and targets

TCFD recommended disclosure: Disclose the metrics and targets used to assess and manage relevant climate-related risks where such information is material

Our response:

- A set of performance metrics has been confirmed which aligns with our key climate-related threats and opportunities.
- Disclosure includes Scope 1, 2 and 3 emissions as well as customer emissions, related risks and their management.
- Our greenhouse gas reduction targets have been updated to include scope 3 emissions and all targets are now verified by the Science Based Targets initiative.

75 DIRECTORS' REPORT

—SECTION 4—

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INTRODUCTION
AND OVERVIEW

2
BUSINESS
PERFORMANCE

3
GOVERNANCE
AND RISK

4
**DIRECTORS'
REPORT**

5
REMUNERATION
REPORT

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FINANCIAL
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DIRECTORS' REPORT

The Directors of Transurban Holdings Limited (the Company, 'the Parent' or 'THL') and its controlled entities ('Transurban', 'Transurban Group' or 'the Group'), Transurban International Limited and its controlled entities ('TIL'), and Transurban Infrastructure Management Limited ('TIML'), as responsible entity of Transurban Holding Trust and its controlled entities ('THT'), present their Directors' Report on the Transurban Group for the financial year ended 30 June 2020 ('FY20').

The controlled entities of THL include the other members of the stapled group, being TIL and THT.

The Directors' Report has been prepared in accordance with the requirements of the *Corporations Act 2001* with the following information forming part of this Directors' Report:

- Operating and financial review (see reference below)
- Remuneration Report on pages 79 to 100
- Directors' declaration on page 194
- Auditor's independence declaration on page 101

Principal activities

The principal activities of the Group during the year were the building and operation of toll roads in Sydney, Melbourne and Brisbane, in Australia, as well as in the Greater Washington Area and Montreal in North America. There has been no significant change in the nature of these activities during the year.

Operating and financial review

A review of Group operations and the results of those operations during the year, including likely developments in future financial years, are on pages 14 to 74 of this report. Further details of the results of the Group's operations are provided in the Financial Statements on pages 102 to 203 of this report.

Directors' details

The names of Directors of THL, TIML and TIL have common Directors. The names of Directors who served during or since the end of FY20 are:

- Lindsay Maxsted (Chairman)
- Scott Charlton (Chief Executive Officer)
- Mark Birrell
- Terence Bowen (appointed 1 February 2020)
- Neil Chatfield
- Samantha Mostyn
- Christine O'Reilly
- Peter Scott
- Jane Wilson
- Robert Edgar (retired 10 October 2019)

Details of each Director's appointment, qualifications, experience and special responsibilities, together with their recent directorships, are also set out on pages 66 to 67.

Company secretaries

Fiona Last and Julie Galligan are Company Secretaries of THL, TIML and TIL. Amanda Street resigned as Company Secretary of THL, TIML and TIL on 11 October 2019.

Fiona Last

LLB (Hons), BCom, FGIA

Fiona joined Transurban as Company Secretary in January 2020. Fiona is an experienced corporate lawyer and governance adviser with over 20 years relevant professional experience. Prior to joining Transurban, Fiona was Company Secretary at Treasury Wine Estates, and a Senior Corporate Lawyer at National Australia Bank. Prior to her in-house work, Fiona worked as a corporate lawyer for legal firms in Australia, Asia and the United Kingdom.

Julie Galligan

LLB, BA

Julie joined Transurban in November 2008 and was appointed as Group General Counsel in February 2012. Julie has over 20 years of legal experience in private practice and in-house roles in both Australia and the United Kingdom. Prior to joining Transurban, Julie worked in-house at Associated British Ports and at law firms, SJ Berwin LLP and Minter Ellison.

Directors' meeting attendance

The Boards of THL, TIML and TIL have common Directors and meetings are held concurrently. The number of meetings of the Board and each Board Committee held during FY20, and the number of meetings attended by each Director, are set out below. In addition, the Board held regular Board briefings with management during the COVID-19 pandemic in order to keep the Board abreast of the impact on the business of COVID-19 related matters.

	Board of Directors		Audit and Risk Committee ¹		Remuneration, People and Culture Committee ²		Nomination Committee ³		Board Sub-Committee ⁴	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Lindsay Maxsted (Chairman)	12	12	6	#	6	#	4	4	5	5
Scott Charlton (CEO)	12	12	6	#	6	#	3	#	5	5
Mark Birrell	12	12	6	6	4	#	4	4	-	#
Terence Bowen	8	8	2	#	3	#	2	2	-	#
Neil Chatfield ⁵	11	12	6	6	6	6	4	4	-	#
Samantha Mostyn	12	12	5	#	6	6	4	4	-	#
Christine O'Reilly	12	12	6	6	5	#	3	4	-	#
Peter Scott	12	12	6	6	5	#	4	4	-	#
Jane Wilson	12	12	2	#	6	6	4	4	-	#
Robert Edgar	1	1	2	#	1	1	2	2	-	#

Not a member of the relevant Committee

¹ L Maxsted, S Charlton, T Bowen, S Mostyn and J Wilson were not members of the Audit and Risk Committee but attended meetings as observers during the year

² L Maxsted, S Charlton, M Birrell, T Bowen, C O'Reilly and P Scott were not members of the Remuneration, People and Culture Committee but attended meetings as observers during the year. S Charlton was excluded from discussions involving his remuneration during meetings that he attended

³ S Charlton was not a member of the Nomination Committee but attended meetings as an observer during the year

⁴ A number of Board sub-committees were formed during the year for special purposes

⁵ N Chatfield attended all scheduled Board meetings. This number reflects his absence from one unscheduled Board meeting due to a prior commitment

Distributions

A distribution of 16.0 cents per stapled security will be paid for the six months ended 30 June 2020 on 14 August 2020. This takes the total distribution for FY20 to 47.0 cents per stapled security, of which 2.0 cents will be fully franked. Further details of FY20 distributions are provided in note B10 to the Financial Statements.

Significant changes in the state of affairs

The financial position and performance of the Group was particularly affected by the following transactions and events during the reporting period:

- Coronavirus global pandemic and the related government-mandated restrictions
- Acquisition of remaining equity interest in the M5 Motorway in October 2019
- Group equity issuances of pro-rata institutional placement and security purchase plan during August and September 2019 to fund the Group's investment in the remaining interests in M5 Motorway and for general corporate purposes.

Further information is provided in note B2 to the Financial Statements.

Events subsequent to the end of the financial year

Details of any events that have arisen from 30 June 2020 to the date of signing this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or Group's state of affairs, in the future years are provided in note B30 to the Financial Statements.

Indemnification and insurance of Directors and officers

The Constitutions of the Group provide that the Group will indemnify each officer (including each Director) of the Group, on a full indemnity basis and to the extent permitted by law, against any liabilities incurred by them in their capacity as an officer of any member of the Group. Each officer is also indemnified against reasonable costs (whether legal or otherwise) incurred in relation to relevant proceedings in which the officer is involved because the officer is or was an officer.

The Group has entered into Deeds of Indemnity, Insurance and Access (Deed) with each of its Directors and officers of the Group.

The Group has arranged to pay a premium for a Director's and officer's liability insurance policy to indemnify Directors and officers in accordance with the terms and conditions of the policy. This policy is subject to a confidentiality clause which prohibits disclosure of the nature of the liability covered, the name of the insurer, the limit of liability and the premium paid for this policy.

During FY20 and as at the date of this Report, no indemnity in favour of a current or former Director or officer of the Group or in favour of PwC, the external auditor, has been called on.

Environmental regulation

The Group's operations are subject to environmental regulation under both Commonwealth and State legislation. The Group is committed to achieving a high standard of environmental performance. The Sustainability Strategy—available on our website transurban.com—outlines our objectives, while our risk management processes provide regular monitoring of environmental exposure and compliance with environmental regulations.

Based on the results of enquiries made, the Board is not aware of any significant breaches during the reporting period.

Proceedings on behalf of the Group

No proceedings have been brought or intervened in on behalf of the Group, nor any application made under section 237 of the *Corporations Act*.

Non-audit services and auditor independence

PwC continues in office as the Group's external auditor in accordance with section 327 of the *Corporations Act*. The Group has an External Auditor Independence policy that is intended to support the independence of the external auditor by regulating the provision of services by the external auditor. The external auditor will not be engaged to perform any service that may impair or be perceived to impair the external auditor's judgment or independence.

The Board has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services during the reporting period is compatible with the general standard of independence for auditors imposed by the *Corporations Act*. The Directors are satisfied that the provision of non-audit services by PwC did not compromise the auditor independence requirements of the *Corporations Act* for the following reasons:

- The Audit and Risk Committee reviewed the non-audit services to ensure they did not impact the impartiality and objectivity of the auditor.
- None of the services undermined the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.


Details of the amounts paid for non-audit services is provided in note B34 to the Financial Statements.

The Group's external auditor, PwC, has provided an independence declaration in accordance with section 307C of the *Corporations Act*, which is set out on page 101 and forms part of this Report.

Rounding of amounts

The Group has applied the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191 to this report, and amounts in the Financial Statements have been rounded to the nearest million dollars, unless stated otherwise.

This Directors' Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors:



Lindsay Maxsted
Director



Scott Charlton
Director

Melbourne
12 August 2020

79 REMUNERATION REPORT

—SECTION 5—



Introduction from the Chair of the Remuneration, People and Culture Committee

Dear security holder

On behalf of the Board, I am pleased to present Transurban's Remuneration Report for the year ended 30 June 2020. This report contains detailed information regarding the remuneration arrangements for the directors and senior executives who were Key Management Personnel (KMP) for Transurban during FY20. We will seek your support for this report at our 2020 Annual General Meeting, to be held on 8 October 2020.

The broad and deep impacts of the COVID-19 pandemic over the past six months necessarily mean that Transurban's remuneration decisions have been made in circumstances that are still evolving, and the Board has exercised appropriate discretion consistent with the uncertainty of these times.

Prior to the impacts experienced by the COVID-19 pandemic, Transurban was on track to deliver total distributions for FY20 of 62.0 cents to our security holders. This was supported by strong traffic performance across the majority of our regions and by focusing on cost discipline throughout the business. The company's performance in the second half of FY20 was significantly impacted by the pandemic resulting in a reduced FY20 distribution of 47.0 cents.

As discussed in the Chair and CEO letter, while traffic fell quickly on Transurban's assets, the company moved to set clear priorities for action, which it held to over the period, including the maintenance of our direct and indirect workforce without accessing any of the government funded support programs made available to impacted businesses.

Transurban's response to the crisis has included actions to support our customers, communities, and our people, which are described on pages 20 and 21. This included a new toll credit program for people who lost their jobs or experienced a significant reduction in hours due to COVID-19, as well as eligible health care workers, aged carers, disability carers and emergency service personnel. Our actions through the crisis have been to serve the needs of all our stakeholders, ensuring that the company emerges through this challenging period in a strong position.

In the process of determining the remuneration outcomes for FY20, the Board has considered how business performance was tracking both prior to the impacts of the COVID-19 pandemic and in the subsequent period.

The Board has also undertaken additional governance oversight. This included both the Chair of the Remuneration, People and Culture Committee (Committee) and the Chairman of the Board obtaining appropriate stakeholder feedback, as well as seeking additional advice and input from the Committee's independent external remuneration adviser. The Committee and Board have also sought additional information from management leading up to the Board's decisions on remuneration.

In relation to some matters, final Executive remuneration outcomes have been significantly impacted as a result of COVID-19, and this is evident in both the FY20 Short Term Incentive (STI) outcomes and the Long Term Incentive (LTI) plan scheduled to vest in August 2020. Further details on the Board's exercise of discretion to reduce outcomes for FY20 are set out below (refer 'Alignment between performance and remuneration').

Within this context, the Board remains committed to an executive remuneration framework designed to attract, motivate and retain the most skilled, experienced and capable executives by rewarding them for delivering on our business strategy and creating long-term, sustainable value for stakeholders. Our culture and values underpin this framework and are integral to our workforce and how we operate as a responsible business.

The key principles underpinning our remuneration framework remain unchanged and include:

- Incentives based on financial measures and strategic objectives that are critical to sustained organisational growth and success
- due consideration of business and operational risk and the Group's values and culture through the design of performance objectives, clawbacks and the exercise of Board discretion
- incentives that provide sufficient stretch and motivation and also align the interests of executives to those of security holders
- a suitable balance between fixed, on target and at-risk pay to reward outperformance
- vesting periods for deferred incentives and remuneration practices and outcomes that are fair and reasonable, taking into account stakeholder expectations.

In February 2020, we realigned the leadership operating model to position Transurban for the future. This involved the consolidation and expansion of senior executive positions as well as increasing capability to take advantage of emerging opportunities. As a result, the executive team was reconfigured, with two new roles established and global searches undertaken for both roles:

- Group Executive Partners, Delivery and Risk – combining capability to deliver our \$19 billion pipeline of projects underway and an enlarged pipeline of future projects, ensuring that Transurban is the preferred partner of tomorrow's motorways. We anticipate that this role will be filled and will commence during FY21.
- Group Executive Customer and Technology – combining capability to meet the challenge of technology driving the customer experience. Simon Moorfield will join Transurban in this role during FY21.

Despite the challenging conditions created by the COVID-19 pandemic, our key business achievements in FY20 included:

- FY20 distributions totalling 47.0 cents per stapled security of which 16.0 cents per security is in relation to the second half of FY20
- Maintained a strong balance sheet, successfully raising \$8.6 billion of gross debt to refinance existing facilities, fund the development pipeline and strengthen liquidity
- An average of 2 million trips made on our roads each work day by an expanded customer base of 5.5 million customers in Australia and 3.3 million road users in North America
- Delivered Proportional EBITDA (excluding significant items) of \$1,888 million with a strong focus on cost discipline (underlying cost growth of 2.1% excluding foreign exchange impact)

Alignment between performance and Executive KMP remuneration

The Board has discretion over all remuneration outcomes for KMP, including the vesting of equity awards. The Board considers performance against each remuneration element, and a number of factors are taken into account that may result in the exercise of Board discretion for the benefit or the detriment of employees.

In light of the impact of the COVID-19 pandemic, the Board has exercised its discretion in determining FY20 remuneration outcomes to ensure they are reasonable in the context of the remuneration framework and also appropriately reflect overall business performance, the external environment as well as stakeholder feedback.

Short Term Incentive

FY20 Financial Performance (actuals and % to target)

- Proportional EBITDA of \$1,844 million (excludes additional items, refer to FY20 Group measures outcomes table), resulting in an outcome of zero
- Net Costs of \$475m, which was 150% of target, and was adjusted to an outcome of 100%
- HSE of 100.5% of target.

The Board has exercised its discretion to ensure an appropriate contextual overlay has been applied to the overall Group STI outcome. This decision was taken specifically in relation to balancing the impact of a strong net cost result, and resulted in the reduction of the calculated Group STI outcome from 80.1% down to 60.1%.

Executive STI outcomes

- The CEO's STI outcome of 68% of his target opportunity (FY19 102.7%) was adjusted to 50%, see comment below.
- Other Executive KMP received between 60.1% and 92.1% (FY19 87.3% and 133.4%)

As a result of the Board exercising its discretion as described above to reduce the Group STI outcome, no Executive KMP received an outcome of above 100%. In assessing the overall performance of the CEO, the Board has taken into account the current context and associated challenges that are impacting business performance and determined a reduced remuneration outcome for the CEO for the period. With respect to this, the Board concluded that a STI award of no higher than 50% of the CEO's target STI opportunity is appropriate for this financial year.

Long Term Incentive

Two performance measures underpin the LTI plan including relative Total Shareholder Return (TSR) against a bespoke comparator group and Free Cash Flow (FCF) (each with an equal 50% weighting).

Three-year performance to FY20

The FY17 LTI plan (performance period 1 July 2016 to 30 June 2019) vested on 26 August 2019 with the following results:

- TSR: Transurban ranked 12th highest out of 30 companies (62.0 percentile)
- FCF: 12.5% cumulative average annual growth rate in FCF per security over the performance period. The target range was 9% to 12% FCF growth per security.

Executive LTI outcomes (% of performance awards that vested)

TSR = 74.0%

FCF = 100%

Total = 87.0%

The FY18 LTI plan is scheduled to vest in August 2020. Reduced traffic and toll revenue across all regions due to the COVID-19 pandemic have significantly impacted the FCF component of this plan, with calculations indicating that whilst the awards under the TSR component will vest for eligible participants, there will be no vesting of the FCF component.

The Board has also considered the setting of performance targets for the FY21 LTI plan in the context of the ongoing impacts of the COVID-19 pandemic. There are significant challenges associated with predicting traffic and toll revenues, and therefore accurately forecasting FCF for the next three year period.

As a result, the Board has decided that FCF is not a suitable measure for the FY21 LTI Plan. After considering various alternatives, incorporating independent expert advice as well as feedback from various stakeholders, a decision was made by the Board to retain the relative TSR measure with the existing comparator group as a single performance measure.

This decision is specific to the FY21 LTI plan and is in response to the current uncertain climate and does not necessarily represent ongoing performance measures for future LTI plans. For the FY22 LTI plan, the Board will take into account the prevailing conditions at that time but its current preference is to revert to including FCF as the second measure for the Group's LTI plan.

Fixed Remuneration

Fixed remuneration reviews were conducted during FY20, with small adjustments made to the fixed remuneration of two Executive KMP.

There has been no increase in Chairman and Non-executive Director fees since 1 January 2018.

- Acquired the minority interests in the M5 West in New South Wales, supported by a \$0.8 billion pro-rata institutional placement and security purchase plan
- Opened the New M4 tunnels in Sydney, the 395 Express Lanes in North America, and completion of the Logan Enhancement Project in Queensland
- Established Power Purchase Agreements to supply up to 80% of future electricity needs in Queensland and New South Wales from renewable sources.

A general update of the Group's STI and LTI Plan rules was undertaken during FY20, taking into consideration stakeholder feedback, market expectations and regulatory developments. As a result improvements were made to provide greater flexibility and enhanced malus and clawback clauses.

Our focus as a Board is on balancing the delivery of returns to investors with long-term sustainable business performance and we continue to set targets that reflect this. The Board believes that the remuneration framework remains appropriate and the outcomes for FY20 are fair and reflect the performance of Transurban in the current context. We will continue to review the remuneration framework to ensure the right outcomes are being delivered and rewarded.

Thank you for your continued support.



Samantha Mostyn

Chair, Remuneration, People and Culture Committee

This report has been prepared and audited in accordance with section 300A of the Corporations Act 2001 (Corporations Act)

Who is covered by the Report

This report covers the KMP of Transurban who have the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. This includes both the Executive KMP as well as Non-executive Directors.

The following table lists the Group's KMP during FY20. All KMP held their positions for the duration of FY20 unless otherwise stated.

Current Non-executive Directors

Lindsay Maxsted, Chair
 Mark Birrell
 Terence Bowen (from 1 February 2020)
 Neil Chatfield
 Samantha Mostyn
 Christine O'Reilly
 Peter Scott
 Jane Wilson

Former Non-executive Directors

Robert Edgar (until 10 October 2019)

Current Executive KMP

Scott Charlton, Executive Director and Chief Executive Officer (CEO)
 Jennifer Aument, President North America
 Henry Byrne, Group Executive Victoria, Strategy and Corporate Affairs (from 1 March 2020)
 Michele Huey, Group Executive New South Wales
 Sue Johnson, Group Executive Queensland
 Adam Watson, Chief Financial Officer

Former Executive KMP

Tony Adams, Group Executive Project Delivery (until 29 February 2020)

Wesley Ballantine, Group Executive Victoria and Strategy (until 28 February 2020)

Lisa Tobin, Group Executive Technology (until 28 February 2020)

New KMP

Terence Bowen, Non-executive Director

Terence Bowen joined the Board as a Non-executive Director on 1 February 2020.

Henry Byrne, Group Executive Victoria, Strategy and Corporate Affairs

Henry Byrne (formerly Group Executive Corporate Affairs) was appointed Group Executive, Victoria, Strategy and Corporate Affairs effective 1 March 2020.

Former KMP

Robert Edgar, Non-executive Director

Robert Edgar retired from his position as a Non-executive Director on 10 October 2019.

Tony Adams, Group Executive Project Delivery

Tony Adams commenced in the role of General Manager Delivery on 1 March 2020 and ceased being a KMP on this date.

Wesley Ballantine, Group Executive Victoria and Strategy

Wesley Ballantine, Group Executive Victoria and Strategy ceased employment with the Group on 28 February 2020.

Lisa Tobin, Group Executive Technology

Lisa Tobin, Group Executive Technology ceased employment with the Group on 28 February 2020.

KMP Commencing in FY21

Simon Moorfield, Group Executive Customer and Technology

Simon Moorfield was appointed to the newly created role of Group Executive Customer and Technology and will commence employment with the Group during FY21.

Group Executive Partners, Delivery and Risk

A newly created role which we anticipate will be filled and will commence during FY21.

Our remuneration governance framework at a glance

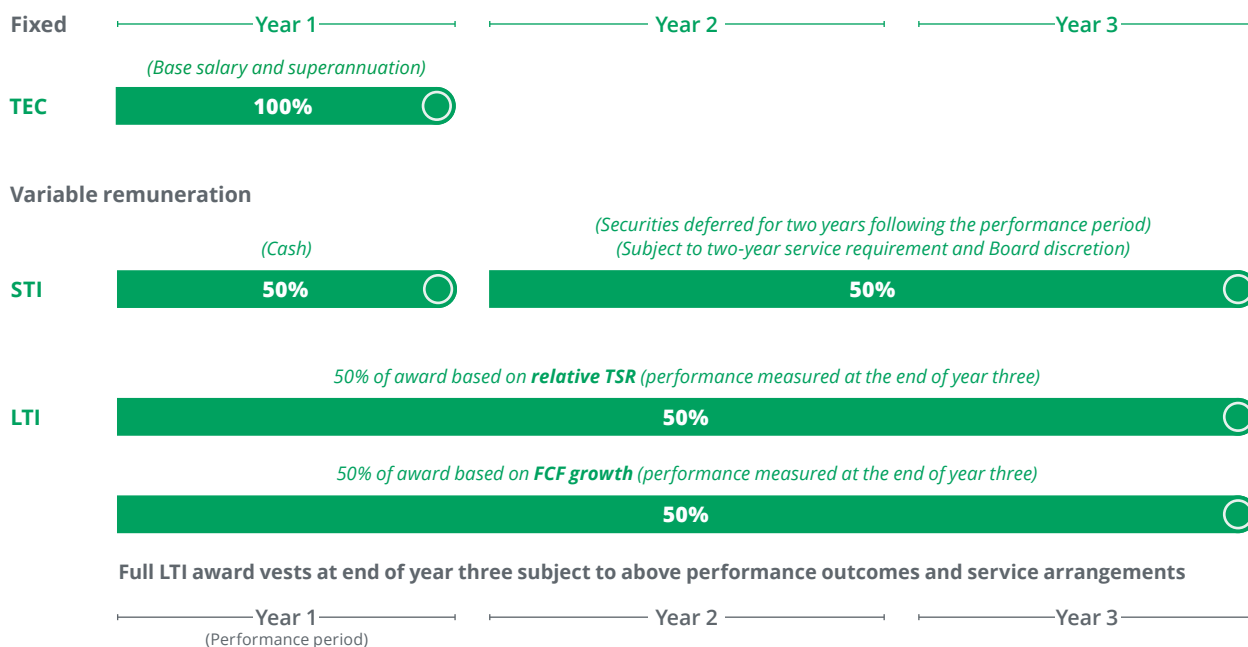


Our executive remuneration strategy

At Transurban, our remuneration strategy is designed to support and reinforce our business strategy, including sustainable long-term growth. The remuneration components that are at risk reflect the successful execution of that strategy in both the short and long term. Our strategic drivers are reflected in our STI and LTI performance measures so that business performance, security holder outcomes and senior executive remuneration are directly aligned.

Our purpose	To strengthen communities through transport			
Our strategy	Provide sustainable transport solutions that offer choice, reliability, safety, transparency and value			
Our focus areas	Stakeholder engagement	Optimal networks	Delivery and operations	Disciplined investment
Remuneration strategy	A total remuneration framework designed to attract, motivate and retain the most skilled, experienced and capable senior executives by rewarding them for delivering on our business strategy and creating long-term, sustainable value for stakeholders			
Remuneration principles	Aligns the interests of our people with stakeholders	Attracts, motivates and retains the best people in the market	Balances financial and non-financial priorities around culture, risk appetite and values	Pays fairly for operational delivery and longer-term value creation
Remuneration components (and delivery mechanisms)	Fixed remuneration	Short Term Incentive (STI) Target performance defined by a combination of individual and group KPIs has the potential to achieve a 100% outcome. Opportunity for outperformance exists	Long Term Incentive (LTI) Long-term business performance measures determine opportunity for security grants	
	Salary including statutory superannuation	STI Annual incentive awarded 50% in cash and 50% as two-year deferred Transurban securities	LTI Annual award granted as three-year performance awards (i.e. rights)	
Purpose	Set competitively in relation to the external market; designed to attract and retain the most appropriately skilled and experienced people in the market	Current year performance Designed to reward for performance against annual, year-on-year business objectives and KPIs; deferral provides an additional retention incentive and clawback optionality	Long-term sustainable performance Aligns performance focus with longer term business strategy and security holder returns; the three-year performance period provides an additional retention incentive and clawback optionality	
Link to performance	Individual key role accountabilities, responsible for delivering on local priorities aligned to the business strategy	Provides for differentiation of pay based on both individual contribution and overall business performance	Motivates the consideration of longer-term implications of present-day decisions	
Performance measures	Key role accountabilities, size and complexity weighed up against individual responsibilities, knowledge, skills and experience	Financial Proportional EBITDA (20%), Net Costs (20%) Non-Financial Individual KPIs (50%) Health, Safety and Environment (10%)	Relative Total Shareholder Return (TSR) (50%) Free Cash Flow (FCF) per security growth rate (50%)	
Performance targets / hurdles	Measures are clearly aligned to security holder returns and value creation	Measures are clearly aligned to security holder returns and value creation	Relative TSR: Board review of companies included in comparator group FCF: budget-setting process, plus Board considerations as to quantifiable risks and opportunities	
Further alignment to security holders	Minimum security holding requirements for Group CEO and KMP (equal in value to fixed annual remuneration excluding superannuation; five-year period to accumulate)	STI deferral into securities	Measures are clearly aligned to security holder returns and value creation	
Governance	The Board holds discretion in regards to the setting of targets and hurdles, as well as decisions regarding performance and remuneration outcomes; this includes taking into account any relevant significant items	Strict protocols are in place for engaging independent remuneration consultants and advisors		

Overview of executive remuneration framework



Executive KMP remuneration

The remuneration mix is designed to achieve a balanced reward for achievement of short-term objectives and the creation of long-term sustainable value. The remuneration mix for FY20 for target performance (100% vesting of STI and LTI) for Executive KMP is outlined in the diagram below.

TEC¹ is set with reference to the market median, using the ASX 10-30 as the primary reference. Remuneration packages (including TEC levels) are reviewed by the Remuneration, People and Culture Committee taking into consideration of an individual’s role, experience and performance, as well as relevant comparative market data provided by remuneration consultants. TEC levels are also reviewed on a change in role.

FIGURE 22: CEO TARGET REMUNERATION MIX

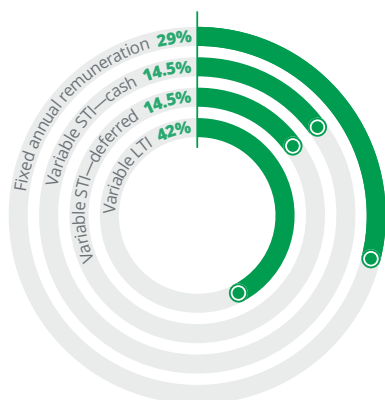


FIGURE 23: EXECUTIVE KMP TARGET REMUNERATION MIX



¹ Total Employment Cost—includes base salary and statutory superannuation

Our business performance

Financial highlights for FY20

Following a strong first half of FY20 financial performance that delivered 9.5% growth in EBITDA, COVID-19 had a significant impact on the Group's financial performance, with government responses and mandatory measures to contain the virus having a substantial impact on traffic and revenue from March 2020.

The Group recorded proportional EBITDA excluding significant items of \$1,880 million for the financial year ended 30 June 2020, a decrease of 6.4% on the prior corresponding period. The impact of COVID-19 was offset by positive contributions from our new assets and disciplined cost control.

Overview of Group performance

The variable (or 'at risk') remuneration of the CEO and other senior executive KMP is linked to the Group's performance by using measures based on the operating performance of the business. The table below shows the Group's performance over the past five financial years including metrics used to determine components of STI and LTI awards.

Further details of our Group performance are provided in the Business Performance section on pages 14 to 59.

Five-year performance		FY20	FY19	FY18	FY17	FY16
Proportional EBITDA excluding significant items	\$m	1,888	2,016	1,796	1,629	1,480
Proportional net costs excluding significant items	\$m	475	450	406	380	342
Free cash per security	Cents	54.0 ⁴	57.1 ³	56.8	59.6 ²	46.8
Distribution paid per security	Cents	47.0	59.0	56.0	51.5	45.5
Security price at 30 June ¹	\$	14.13	14.74	11.97	11.85	11.99
Market capitalisation	\$b	38.65	39.43	26.63	24.32	24.41
TSR at 30 June	%	(1)	31	6	4	35

¹ The opening share price in FY16 was \$9.30

² The FY17 free cash flow of 59.6 cents per security included 8.5 cents per security relating to a capital release from NorthWestern Roads Group. Excluding this capital release, the FY17 free cash flow was 51.1 cents per security

³ The FY19 free cash flow of 57.1 cents per security included 4.6 cents per security relating to a capital release from the NorthWestern Roads Group and 6.7 cents per security from a capital release from Transurban Queensland. Excluding these capital releases, the FY19 free cash flow was 45.8 cents per security

⁴ The FY20 free cash flow of 54.0 cents per security included 5.9 cents per security relating to capital releases from Lane Cove Tunnel, 2.7 cents per security from NorthWestern Roads Group, 1.9 cents per security from Hills M2 and 1.2 cents per security from Transurban Queensland. Excluding these capital releases, the FY20 free cash flow was 42.3 cents per security

Executive KMP remuneration outcomes

STI outcomes

STI awards are determined with reference to an assessment of performance against individual KPIs (50%) and Group performance measures (50%). When the Board and the Committee consider the performance against each element, a number of factors are taken into account that may result in the exercise of Board discretion for the benefit or detriment of the employees. In assessing whether to exercise discretion for any of these factors, the Board will have regard for the interests of security holders. For example:

- prevailing external business and economic factors beyond the control of the business and which may impact performance

- unforeseen factors that may not have been known at the beginning of the performance period but which are relevant to performance over the performance period
- whether budgetary assumptions that were made when setting performance targets remain correct and whether conditions are potentially better or worse when compared with those assumptions
- the degree of difficulty and complexity associated with achieving the targets, as related to both the internal and external environment.

Target performance, which is defined by a combination of individual and Group KPIs, provides the potential to achieve 100% of STI opportunity. KMP can achieve up to 150% of the target STI opportunity based on significant outperformance to agreed targets and measures and alignment to Group values.

Transurban's strategic priorities are cascaded, via the CEO's KPIs to other senior executives in combination with other functional measures. The Board assessed Group performance and the CEO's KPIs as follows (KPIs that are commercially sensitive have been excluded).

FY20 CEO Individual KPI outcomes (contributes 50% to total STI outcome)

Priority/area/measure	Performance
Strategy <ul style="list-style-type: none"> Industry leader in Road Transport Progression of key strategic initiatives 	<ul style="list-style-type: none"> Demonstrated progress against key strategic growth plans (detail not provided due to commercial in confidence) Effective capital strategy enabling the business to navigate altered business environment from COVID-19 with sufficient liquidity to support ongoing business operations and development activities Tracking ahead of targets on the Community Trust benchmark Positioned as a sustainability leader in sector on key global measures
Customer <ul style="list-style-type: none"> Continuance improvement in customer offering and experience Implementation of key customer initiatives 	<ul style="list-style-type: none"> Introduced additional payment options for LinktGo Tolling app pilots launched in North America Significant expansion of Linkt Assist in response to the bushfires and COVID-19 Trip compare tool extended across all Australian markets Improving customer satisfaction levels (4.6/5)
People and leadership <ul style="list-style-type: none"> Enterprise leadership Workforce capability Culture Diversity and gender pay equity 	<ul style="list-style-type: none"> Executive Committee review and restructure undertaken, including announcement of two new group executive roles New Enterprise Leadership Framework developed and implemented Workforce capability remains strong, with established flexible work practices enabling rapid adjustment to remote working in response to COVID-19 Achieved WGEA Employer of Choice for Gender Equity citation for sixth consecutive year and delivered less than 1% gender pay gap
Operations <ul style="list-style-type: none"> In-flight road projects Tolling capability 	<ul style="list-style-type: none"> Expected completion of West Gate Tunnel Project delayed with contractual and commercial issues to be resolved Remaining in-flight projects progressing satisfactorily across all markets Improved functionality of other key road assets, including tolling systems and customer experience in line with or ahead of project plans Strong performance against key road safety metrics
Development <ul style="list-style-type: none"> New market opportunities USA market opportunities 	<ul style="list-style-type: none"> Implementation of M5 West tracking to plan Significant greenfield / brownfield development opportunity pipeline continuing to be identified and explored across all markets Building pipeline of adjacent network opportunities

In assessing the overall performance of the CEO, the Board has taken into account the current context and associated challenges that are impacting business performance and determined a reduced remuneration outcome for the CEO for the period. With respect to this, the Board concluded that a STI award of no higher than 50% of the CEO's target STI opportunity is appropriate for this financial year. Importantly, the CEO has ensured business decisions and focus have been balanced across all stakeholder groups including employees, customers and security holders, in addition to ensuring the balance sheet has remained well funded. This has meant the organisation is well placed to withstand a period of continued economic uncertainty. With the exception of the current construction issues on the West Gate Tunnel Project, other key project deliverables are progressing within expectations in addition to continued focus on the pipeline of new growth and development opportunities.

FY20 Group measures outcomes (contributes 50% to total STI outcome)

Measure	Target	Performance	Outcome %	STI Outcome %	Commentary
Proportional EBITDA (20%)	\$2,158m	\$1,844m	0.0	0.0	Excluding significant items, the additional M5 West acquisition that occurred during the year and an approved development spend allocation
Proportional net costs (20%)	\$526m	\$475m	100.0	40.0	
HSE (10%) (refer below for detail)	Refer to the table below		100.5	20.1	
Overall performance/Group outcome				60.1	The Board exercised its discretion to ensure an appropriate contextual overlay was applied to the overall Group STI outcome. This decision was taken specifically in relation to balancing the impact of a significantly positive proportional net cost result of 150% and reducing it to an outcome of 100%. The calculated Group outcome was reduced from 80.1% down to 60.1%

HSE in detail	Target	Score	Outcome %	STI Outcome %	Commentary
HSE leadership (6%)	3.50	3.18	84.0	50.4	Leader and employee accountability, participation and improvements against HSE system plans and targets
Recordable Injury Frequency Rate (RIFR)—employees (1%) ¹	0.38	0.74	51.4	5.1	RIFR: recordable injuries (fatalities, lost time and medical treatment injuries) per million work hours
Recordable Injury Frequency Rate—contractors (1%) ¹	4.20	3.6	150.0	15.0	As above
Road Injury Crash Index (RICI) (1%)	4.25	3.7	150.0	15.0	RICI: serious road injury (requiring medical treatment or where emergency medical care is required, other than first aid) crashes per 100 million vehicle kilometres travelled
Road Safety Action Plans (1%)	Action plans in place and tracking to target		150.0	15.0	Road Safety Plan actions implemented and actions tracking to target
Total HSE				100.5	

¹ In the event of an employee or contractor fatality, the STI outcome for the corresponding RIFR will be zero for all Executive KMP and STI eligible employees

The STI performance outcomes and awards for the CEO and Executive KMP are detailed in the following table:

	STI outcome ⁶ (%)		STI awarded ⁸ (\$)	STI forfeited (%)
	Individual KPIs	Total ⁷		
Current Executive KMP				
S Charlton ²	85.0	68.0	1,150,000	50.0
J Aument ³	110.0	88.1	516,269	11.9
H Byrne ⁴	85.0	68.0	98,540	32.0
M Huey	90.0	72.0	338,850	28.0
S Johnson	115.0	92.1	449,010	7.9
A Watson	85.0	68.0	410,290	32.0
Former Executive KMP				
T Adams ⁵	75.0	60.1	201,120	39.9

² In assessing the overall performance of the CEO, the Board has taken into account the current context and associated challenges that are impacting business performance and determined a reduced remuneration outcome for the CEO for the period. With respect to this, the Board concluded that a STI award of no higher than 50% of the CEO's target STI opportunity is appropriate for this financial year

³ Jennifer Aument is remunerated in US Dollars. Her awarded STI has been translated to Australian dollars using the exchange rate of \$0.68565 at 30 June 2020

⁴ Henry Byrne commenced as a KMP on 1 March 2020 and the period of reporting is from that date

⁵ Tony Adams ceased being a KMP on 29 February 2020 and the period of reporting is until that date. Wes Ballantine and Lisa Tobin did not receive an STI for FY20, refer to page 99 for details of their FY20 remuneration

⁶ Percentages have been rounded for presentational purposes

⁷ The total STI performance outcome is calculated: $[\text{Individual STI outcome \%} + (\text{Individual STI outcome \%} \times \text{Group outcome \%})] \div 2$. The Group's outcome is 60.1%

⁸ 50% is paid in cash and 50% is awarded in securities that are subject to a two-year restriction period following the end of the performance year

LTI outcomes

Value of performance awards vested and lapsed in FY20

The FY17 LTI plan performance awards, which were granted on 15 August 2016 and 24 October 2016 for the CEO and covered the performance period from 1 July 2016 to 30 June 2019, vested on 26 August 2019. The outcome of the performance tests were as follows:

Test type	Result of test	% of units vest
TSR	Transurban ranked 12th highest out of 30 companies (62.0 percentile)	74.0%
Free Cash Flow	12.5% cumulative average annual growth rate in FCF per security over the performance period. Target range was 9% to 12% FCF growth per security	100.0%
Overall vesting		87.0%

Free Cash Flow measure

The target range for the FCF measure in the LTI plans takes into account forecast financial performance over the three years in which the award is measured. This three-year forecast reflects near-term FCF growth generated by the business together with planned activities that deliver value over the longer term.

The target free cash growth per security over the performance period of this FY17 LTI plan (1 July 2016 to 30 June 2019) was achieved at 100%. Having set the target at the beginning of the plan period, the Board reviewed this outcome to ensure it had incorporated sufficient stretch over the three-year period and was not affected by one-off benefits that were outside of management endeavour. Management achievements were evaluated for demonstrable outcomes in key areas of the business strategy including:

- **Operational efficiency**—improvement in underlying proportional Group EBITDA year on year
- **Customer experience**—improvements delivered from initiatives including:
 - improved fee arrangements for customers
 - investment in customer technology platforms
 - the launch of a new national retail brand and improved customer hardship program
- **Portfolio development**—disciplined investment including:
 - completion of the CityLink Tulla widening project in Melbourne and the Gateway Upgrade North and Inner City Bypass in projects in Brisbane
 - new projects including the Logan Enhancement Project in Brisbane, the 395 Express Lanes and Fredericksburg Extension in the Greater Washington Area and the West Gate Tunnel Project in Melbourne

- **Funding**—balanced mix of debt and equity to support the development pipeline while maintaining strong investment grade credit metrics including:
 - \$25.5 billion in debt funding raised or refinanced reducing the average tenor of debt by 1.1 years and reducing the average cost of debt by 56 basis points
 - \$6.7 billion of equity raised through two entitlement offers to fund the construction of West Gate Tunnel and the acquisition of WestConnex, with securities issued at an average discount of 7.7% to the Theoretical Ex Rights Price.

When preparing the FCF targets for the FY17 LTI plan, the FCF targets did not include an assumption associated with an equity raise to be undertaken to fund the acquisition of WestConnex, nor did it reflect the eventual size of the equity raise undertaken to fund the West Gate Tunnel Project, both of which occurred within the performance period for the plan. The Group undertook an equity raising of \$1.9 billion in December 2017 and \$4.8 billion in September 2018 to fund these opportunities. The impact of these equity raisings did not change the outcome of the FCF component of the FY17 LTI Plan.

Value of performance awards to vest and lapse in FY21

The diagram below shows FCF and TSR performance parameters for current on-foot LTI Plans. The FY18 LTI plan is scheduled to vest in August 2020. Reduced traffic and toll revenue across all regions due to the COVID-19 pandemic have significantly impacted the FCF component of this plan, with calculations indicating that whilst the awards under the TSR component will vest for eligible participants, there will be no vesting of the FCF component. The Board will conduct a detailed review of all contributing factors when finalising this outcome, which will be included in next year's Remuneration Report.

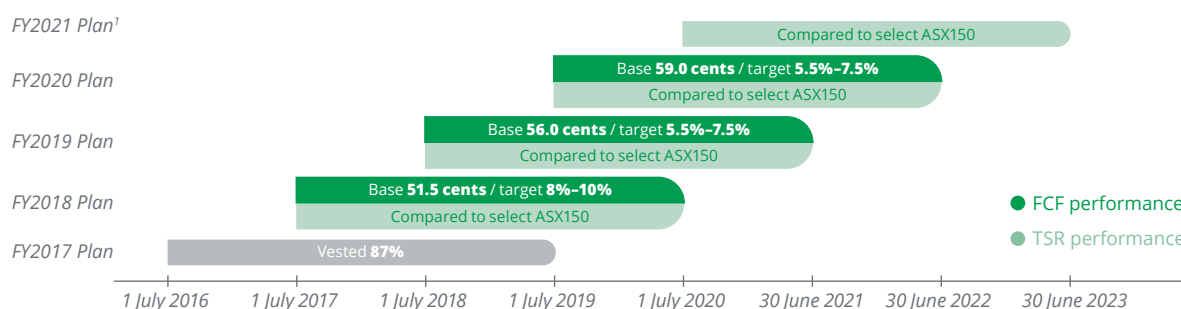
Looking ahead to FY21

The Board has also considered the setting of performance targets for the FY21 LTI plan in the context of the ongoing impacts of the COVID-19 pandemic. There are significant challenges associated with predicting traffic and toll revenues, and therefore accurately forecasting FCF for the next three year period.

As a result, the Board has decided that FCF is not a suitable measure for the FY21 LTI Plan. After considering various alternatives, incorporating independent expert advice as well as feedback from various stakeholders, a decision was made by the Board to retain the relative TSR measure with the existing comparator group as a single performance measure.

This decision is specific to the FY21 LTI plan and is in response to the current uncertain climate and does not necessarily represent ongoing performance measures for future LTI plans. For the FY22 LTI plan, the Board will take into account the prevailing conditions at that time but its current preference is to revert to including FCF as the second measure for the Group's LTI plan.

FIGURE 24: CURRENT ON-FOOT LTI PLANS AND ASSOCIATED PERFORMANCE PARAMETERS

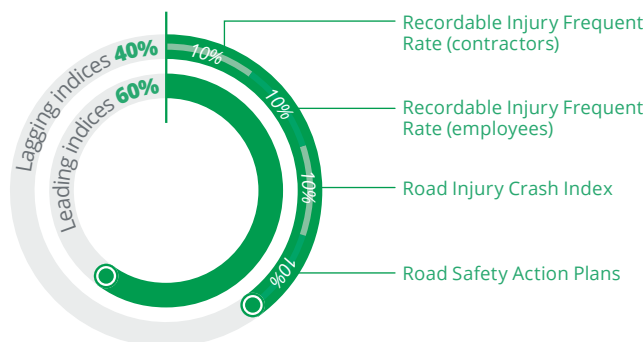


¹ Single performance measure of Relative TSR for this plan only

How variable remuneration is structured

Short Term Incentive (STI)—how does it work?

Description	Eligible permanent Group employees, including the CEO and other Executive KMP, participate in the annual STI plan, which puts a proportion of remuneration 'at risk' subject to meeting specific pre-determined Group and individual performance measures linked to Group objectives.
Performance period	The performance period is the financial year preceding the payment date.
Opportunity	For 'at-target' performance, the CEO has the opportunity to receive 100% of TEC and all other Executive KMP have the opportunity to receive 67% of TEC. The minimum STI outcome is 0% (if targets are not met) and the maximum is capped at 150% of the STI opportunity, which is only awarded for exceptional performance.
Payment and deferral	STI awards for the CEO and other Executive KMP are delivered 50% in cash and 50% is deferred into Transurban stapled securities for two years following the performance year. The deferred securities are subject to service conditions and participate in dividends and/or distributions paid during the restricted period. The number of deferred securities allocated is determined by dividing the amount to be deferred by a 10 day Volume Weighted Average Price (VWAP) of Transurban securities over the 10 business days immediately preceding the STI deferred plan offer.
Annual pool	The Board determines the total STI pool to be distributed. The total pool will not exceed 125% of the aggregate STI target opportunity for all participants. The pool is awarded on individual performance and Group performance in accordance with the following formula: $(\text{Individual STI outcome \%} + [\text{Individual STI outcome \%} \times \text{Group outcome \%}]) \div 2$. This approach is designed such that higher performing employees receive a greater portion of the Group STI outcome than those who do not perform as well.
Performance measures	<p>Individual measures (KPIs) (50%): are unique to the individual's area of accountability. Individuals have a clear line of sight to KPIs and are able to directly affect outcomes through their own actions.</p> <p>Group measures (50%) comprise the following three components:</p> <ul style="list-style-type: none"> • Proportional Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)¹ (20%): is one of the primary measures the Board uses to assess the operating performance of the Group. It reflects the contribution from individual assets to the Group's operating performance and focuses on elements of the result that management can influence to drive improvements in short term earnings. This measure provides a better reflection of the performance of the Group's assets than statutory EBITDA. • Proportional Net Costs² (20%): reflects management's ability to influence the expenditure of the business. Strong cost management throughout the business drives an increase in proportional EBITDA and free cash flow and ultimately security holder value. • Health Safety and Environment (HSE) (10%): measures focus on improving the Group's HSE culture and reducing workplace injuries for employees and contractors, as well as customer safety. The HSE measure is a combination of a lead indicator and four lag indicators. The diagram below illustrates the performance measures within the lag indicators. <p>The Leading (leadership) KPI requires the submission of HSE reports and includes proactive HSE observations, HSE meetings and actions to reduce HSE risks. Employees are assessed against a five-scale rating according to their KPI. This result is then aggregated across the Group and averaged to provide the Group score. This is then benchmarked against the annual target.</p> <p>The Lagging KPIs focus on recordable incidents, planning and tracking, including injury frequency rates, crash rates and road safety action planning.</p>



Definitions

- 1 Proportional EBITDA is the aggregation of EBITDA from each asset multiplied by the Group's percentage ownership, as well as any contribution from Group functions. Proportional EBITDA figures used to assess performance are included in note B4 of the audited financial statements
- 2 Proportional net costs is the aggregation of total costs less fee and other revenues from each asset multiplied by the Group's percentage ownership, as well as any contribution from Group functions

Targets	<p>Financials (proportional EBITDA and proportional net costs)</p> <p>The Board utilises the annual budget as the primary input to determine appropriate stretch financial targets. When approving the budget, the Board reviews the core principles and assumptions underpinning the budget. Specifically for proportional EBITDA, the budget incorporates base business growth derived from network-wide traffic performance, price growth and impacts of inflation and adjusts for events such as construction and project completion and the impact of acquisitions. Directly controllable initiatives including road safety, lane availability, operational efficiencies and the impact of development activity are also incorporated.</p> <p>Once the budget has been finalised, the Board determines the STI targets. In order to ensure that sufficient stretch is incorporated, consideration is given to the quantifiable risks and opportunities that can influence the Group's financial performance. In some instances, the Board may deem it appropriate to exclude significant items.</p> <p>The targets use a constant currency for operations within North America.</p>
	<p>HSE</p> <p>The Board reviews HSE targets each year with a view to continuously improving the HSE culture and performance of the Group.</p>
	<p>Individual KPIs</p> <p>Individual targets as set out in KPIs include consideration as to role-related accountabilities and responsibilities in the context of business strategic priorities. Executive KPIs consist of similar categories to those of the CEO (as disclosed on page 87) of this report) and reflect the individual's role and areas of responsibility.</p>
Vesting	<p>The Board assesses performance against Group measures and the results of key elements are independently validated. The Board confirms final outcomes for individual and Group performance and has discretion to adjust the performance conditions and outcomes.</p> <p>These methods for assessing performance are used because they provide the Board with discretion as to assessment of conditions and outcomes, with the use of an independent overlay where considered appropriate.</p>
Cessation of employment	<p>If employment ceases before performance is assessed, generally there is no entitlement to receive any STI award. If employment ceases due to resignation before the end of the two-year restriction period, any unvested deferred securities will lapse, unless the plan rules provide otherwise or the Board otherwise resolves.</p>
Clawback	<p>Grants prior to FY21: Fraudulent or dishonest behaviour will result in the forfeiture or clawback of any unvested awards. Further, at the discretion of the Board, awards are subject to forfeiture or clawback where there is a financial misstatement circumstance or the allocation of awards was made in error, on the basis of the misrepresentation or an omission, or on the basis of facts or circumstances that were later proven to be untrue or inaccurate (applicable to both STI and LTI plans)</p> <p>FY21 and future grant: In December 2019 Transurban adopted new Equity Incentive plan Rules. Under the new Equity Plan Rules, in addition to the above, the Board has discretion to clawback vested securities or repay cash proceeds from the sale of vested securities. Circumstances for clawback have also been expanded to include: breach of duties or obligation to the Group, acts which have a negative impact on Transurban's reputation, vesting is not justified or supportable and the possibility of an employee who departed as a "good leaver" but then behaves inappropriately.</p>

Long Term Incentive (LTI)—how does it work?

Description	Participation in the LTI plan is offered to the CEO and other Executive KMP and a very limited number of other employees nominated by the CEO and approved by the Board.
Instrument	Grants are made in the form of performance awards at no cost to the recipient. Each performance award is an entitlement to receive a Transurban stapled security, or at the Board's discretion, an equivalent cash payment, on terms and conditions determined by the Board, subject to the achievement of vesting conditions. Performance awards do not carry dividend, distribution or voting entitlements prior to vesting.
Performance period	The three financial years commencing on 1 July in the year the grant is made eg. the FY20 grant has a performance period commencing 1 July 2019 and ending 30 June 2022.
Opportunity	The CEO's opportunity is 147% of TEC and the opportunity for all other Executive KMP is 80% of TEC. The minimum vesting outcome an individual can receive is 0% of the award (if the performance measures are not achieved) and the maximum vesting outcome an individual can receive is capped at 100% of the award (if performance measures are achieved).
Performance measures	Two performance measures are used to determine the number of awards that will vest at the end of the performance period; relative Total Shareholder Return (TSR) against a bespoke comparator group and Free Cash Flow (FCF) (each with an equal 50% weighting). As noted in the Committee Chair Letter, the Board decided that FCF is not a suitable measure for the FY21 plan (commencing 1 July 2020). After considering various alternatives, incorporating independent expert advice as well as feedback from various stakeholders, a decision was made by the Board to retain the relative Total Shareholder Return measure with the existing comparator group as a single performance measure for the FY21 plan.
Targets	<p>Relative TSR is measured against a bespoke comparator group comprising companies in the transport, utilities, real estate, construction and infrastructure Global Industry Classification standards sectors of the ASX150. The companies in this group for grants made during FY20 were:</p> <p><i>Abacus Property Group, AGL Energy Limited, APA Group, Atlas Arteria, Aurizon Holdings Limited, AusNet Services Limited, BWP Trust, Charter Hall Group, Charter Hall Retail, Chorus Limited, Cromwell Property Group, Dexu Property Group, Goodman Group, GPT Group, Growthpoint Properties Australia, Lendlease Group, Mirvac Group, Monadelphous Group Limited, Qantas Airways Limited, Qube Holdings Limited, Scentre Group, Shopping Centres Australasia Property Group, Spark Infrastructure Group, Spark New Zealand Limited Stockland Corporation Limited, Sydney Airport, Telstra Corporation Limited, TPG Telecom Limited, Transurban Group, Vicinity Centres, Waypoint, Vocus Group Limited.</i></p> <p>Changes to the comparator group in FY20 are as follows: Excluded due to Delisting: Investa Office Fund Moved into ASX150 and included: Mondadelphous Group Limited, Waypoint, Vocus Group Limited</p> <p>FCF per security targets are set by the Board utilising the annual budget and three-year forecast as the primary inputs (consistent with the approach taken for STI measures of proportional EBITDA and proportional net costs). Once the budget and forecast has been finalised, the Board determines the FCF targets by analysing the cash flow outcomes, ensuring sufficient stretch is incorporated.</p> <p>The actual FCF outcomes are reviewed in detail against targets to consider key reasons for variance and assess whether any adjustments should be made in determining management's performance. The Board may make adjustments where a decision has been made, in the interests of the Transurban Group and its security holders that differs from the original budgeted assumptions. This may include factors such as significant equity raisings to fund growth opportunities or changes to the timing or quantum of anticipated capital releases.</p> <p>Factors that may cause FCF growth to fluctuate from year to year include activities that are intended to generate long-term value for the business but may negatively impact FCF growth in the near term. The Group is currently in a significant development phase with seven major projects to be delivered in Australia and North America (see page 59 for the project pipeline).</p> <p>The FCF calculation is included in note B10 of the audited financial statements.</p>
Why are these performance measures used?	<p>TSR is a relative, external, market-based performance measure against those companies with which the Group competes for capital. It provides a direct link between executive reward and security holder return. TSR measures total return on investment of a security, taking into account both capital appreciation and distributed and/or dividend income that was reinvested on a pre-tax basis.</p> <p>Growth in FCF per security reflects the Group's continued focus on maximising available free cash. The Group seeks to consistently grow its distributions year on year and to align security holder distributions with FCF per security.</p>
Allocation	Face value allocation methodology (discounted for distributions and/or dividends foregone throughout the performance period). For each grant cycle, the allocation calculations are performed on 1 July of the first performance year using a valuation determined by an independent third party.
Vesting	<p>Following the end of the performance period, the performance measures are tested and the Board assesses the LTI outcome.</p> <p>TSR component</p> <p>The Group uses an independent report that sets out the Group's TSR growth and that of each company in the bespoke comparator group. A VWAP of securities for the 20 trading days up to and including the testing date is used to calculate TSR.</p>

**Vesting
(continued)**

The level of TSR growth achieved by the Group is given a percentile ranking in relation to the Group's performance compared to the performance of other companies in the comparator group (the highest-ranking company is ranked at the 100th percentile). The TSR performance is tested at the end of the three-year performance period, and this ranking determines the extent to which performance awards, subject to this component vest.

Following testing, any awards that do not vest lapse, and any awards that vest are automatically exercised into Transurban stapled securities or settled in cash at the discretion of the Board. No price is payable on exercise.

FY20 TSR vesting schedule

The TSR component of performance awards granted during FY20, will vest on a straight line basis in accordance with the following table:

The Group's relative TSR ranking in the comparator group	% of performance awards that vest
At or below the 50th percentile	Zero
Above the 50th percentile but below the 75th percentile	Straight line vesting between 50 and 100
At or above the 75th percentile	100

FCF component

The Group's FCF per security percentage growth rate is calculated over the three-year performance period. Following testing, any awards that do not vest, lapse and any awards that vest are automatically exercised into Transurban stapled securities or settled in cash at the discretion of the Board. No price is payable on exercise.

FY20 FCF vesting schedule

The FCF per security component of performance awards granted during FY20 will vest based on the Group's cumulative average annual growth targets translated into annual FCF per security over the three-year performance period, as set out below:

% annual growth in FCF per security (distribution base of 59.0 cents per security)	% of performance awards that vest
Less than 5.5%	Zero
5.5%	50
Between 5.5% and 7.5%	Straight line vesting between 50 and 100
7.5% or more	100

The methods of assessing the performance measures set out above are considered to be the most appropriate for the types of performance measures used.

Cessation of employment	If employment ceases due to resignation before the performance measures are tested, generally there is no entitlement to unvested performance awards and any unvested awards will lapse, unless the plan rules provide otherwise or the Board otherwise resolves.
Clawback	Same treatment as per STI

Minimum security holding

The Board has endorsed minimum security holding guidelines for Non-executive Directors, the CEO and Executive KMP. The guidelines recommend that all KMP build and maintain a minimum security holding of Transurban stapled securities equal in value to their fixed annual remuneration (excluding superannuation). The minimum stapled security holding can be accumulated over a five-year period.

As at the date of this report, all KMP have either achieved and maintained their minimum security holding or, for those new to the Group, are on track to meet the five-year accumulation period.

Service Agreements

The remuneration and other terms of employment for the CEO and other Executive KMP are formalised in service agreements that have no specified term. Under these agreements, the CEO and other Executive KMP are eligible to participate in STI and LTI plans. Some other key aspects of the agreements in place for FY20 are outlined below:

	Period of notice to terminate by the Executive KMP	Period of notice to terminate by the Group ¹
CEO	6 months	12 months
Other Executive KMP	3 months	6 months

¹ Payment in lieu of the notice period may be provided (based on the executive's fixed remuneration). The Group may also terminate at any time without notice for serious misconduct

Non-executive Director remuneration

Remuneration policy

The diagram below sets out the key objectives of the Group's Non-executive Director remuneration policy and how they are achieved through the Group's remuneration framework:



Securing and retaining talented, qualified Directors

Director fee levels are set with regards to: the responsibilities and risks attached to the role, the time commitment and workload expected, the Director's experience and expertise, and market benchmark data



Preserving independence and impartiality

Director remuneration consists of base (Director) fees and Committee fees. No element of Director remuneration is 'at risk' (i.e. fees are not based on the performance of the Group or individual Directors)



Aligning Director and security holder interests

Directors are encouraged to hold Transurban securities and the Board has endorsed minimum security holding guidelines for Directors

Remuneration arrangements

Maximum aggregate remuneration

The aggregate remuneration that may be paid to Non-executive Directors in any year is capped at a level approved by security holders. Security holders at the 2016 Annual General Meeting approved the current aggregate fee pool of \$3,000,000 per year (inclusive of superannuation contributions).

Non-executive Director fees

The Remuneration, People and Culture Committee regularly reviews Non-executive Director fees and such reviews include periodic benchmarking against other publicly listed entities of a similar size and complexity to Transurban.

A review of Non-executive Director fees (base Director and Committee fees) was undertaken during FY20. The Remuneration, People and Culture Committee recommended and the Board subsequently resolved that Non-executive Director fees remain unchanged for the 2020 calendar year.

Current Director and Committee fees (per annum) are set out below:

Board fees	Chair	\$600,000
	Member	\$205,000
Committee fees	Audit and Risk Committee	
	Chair	\$50,000
	Member	\$25,000
	Remuneration, People and Culture Committee	
	Chair	\$45,000
	Member	\$20,000

There are no fees for membership of the Nomination Committee. The Chair of the Board does not receive any additional fees for Committee responsibilities.

The Chair of each Committee only receives the Chair fee (and not a member fee).

Non-executive Directors are permitted to be paid additional fees for special duties or exertions. No such fees were paid during FY20. Non-executive Directors are also entitled to be reimbursed for all business-related expenses, including travel, as may be incurred in the discharge of their duties.

Non-executive Directors are not entitled to any retirement benefits.

Non-executive Director related party information

All Non-executive Director related party relationships are based on normal commercial arms' length terms. None of the Non-executive Directors were, or are, involved in any procurement or other Board decision-making regarding the companies or firms with which they have an association.

The Group is not required to make the following disclosures but for transparency reasons notes the following relationships and transactions.

Director	Related party	Services provided
L Maxsted	Mr Lindsay Maxsted was Chair and a non-executive director of Westpac Banking Corporation until 31 March 2020.	Westpac provided transactional banking and banking products and services to Transurban on normal commercial terms. During FY20 Westpac provided a new working capital debt facility to Transurban. Westpac also participates in numerous debt facilities and acts as the facility agent for certain debt facilities, all on normal commercial terms.
S Mostyn	Ms Samantha Mostyn is Chair and a non-executive director of Citigroup Pty Limited.	During FY20 Citigroup was a Joint Lead Manager on a Corporate EMTN issuance, received fees for a EURO Private Placement transaction and provided a new working capital debt facility, all conducted by Transurban. Citigroup also participates in a corporate working capital facility to Transurban, all on normal commercial terms.
J Wilson	Dr Jane Wilson is a non-executive director of Sonic Healthcare Limited.	Sonic HealthPlus (backed by Sonic Healthcare) provides employment medical services to Transurban on normal commercial terms.

Statutory tables

Dealing in securities

In accordance with the Group's Dealing in Securities Policy, employees who have equity awards under a Group equity plan may not hedge against those equity awards. In addition, Executive KMP may not hedge against entitlements that have vested but remain subject to a holding lock. Directors and employees are also prohibited from entering into margin lending arrangements using Transurban stapled securities as security.

Securities held by Executive KMP as at 30 June 2020

	Balance at start of year	Changes during year	Balance at end of year ³
Current Executive KMP			
S Charlton	1,508,941	(29,929)	1,479,012
J Aument	–	14,013	14,013
H Byrne ¹	–	8,022	8,022
M Huey	156,408	33,023	189,431
S Johnson	115,666	(25,330)	90,336
A Watson	125,510	4,174	129,684
Former Executive KMP²			
T Adams	61,383	–	N/A
W Ballantine	74,651	–	N/A
L Tobin	145,099	–	N/A

¹ Henry Byrne become a member of KMP on 1 March 2020

² Ceased being a KMP during FY20

³ No Transurban securities were held nominally or held by closely related parties of Executive KMP during FY20

Performance awards granted in FY20

Eligible Executive KMP received performance awards with a grant date of 17 October 2019. All performance awards granted in FY20 may vest subject to a performance period from 1 July 2019 through to 30 June 2022.

The value of the grant has been estimated based on the award valuations at grant date which is a fair value approach for the TSR component and a face value approach discounted for distributions/and or dividends for the FCF component. The fair value for TSR considers the probability that the Executive KMP may not derive value from the LTI award, along with other factors, including difficulty of achieving performance hurdles and anticipated security price volatility.

The maximum LTI opportunity for each Executive KMP is the face value of the award (i.e. the value the Executive KMP would receive if all of their performance awards vested, based on Transurban's security price at the time the award was granted).

The minimum total value of the grant, if the applicable performance measures are not met, is zero.

The relevant values of the grants are as follows:

Grant date	Value of awards at allocation date	Value of awards at grant date		Security price at grant date
	Face value ⁴	Relative TSR ⁵	FCF per security ⁶	
17 October 2019	\$13.13	\$6.23	\$13.25	\$14.73

⁴ Security price as at 1 July 2019 (~llocation date) discounted for distributions and dividends forgone throughout the three-year performance period

⁵ Fair value in accordance with AASB 2—share-based payments treatment of market conditions

⁶ Security price as at the grant date discounted for distributions and dividends forgone throughout the three-year performance period

The table below shows the number of LTI awards granted to Executive KMP during FY20.

	Number of performance awards granted	Potential value of grant yet to vest at target (\$)	Maximum (face value) of potential value of grant to vest (\$)
Current Executive KMP			
S Charlton	257,502	2,508,069	3,793,004
J Aument	52,270	509,110	769,937
H Byrne ⁷	37,179	362,123	547,647
M Huey	42,773	416,609	630,046
S Johnson	44,357	432,037	653,379
A Watson	54,837	534,112	807,749
Former Executive KMP⁸			
T Adams	45,697	445,089	673,117
W Ballantine	48,744	474,767	717,999
L Tobin	44,357	432,037	653,379

⁷ LTI awards granted during the year as remuneration occurred prior to Henry Byrne becoming a member of KMP on 1 March 2020

⁸ Ceased being a KMP during FY20

Summary of Executive KMP allocated, vested or lapsed equity

	Allocation date	Grant date	Vesting date	Balance at start of year	Granted during year	Vested in FY20 ⁵	% of total Vested	Lapsed/ forfeited in FY20	Balance at end of year ⁶	Fair value of equity (\$) ^{7,8}
Current Executive KMP										
S Charlton										
Performance awards	1 Jul 2016	24 Oct 2016	26 Aug 2019	298,267	-	(259,493)	87	(38,774)	-	1,855,760
Performance awards	1 Jul 2017	23 Oct 2017	Aug 2020	309,697	-	-	-	-	309,697	2,476,785
Performance awards	1 Jul 2018	19 Oct 2018	Aug 2021	316,870	-	-	-	-	316,870	2,170,560
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	-	257,502	-	-	-	257,502	2,508,069
Total performance awards				924,834	257,502	(259,493)	87	(38,774)	884,069	
Deferred securities	7 Aug 2017	23 Aug 2017	1 Jul 2019	109,553	-	(109,553)	100	-	-	1,265,000
Deferred securities	7 Aug 2018	30 Aug 2018	1 Jul 2020	126,861	-	-	-	-	126,861	1,486,370
Deferred securities	2 Sep 2019	11 Oct 2019	Aug 2021	-	79,006	-	-	-	79,006	1,180,475
Total deferred securities				236,414	79,006	(109,553)	100	-	205,867	
J Aument¹										
Performance awards	1 Jul 2016	15 Aug 2016	26 Aug 2019	50,650	-	(44,066)	87	(6,584)	-	363,738
Performance awards	1 Jul 2017	21 Aug 2017	Aug 2020	54,068	-	-	-	-	54,068	401,700
Performance awards	1 Jul 2018	22 Aug 2018	Aug 2021	60,941	-	-	-	-	60,941	453,096
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	-	52,270	-	-	-	52,270	509,110
Total performance awards				165,659	52,270	(44,066)	87	(6,584)	167,279	
Deferred securities	7 Aug 2017	23 Aug 2017	9 Aug 2019	20,213	-	(20,213)	100	-	-	233,392
Deferred securities	7 Aug 2018	30 Aug 2018	Aug 2020	28,414	-	-	-	-	28,414	332,905
Deferred securities	2 Sep 2019	11 Oct 2019	Aug 2021	-	25,592	-	-	-	25,592	382,350
Total deferred securities				48,627	25,592	(20,213)	100	-	54,006	
H Byrne²										
Performance awards	1 Jul 2017	21 Aug 2017	Aug 2020	36,727	-	-	-	-	36,727	272,866
Performance awards	1 Jul 2018	22 Aug 2018	Aug 2021	42,362	-	-	-	-	42,362	314,961
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	-	37,179	-	-	-	37,179	362,123
Total performance awards				79,089	37,179	-	-	-	116,268	
Deferred securities	7 Aug 2017	23 Aug 2017	1 Jul 2019	7,013	-	(7,013)	100	-	-	80,975
Deferred securities	7 Aug 2018	30 Aug 2018	1 Jul 2020	14,416	-	-	-	-	14,416	168,895
Deferred securities	2 Sep 2019	11 Oct 2019	Aug 2021	-	14,954	-	-	-	14,954	223,430
Total deferred securities				21,429	14,954	(7,013)	100	-	29,370	
M Huey³										
Performance awards	1 Jul 2016	15 Aug 2016	26 Aug 2019	39,999	-	(34,800)	87	(5,199)	-	287,249
Performance awards	1 Jul 2017	21 Aug 2017	Aug 2020	45,908	-	-	-	-	45,908	341,075
Performance awards	1 Jul 2018	22 Aug 2018	Aug 2021	48,735	-	-	-	-	48,735	362,345
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	-	42,773	-	-	-	42,773	416,609
Total performance awards				134,642	42,773	(34,800)	87	(5,199)	137,416	
Deferred securities	7 Aug 2017	23 Aug 2017	1 Jul 2019	17,198	-	(17,198)	100	-	-	198,575
Deferred securities	7 Aug 2018	30 Aug 2018	1 Jul 2020	3,901	-	-	-	-	3,901	45,695
Deferred securities	2 Sep 2019	11 Oct 2019	Aug 2021	-	9,476	-	-	-	9,476	141,580
Total deferred securities				21,099	9,476	(17,198)	100	-	13,377	
S Johnson										
Performance awards	1 Jul 2016	15 Aug 2016	26 Aug 2019	42,961	-	(37,377)	87	(5,584)	-	308,519
Performance awards	1 Jul 2017	21 Aug 2017	Aug 2020	48,969	-	-	-	-	48,969	363,817
Performance awards	1 Jul 2018	22 Aug 2018	Aug 2021	52,484	-	-	-	-	52,484	390,219
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	-	44,357	-	-	-	44,357	432,037
Total performance awards				144,414	44,357	(37,377)	87	(5,584)	145,810	
Deferred securities	7 Aug 2017	30 Aug 2018	1 Jul 2019	20,328	-	(20,328)	100	-	-	234,725
Deferred securities	7 Aug 2018	30 Aug 2018	1 Jul 2020	24,727	-	-	-	-	24,727	289,710
Deferred securities	2 Sep 2019	11 Oct 2019	Aug 2021	-	15,305	-	-	-	15,305	228,675
Total deferred securities				45,055	15,305	(20,328)	100	-	40,032	

Summary of Executive KMP allocated, vested or lapsed equity

	Allocation date	Grant date	Vesting date	Balance at start of year	Granted during year	Vested in FY20 ⁵	% of total Vested	Lapsed/ forfeited in FY20	Balance at end of year ⁶	Fair value of equity (\$) ^{7,8}
Current Executive KMP										
A Watson										
Performance awards	1 Jul 2016	15 Aug 2016	26 Aug 2019	53,181	-	(46,268)	87	(6,913)	-	381,913
Performance awards	1 Jul 2017	21 Aug 2017	Aug 2020	65,036	-	-	-	-	65,036	483,187
Performance awards	1 Jul 2018	22 Aug 2018	Aug 2021	67,479	-	-	-	-	67,479	501,706
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	-	54,837	-	-	-	54,837	534,112
Total performance awards				185,696	54,837	(46,268)	87	(6,913)	187,352	
Deferred securities	7 Aug 2017	23 Aug 2017	1 Jul 2019	21,881	-	(21,881)	100	-	-	252,650
Deferred securities	7 Aug 2018	30 Aug 2018	1 Jul 2020	25,527	-	-	-	-	25,527	299,085
Deferred securities	2 Sep 2019	11 Oct 2019	Aug 2021	-	23,821	-	-	-	23,821	355,910
Total deferred securities				47,408	23,821	(21,881)	100	-	49,348	
Former Executive KMP⁴										
T Adams										
Performance awards	1 Jul 2016	15 Aug 2016	26 Aug 2019	43,337	-	(37,704)	87	(5,633)	-	311,221
Performance awards	1 Jul 2017	21 Aug 2017	Aug 2020	53,560	-	-	-	-	N/A	N/A
Performance awards	1 Jul 2018	22 Aug 2018	Aug 2021	56,233	-	-	-	-	N/A	N/A
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	-	45,697	-	-	-	N/A	N/A
Total performance awards				153,130	45,697	(37,704)	87	(5,633)	-	
Deferred securities	7 Aug 2017	23 Aug 2017	1 Jul 2019	18,633	-	(18,633)	100	-	-	215,150
Deferred securities	7 Aug 2018	30 Aug 2018	1 Jul 2020	23,409	-	-	-	-	N/A	N/A
Deferred securities	2 Sep 2019	11 Oct 2019	Aug 2021	-	16,398	-	-	-	N/A	N/A
Total deferred securities				42,042	16,398	(18,633)	100	-	-	
W Ballantine										
Performance awards	1 Jul 2016	15 Aug 2016	26 Aug 2019	43,771	-	(38,081)	87	(5,690)	-	314,337
Performance awards	1 Jul 2017	21 Aug 2017	Aug 2020	49,733	-	-	-	(5,526)	N/A	N/A
Performance awards	1 Jul 2018	22 Aug 2018	Aug 2021	59,982	-	-	-	(26,659)	N/A	N/A
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	-	48,744	-	-	(37,912)	N/A	N/A
Total performance awards				153,486	48,744	(38,081)	87	(75,787)⁹	-	
Deferred securities	7 Aug 2017	23 Aug 2017	1 Jul 2019	20,712	-	(20,712)	100	-	-	239,150
Deferred securities	7 Aug 2018	30 Aug 2018	1 Jul 2020	23,111	-	-	-	-	N/A	N/A
Deferred securities	2 Sep 2019	11 Oct 2019	Aug 2021	-	15,650	-	-	-	N/A	N/A
Total deferred securities				43,823	15,650	(20,712)	100	-	-	
L Tobin										
Performance awards	1 Jul 2016	15 Aug 2016	26 Aug 2019	43,060	-	(37,463)	87	(5,597)	-	309,229
Performance awards	1 Jul 2017	21 Aug 2017	Aug 2020	48,969	-	-	-	(5,441)	N/A	N/A
Performance awards	1 Jul 2018	22 Aug 2018	Aug 2021	52,484	-	-	-	(23,326)	N/A	N/A
Performance awards	1 Jul 2019	17 Oct 2019	Aug 2022	-	44,357	-	-	(34,500)	N/A	N/A
Total performance awards				144,513	44,357	(37,463)	87	(68,864)⁹	-	
Deferred securities	7 Aug 2017	23 Aug 2017	1 Jul 2019	21,261	-	(21,261)	100	-	-	245,500
Deferred securities	7 Aug 2018	30 Aug 2018	1 Jul 2020	19,221	-	-	-	-	N/A	N/A
Deferred securities	2 Sep 2019	11 Oct 2019	Aug 2021	-	15,305	-	-	-	N/A	N/A
Total deferred securities				40,482	15,305	(21,261)	100	-	-	

1 Jennifer Aument's vested performance awards were settled in cash

2 STI deferred securities and performance awards granted as remuneration and matured during FY20 occurred prior to Henry Byrne becoming a member of KMP on 1 March 2020

3 Michele Huey was on parental leave for the period 18 September 2017 to 16 September 2018. Her deferred securities recognise this period of leave

4 Ceased being a KMP during FY20

5 Performance awards granted in FY17 vested during FY20 at the end of the three year performance period in accordance with performance outcomes. Securities granted as FY17 deferred STI awards vested during FY20 at the end of the two-year restriction period. Vesting date and exercise date are the same

6 No closely related parties of Executive KMP held any performance awards or deferred securities during FY20

7 Fair value at grant date for performance awards. Deferred securities represents the value of the STI deferred component

8 In accordance with the requirements of AASB 2 Share-based Payment, the fair value of performance awards as at their date of grant has been independently determined. The fair value of the performance awards with a TSR performance measure has been valued applying a Monte Carlo simulation (using a Black-Scholes framework) to model Transurban's security price and the TSR performance against the comparator group's TSR performance. The fair value of performance awards with a FCF performance measure has been determined by reference to Transurban's security price at the grant date discounted for dividends and distributions forgone throughout the performance period. The amount included is not related to or indicative of the benefit (if any) that individual executives may ultimately realise should these equity instruments vest

9 Wes Ballantine and Lisa Tobin forfeited a prorated portion of their unvested performance awards upon termination

Executive KMP remuneration

	Short-term employee benefits			Deferred STI ⁸	Post-employment benefits Super-annuation	Long-term benefits		Share-based benefits ¹⁰		Total
	Cash salary and fees	Cash STI ⁶	Non-monetary benefits ⁷			Termination benefits ⁹	Long service leave	Equity awards	Cash awards	
CEO										
S Charlton										
2020	2,278,997	575,000	3,453	1,080,615	21,003	-	108,779	480,721	-	4,548,568
2019	2,279,469	1,180,475	11,743	1,412,580	20,531	-	90,793	2,173,136	-	7,168,727
Other Current Executive KMP										
J Aument¹										
2020	893,655	258,135	1,540	324,473	16,682	-	-	86,903	-	1,581,388
2019	838,457	382,350	1,445	299,734	15,372	-	-	275,979	198,050	2,011,387
H Byrne²										
2020	234,666	49,270	283	60,015	7,001	-	32,128	20,915	-	404,278
M Huey³										
2020	680,997	169,425	789	118,900	21,003	-	19,267	68,243	-	1,078,624
2019	467,153	141,580	7,367	96,655	25,005	-	9,073	327,585	-	1,074,418
S Johnson										
2020	706,997	224,505	1,053	247,630	21,003	-	(8,987)	71,144	-	1,263,345
2019	679,469	228,675	7,177	271,382	20,531	-	32,172	351,275	-	1,590,681
A Watson										
2020	878,997	205,145	1,353	286,713	21,003	-	27,715	85,561	-	1,506,487
2019	879,469	355,910	4,559	283,607	20,531	-	14,370	451,896	-	2,010,342
Former Executive KMP										
T Adams										
2020	485,998	100,560	752	148,914	14,002	-	(33,163)	47,989	-	765,052
2019	729,469	245,010	4,438	254,560	20,531	-	24,149	372,479	-	1,650,636
W Ballantine⁴										
2020	519,332	-	1,203	246,148	15,752	685,867	(123,101)	29,212	-	1,374,413
2019	900,265	233,835	5,448	260,233	20,531	-	(49,087)	371,960	-	1,743,185
L Tobin⁵										
2020	471,331	-	1,053	227,515	15,752	848,139	(66,735)	20,365	-	1,517,420
2019	679,469	228,675	4,559	231,963	20,531	-	27,316	351,522	-	1,544,035
Total										
2020	7,150,970	1,582,040	11,479	2,740,923	153,201	1,534,006	(44,097)	911,053	-	14,039,575
2019	7,453,220	2,996,510	46,736	3,110,714	163,563	-	148,786	4,675,832	198,050	18,793,411

1 Jennifer Aument is remunerated in US Dollars. The amounts shown in the table above have been converted to Australian Dollars using the average exchange rate over the reporting period, being \$0.6714 (2019: \$0.7156). Jennifer's cash salary remained unchanged in FY20 at US\$600K

2 Henry Byrne commenced as a KMP on 1 March 2020 and the period of reporting is from that date

3 FY19: Michele Huey returned to her KMP role from parental leave on 17 September 2018; amounts reported have been prorated for the period of time as KMP

4 FY20: Wes Ballantine's cash salary included annual leave of \$9,327 and long service leave of \$69,282, which was paid on termination
FY19: Wes Ballantine's cash salary includes a cash allowance of \$113,205 relating to his interstate relocation and a vehicle lease refund of \$7,591

5 FY20: Lisa Tobin's cash salary included annual leave of \$61,891 and long service leave of \$83,398, which was paid on termination

6 The amount represents the cash STI payment to the Executive KMP for FY20, which will be paid in September 2020. FY19: cash component of FY19 STI paid in September 2019

7 Non-monetary benefits include Group employee insurance

8 A component of STI award is deferred into Transurban stapled securities. In accordance with accounting standards, the deferred component will be recognised over the three-year service period. The amount recognised in this table is the FY20 accounting charge for unvested grants. The value for Deferred STI benefit for Wes Ballantine and Lisa Tobin include all unvested Deferred STI securities. The amount that would have been recognised for services received from Wes and Lisa over the remainder of the deferred periods has been included

in the table above. These awards will continue on foot and vest at the end of the original two-year deferred period

9 Termination benefit for Wes Ballantine represents payment in lieu of notice and an ex-gratia payment of \$285,867. Termination benefit for Lisa Tobin represents payment in lieu of notice, a redundancy payment of \$224,000 and an ex-gratia payment of \$260,139

10 In accordance with the requirements of the accounting standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. performance awards under the LTI plan). The fair value of the awards is determined as at the grant date and is progressively allocated over the performance period. The amount included, as remuneration may be different to the benefit (if any) that the KMP may ultimately realise should the awards vest. The fair value of performance awards with a TSR performance measure has been determined by applying a Monte Carlo simulation (using a Black-Scholes framework) to model Transurban's security price and the TSR performance against the comparator group performance. The fair value of performance awards with a FCF performance measure has been determined by reference to Transurban's security price at the grant date discounted for dividends and distributions forgone throughout the performance period. As the FCF performance measure is a non-market performance condition, amounts recognised are adjusted based on the best available estimate of the number of equity instruments expected to vest

FY20: The value for share based benefits for Wes Ballantine and Lisa Tobin is the remaining value of the awards retained by them upon their departure. These awards will continue on foot with the applicable measures for each grant to be tested at the end of the applicable original performance periods. These awards may or may not vest

Remuneration paid to Non-executive Directors

	Short-term benefits	Post-employment benefits	Total
	Fees	Super-annuation ¹	
Current Non-executive Directors			
L Maxsted			
2020	578,997	21,003	600,000
2019	579,469	20,531	600,000
M Birrell			
2020	210,046	19,954	230,000
2019	189,117	17,966	207,083
T Bowen²			
2020	78,006	7,411	85,417
N Chatfield			
2020	235,998	14,002	250,000
2019	229,469	20,531	250,000
S Mostyn			
2020	228,998	21,002	250,000
2019	229,469	20,531	250,000
C O'Reilly			
2020	244,499	10,501	255,000
2019	234,469	20,531	255,000
P Scott			
2020	210,046	19,954	230,000
2019	210,046	19,954	230,000
J Wilson			
2020	205,479	19,521	225,000
2019	205,479	19,521	225,000
Former Non-executive Directors			
R Edgar³			
2020	63,887	5,881	69,768
2019	229,469	20,531	250,000
Total			
2020	2,055,956	139,229	2,195,185
2019	2,106,987	160,096	2,267,083

¹ Superannuation contributions made on behalf of Non-executive Directors to satisfy the Group's obligations under applicable superannuation guarantee legislation. Excludes Australian Taxation Office approved exemptions

² Terry Bowen commenced as a KMP on 1 February 2020 and the period reported is from that date

³ Robert Edgar ceased to be a Director on 10 October 2019 and his remuneration reported is until that date

Securities held by Non-executive Directors as at 30 June 2020 and at the date of this Report

	Balance at start of year	Changes during year	Balance at end of year ^{5,6}
Current Non-executive Director			
L Maxsted	89,282	1,025	90,307
M Birrell	5,000	5,145	10,145
T Bowen ⁴	-	40,221	40,221
N Chatfield	74,842	(8,975)	65,867
S Mostyn	26,492	1,064	27,556
C O'Reilly	26,268	1,327	27,595
P Scott	28,410	2,187	30,597
J Wilson	12,702	1,025	13,727
Former Non-executive Director			
R Edgar	47,729	-	N/A

⁴ Terry Bowen held 25,221 securities as at his appointment as a Non-executive Director on 1 February 2020

⁵ No Transurban securities were held nominally or held by closely related parties of Non-executive Directors during FY20

⁶ Balance at date of this Report is same as balance at end of FY20



Auditor's Independence Declaration

As lead auditor for the audit of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited and the entities they controlled during the period.

A handwritten signature in black ink, appearing to read 'M. Laithwaite', is written over a light grey horizontal line.

Marcus Laithwaite
Partner
PricewaterhouseCoopers

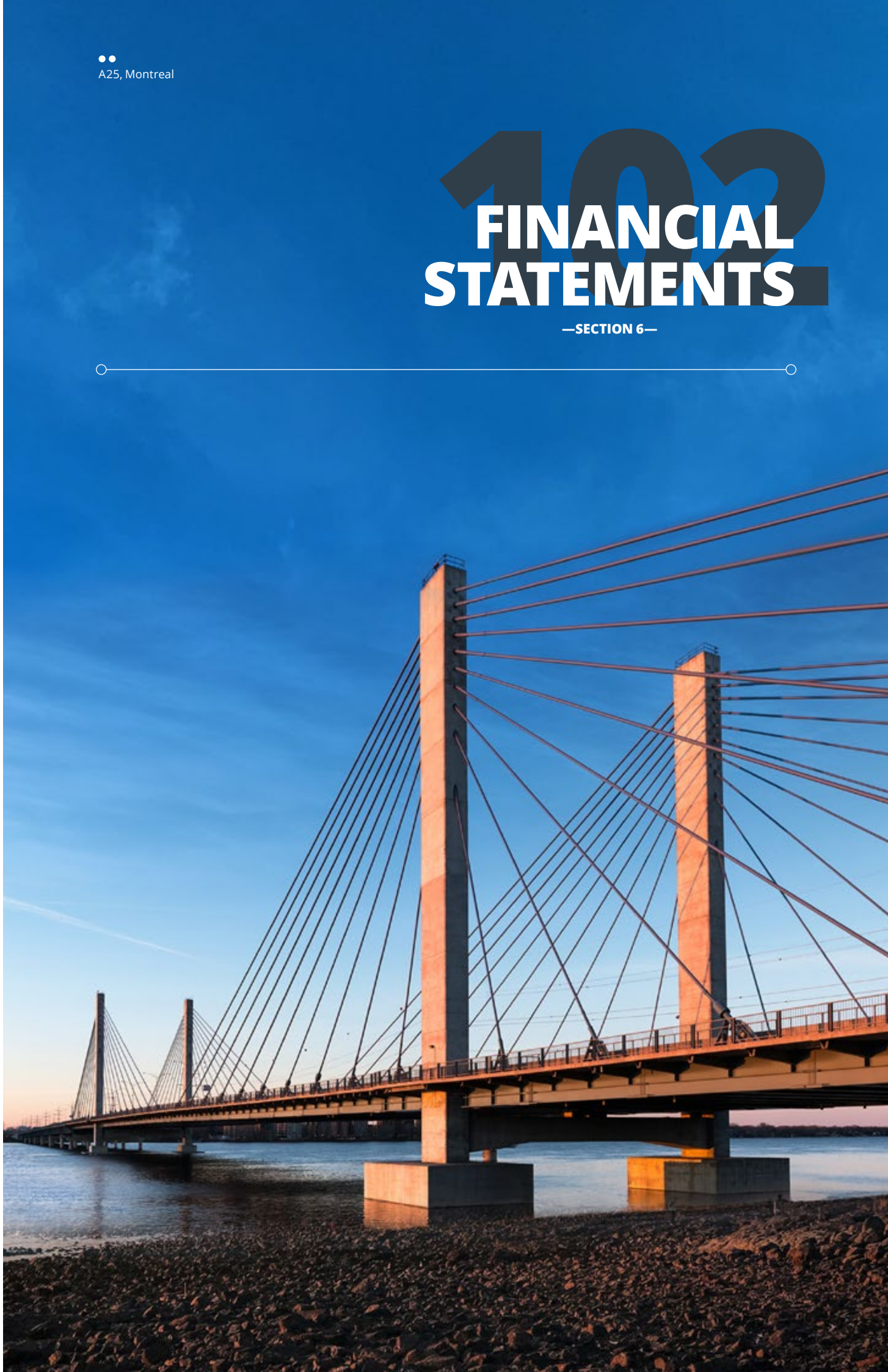
Melbourne
12 August 2020

PricewaterhouseCoopers, ABN 52 780 433 757
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—SECTION 6—



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SECTION A: GROUP FINANCIAL STATEMENTS

Transurban Holdings Limited

Consolidated statement of comprehensive income for the year ended 30 June 2020

	Note	2020 \$M	2019 \$M
Revenue	B5	3,616	4,166
Expenses			
Employee benefits expense		(250)	(230)
Road operating costs		(388)	(373)
Construction costs		(1,003)	(1,435)
Transaction and integration costs		(7)	(25)
Corporate and other expenses		(127)	(107)
Total expenses		(1,775)	(2,170)
Earnings before depreciation, amortisation, net finance costs, equity accounted investments and income taxes		1,841	1,996
Amortisation	B17	(1,037)	(882)
Depreciation		(148)	(113)
Total depreciation and amortisation		(1,185)	(995)
Net finance costs	B13	(914)	(865)
Share of loss of equity accounted investments, inclusive of impairments	B25	(62)	(334)
Gain on revaluation of equity accounted investment	B24	-	228
(Loss)/profit before income tax		(320)	30
Income tax benefit	B7	167	140
(Loss)/profit for the year		(153)	170
(Loss)/profit attributable to:			
Ordinary security holders of the stapled group			
– Attributable to Transurban Holdings Limited (THL)		(267)	(40)
– Attributable to THT/TIL		156	211
(Loss)/profit attributable to ordinary security holders of the stapled group	B9	(111)	171
Non-controlling interests—other	B26	(42)	(1)
(Loss)/profit for the year		(153)	170
Other comprehensive income			
Items that may be reclassified to profit and loss in the future			
Changes in the fair value of cash flow hedges, net of tax		11	(181)
Share of other comprehensive loss of equity accounted investments, net of tax	B25	(22)	(74)
Movement in share based payments reserve		-	2
Exchange differences on translation of North American operations, net of tax		6	(12)
Other comprehensive loss for the year, net of tax		(5)	(265)
Total comprehensive loss for the year		(158)	(95)
Total comprehensive (loss)/income for the year is attributable to:			
Ordinary security holders of the stapled group			
– Attributable to THL		(310)	(81)
– Attributable to THT/TIL		151	16
Non-controlling interests—other		1	(30)
Total comprehensive loss for the year		(158)	(95)
		Cents	Cents
Earnings per security attributable to ordinary security holders of the stapled group	B9	(4.1)	6.6

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Transurban Holdings Limited Consolidated balance sheet as at 30 June 2020

	Note	2020 \$M	2019 \$M
Assets			
Current assets			
Cash and cash equivalents	B8	2,349	1,630
Trade and other receivables	B8	417	285
Derivative financial instruments	B15	71	10
Total current assets		2,837	1,925
Non-current assets			
Equity accounted investments	B25	3,435	3,614
Financial assets at amortised cost	B32	1,352	1,193
Derivative financial instruments	B15	497	293
Property, plant and equipment ¹		594	414
Concession financial asset	B18	331	341
Deferred tax assets	B7	1,098	1,107
Goodwill	B16	466	466
Other intangible assets	B17	25,940	26,604
Total non-current assets		33,713	34,032
Total assets		36,550	35,957
Liabilities			
Current liabilities			
Trade and other payables	B8	485	513
Borrowings	B14	1,553	959
Derivative financial instruments	B15	96	7
Maintenance provision	B19	104	156
Distribution provision	B10	476	841
Other provisions		141	193
Construction obligation provision	B20	767	831
Other liabilities ²		235	291
Total current liabilities		3,857	3,791
Non-current liabilities			
Borrowings	B14	19,525	17,507
Derivative financial instruments	B15	632	496
Deferred tax liabilities	B7	1,213	1,412
Maintenance provision	B19	1,102	1,006
Other provisions		7	6
Construction obligation provision	B20	822	1,391
Other liabilities ²		591	446
Total non-current liabilities		23,892	22,264
Total liabilities		27,749	26,055
Net assets		8,801	9,902
Equity			
Contributed equity	B11	2,919	2,675
Reserves	B12	(491)	(149)
Accumulated losses		(3,887)	(3,563)
Equity attributable to other members of the stapled group (THT/TIL)		9,333	9,791
Equity attributable to security holders of the stapled group		7,874	8,754
Non-controlling interests—other	B26	927	1,148
Total equity		8,801	9,902

- The Group adopted AASB 16 Leases (AASB 16) on 1 July 2019 and has presented right-of-use assets within property, plant and equipment as at 30 June 2020; the same line item that the corresponding underlying asset would be presented were it owned.
- Upon adoption of AASB 16 the Group has presented lease liabilities within other liabilities as at 30 June 2020.

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

Transurban Holdings Limited

Consolidated statement of changes in equity for the year ended 30 June 2020

	Attributable to security holders of the stapled group							Total equity \$M
	Number of securities M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Equity attributable to other members—THT & TIL \$M	Total \$M	Non-controlling interests—other \$M	
Balance at 30 June 2019 as originally presented	2,675	2,675	(149)	(3,563)	9,791	8,754	1,148	9,902
Change in accounting policy ¹	-	-	-	(2)	(1)	(3)	-	(3)
Balance at 1 July 2019	2,675	2,675	(149)	(3,565)	9,790	8,751	1,148	9,899
Comprehensive (loss)/income								
(Loss)/profit for the year	-	-	-	(267)	156	(111)	(42)	(153)
Other comprehensive (loss)/income	-	-	(43)	-	(5)	(48)	43	(5)
Total comprehensive (loss)/income	-	-	(43)	(267)	151	(159)	1	(158)
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs ²	55	226	-	-	578	804	-	804
Employee performance awards issued ³	1	3	(1)	-	4	6	-	6
Distributions provided for or paid ⁴	-	-	-	(55)	(1,229)	(1,284)	-	(1,284)
Distribution reinvestment plan ⁵	4	15	-	-	39	54	-	54
Distributions to non-controlling interests ⁶	-	-	-	-	-	-	(87)	(87)
Derecognition of non-controlling interest on acquisition of remaining interest ⁷	-	-	-	-	-	-	(135)	(135)
Transactions with non-controlling interests—other ⁷	-	-	(298)	-	-	(298)	-	(298)
	60	244	(299)	(55)	(608)	(718)	(222)	(940)
Balance at 30 June 2020	2,735	2,919	(491)	(3,887)	9,333	7,874	927	8,801

1. Refer to Note B3 for further details on the change in accounting policy.

2. During August and September 2019, the Group completed a 'pro-rata' institutional placement and security purchase plan. The 'pro-rata' institutional placement raised gross proceeds of \$500 million at an issue price of \$14.70 per security. The security purchase plan raised gross proceeds of \$312 million at an issue price of \$14.64 per security. The total gross proceeds of \$812 million (\$804 million net of transaction costs) were used to fund the Group's acquisition of the remaining interests in Interlink Roads Pty Limited (M5 Motorway) and for general corporate purposes.

3. From 2012 it is the Group's policy that a portion of all Short Term Incentives issued to the CEO and other executives are deferred for a period of 2 years. In addition to the Short Term Incentives, stapled securities (including units in the Trust) were issued to senior executives and other employees under the Group's Long Term Incentive share based payment plans. These securities are held by the employees but will only vest in accordance with the terms of the plans.

4. Refer to Note B10 for further details of dividends and distributions provided for or paid.

5. Under the Distribution Reinvestment Plan (DRP), holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash. The DRP applied for the final distribution for FY19 and the interim distribution for HY20, paid in August 2019 and February 2020, respectively. The DRP applies for the final FY20 distribution.

6. Distributions and dividends were paid during the period to the non-controlling interest partners in the Eastern Distributor, Transurban Queensland and the M5 Motorway.

7. Refer to Note B24 for details on the derecognition of the non-controlling interest (\$135 million) in the M5 Motorway following the acquisition of the remaining 34.62% interest on 30 October 2019, including associated transaction costs (\$39 million).

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

Transurban Holdings Limited

Consolidated statement of changes in equity for the year ended 30 June 2019

	Attributable to security holders of the stapled group							
	Number of securities M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Equity attributable to other members—THT & TIL \$M	Total \$M	Non-controlling interests—other \$M	Total equity \$M
Balance at 30 June 2018 as originally presented	2,225	1,746	(101)	(3,455)	7,401	5,591	1,175	6,766
Change in accounting policy ¹	–	–	–	12	–	12	(5)	7
Balance at 1 July 2018	2,225	1,746	(101)	(3,443)	7,401	5,603	1,170	6,773
Comprehensive (loss)/income								
(Loss)/profit for the year	–	–	–	(40)	211	171	(1)	170
Other comprehensive loss	–	–	(41)	–	(195)	(236)	(29)	(265)
Total comprehensive (loss)/income	–	–	(41)	(40)	16	(65)	(30)	(95)
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs ²	446	915	–	–	3,833	4,748	–	4,748
Employee performance awards issued ³	1	2	–	–	9	11	–	11
Distributions provided for or paid ⁴	–	–	–	(80)	(1,497)	(1,577)	–	(1,577)
Distribution reinvestment plan ⁵	3	12	–	–	29	41	–	41
Distributions to non-controlling interests ⁶	–	–	–	–	–	–	(183)	(183)
Recognition of non-controlling interest upon step-up acquisition and change in ownership ⁷	–	–	–	–	–	–	191	191
Transactions with non-controlling interests—other ⁷	–	–	(7)	–	–	(7)	–	(7)
	450	929	(7)	(80)	2,374	3,216	8	3,224
Balance at 30 June 2019	2,675	2,675	(149)	(3,563)	9,791	8,754	1,148	9,902

1. Relates to the change in accounting policy upon the initial adoption of AASB 9 Financial Instruments from 1 July 2018. The reclassifications and the adjustments which arose from the new standard were not reflected in the restated balance sheet as at 30 June 2018, but were recognised in the opening balance sheet on 1 July 2018.
2. On 21 September 2018, the Group completed the fully underwritten institutional and retail components of its pro-rata accelerated renounceable 10 for 57 entitlement offer. The institutional component raised gross proceeds of \$2,996 million at an issue price of \$10.80 per security. The retail component raised gross proceeds of \$1,222 million at an issue price of \$10.80 per security. A further \$600 million was raised on 12 September 2018 through a placement to AustralianSuper and Tawreed Investments Limited (Tawreed) at an issue price of \$10.85 per security. The total gross proceeds of \$4,818 million (\$4,748 million net of transaction costs, including \$5 million of non-cash tax benefit) were used to fund the Group's investment in WestConnex (WCX) through Sydney Transport Partners Joint venture (STP JV) and for general corporate purposes.
3. From 2012 it is the Group's policy that a portion of all Short Term Incentives issued to the CEO and other executives are deferred for a period of 2 years. In addition to the Short Term Incentives, stapled securities (including units in the Trust) were issued to senior executives and other employees under the Group's Long Term Incentive share based payment plans. These securities are held by the employees but will only vest in accordance with the terms of the plans.
4. Refer to Note B10 for further details of dividends and distributions provided for or paid.
5. Under the Distribution Reinvestment Plan (DRP), holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash. The DRP was not in effect for the final distribution for FY18. The DRP applied for the interim FY19 distribution, paid in February 2019.
6. Distributions and dividends were paid during the period to the non-controlling interest partners in the Eastern Distributor, Transurban Queensland and the M5 Motorway.
7. Relates to the recognition of the non-controlling interest upon the step-up acquisition of the M5 Motorway (\$277 million) and other transactions with non-controlling interests including \$86 million to acquire an additional interest in the M5 Motorway and a related \$7 million payment for stamp duty on this transaction.

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

Transurban Holdings Limited

Consolidated statement of cash flows for the year ended 30 June 2020

	Note	2020 \$M	2019 \$M
Cash flows from operating activities			
Receipts from customers		2,762	2,873
Payments to suppliers and employees		(844)	(851)
Payments for maintenance of intangible assets		(135)	(117)
Transaction and integration costs related to acquisitions		(7)	(25)
Other cash receipts		126	112
Interest received		35	36
Interest paid		(769)	(771)
Income taxes paid		(37)	(60)
Net cash inflow from operating activities	(a)	1,131	1,197
Cash flows from investing activities			
Payments for financial assets at amortised cost		(232)	(865)
Repayment of financial assets at amortised cost		75	330
Payments for equity accounted investments		-	(3,420)
Capital contribution to equity accounted investment		(48)	(68)
Payments for intangible assets		(1,391)	(1,741)
Payments for property, plant and equipment		(178)	(133)
Distributions received from equity accounted investments		171	190
Payments for acquisition of subsidiaries and term loan notes, net of cash acquired		(1)	(65)
Net cash outflow from investing activities		(1,604)	(5,772)
Cash flows from financing activities			
Proceeds from equity issues of stapled securities (net of costs)		804	4,743
Acquisition of non-controlling interest in subsidiary and term loan notes		(492)	(106)
Proceeds from borrowings (net of costs)	(b)	4,478	4,193
Proceeds made in the provision of loan facilities		32	215
Proceeds from loan facilities	(b)	7	-
Principal repayment of leases	B31	(10)	-
Repayment of borrowings	(b)	(1,965)	(2,445)
Dividends and distributions paid to the Group's security holders	B10	(1,595)	(1,357)
Distributions paid to non-controlling interests	B10	(87)	(192)
Net cash inflow from financing activities		1,172	5,051
Net increase in cash and cash equivalents		699	476
Cash and cash equivalents at the beginning of the year		1,630	1,130
Effects of exchange rate changes on cash and cash equivalents		20	24
Cash and cash equivalents at end of the year	B8	2,349	1,630

(a) Reconciliation of (loss)/profit after income tax to net cash inflow from operating activities

(Loss)/profit for the year		(153)	170
Depreciation and amortisation		1,185	995
Gain on revaluation of equity accounted investments		-	(228)
Non-cash share based payments expense		8	14
Non-cash net finance costs		116	112
Share of losses of equity accounted investments, inclusive of impairments	B25	62	334
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		26	(48)
(Decrease)/increase in concession and promissory note liability		(6)	16
Increase/(decrease) in operating creditors and accruals		58	(3)
(Decrease)/increase in other operating provisions		(2)	6
Movement in deferred and current taxes		(205)	(204)
Increase in maintenance provision		42	33
Net cash inflow from operating activities		1,131	1,197

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Transurban Holdings Limited

Consolidated statement of cash flows for the year ended 30 June 2020 (continued)

(b) Reconciliation of liabilities arising from financing activities

	Borrowings current \$M	Borrowings non-current \$M	Debt principal related derivatives (included in assets /liabilities) ¹ \$M	Other Loan Facilities (included in other liabilities) \$M	Total debt related financial instruments \$M
Balance at 1 July 2019	959	17,507	(1,301)	-	17,165
Proceeds from borrowings (net of costs)	-	4,478	-	-	4,478
Repayment of borrowings	(953)	(1,024)	12	-	(1,965)
Proceeds from other loan facilities	-	-	-	70	70
Repayment of other loan facilities	-	-	-	(63)	(63)
Capitalised premiums and discounts included in operating and investing cash flows	-	21	-	-	21
Total cash flows	(953)	3,475	12	7	2,541
Non-cash changes					
Acquisitions ²	-	(65)	-	-	(65)
Foreign exchange movements	(6)	127	(147)	-	(26)
Transfer	1,553	(1,553)	-	-	-
Capitalised interest	-	14	-	-	14
Amortisation of borrowing costs	-	20	-	-	20
Total non-cash changes	1,547	(1,457)	(147)	-	(57)
Balance at 30 June 2020	1,553	19,525	(1,436)	7	19,649

1. Total derivatives balance as at 30 June 2020 is a liability of \$160 million. The difference in carrying value to the table above relates to interest rate swap contracts, forward exchange contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above.

2. For the year ended 30 June 2020 this relates to the acquisition of the remaining equity interest in the M5 Motorway.

	Borrowings current \$M	Borrowings non-current \$M	Debt principal related derivatives (included in assets /liabilities) ¹ \$M	Other Loan Facilities (included in other liabilities) \$M	Total debt related financial instruments \$M
Balance at 1 July 2018	524	14,871	(891)	-	14,504
Proceeds from borrowings (net of costs)	-	4,205	(12)	-	4,193
Repayment of borrowings	(564)	(1,911)	30	-	(2,445)
Total cash flows	(564)	2,294	18	-	1,748
Non-cash changes					
Acquisitions	78	640	-	-	718
Foreign exchange movements	(12)	608	(428)	-	168
Transfer	933	(933)	-	-	-
Capitalised interest	-	6	-	-	6
Amortisation of borrowing costs	-	21	-	-	21
Total non-cash changes	999	342	(428)	-	913
Balance at 30 June 2019	959	17,507	(1,301)	-	17,165

1. Total derivatives balance as at 30 June 2019 is a liability of \$200 million. The difference in carrying value to the table above relates to interest rate swap contracts, forward exchange contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

SECTION B: NOTES TO THE GROUP FINANCIAL STATEMENTS

Basis of preparation and significant changes

B1 Corporate information

Transurban Holdings Limited (the Company, the Parent or THL) is a Company incorporated in Australia and limited by shares that are publicly traded on the Australian Securities Exchange. These financial statements have been prepared as a consolidation of the financial statements of Transurban Holdings Limited and its controlled entities (Transurban, Transurban Holdings Limited Group, Transurban Group or the Group). The controlled entities of THL include the other members of the stapled group being Transurban International Limited and its controlled entities (TIL) and Transurban Infrastructure Management Limited (TIML) as the responsible entity of Transurban Holding Trust and its controlled entities (THT). The equity securities of THL, TIL and THT are stapled and cannot be traded separately. The Group is a for-profit entity. Entities within the Group are domiciled and incorporated in Australia, the United States of America and Canada.

The consolidated financial statements of the Transurban Group for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors on 12 August 2020. Directors have the power to amend and reissue the financial statements.

B2 Summary of significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following transactions and events during the reporting period:

Coronavirus global pandemic and the related government-mandated restrictions (COVID-19)

COVID-19 has impacted the Group's operations, particularly traffic volumes and toll revenue. A significant decline in traffic was observed in March and early April 2020, before a progressive improvement in traffic volumes was observed from mid-April 2020 as government restrictions eased. Notwithstanding this, differing trends are developing across various markets that the Group operates in, including tighter government restrictions being introduced in Melbourne in August 2020. Except for the impact on toll revenue and the related decline in cash receipts, there has been no other significant impact to the Group's operations, cash flow or overall financial position for the current reporting period resulting from COVID-19.

The Group's concession road assets have remained fully operational and investment into networks and major development projects has continued throughout the period. The Group also successfully raised \$3,427 million of debt (inclusive of new facilities) across bank and debt capital markets during March and April 2020 to fund future capital requirements.

Acquisition of remaining equity interest in the M5 Motorway

On 30 October 2019 Transurban acquired the remaining 34.62% interest in the M5 Motorway for a purchase price of \$459 million, taking Transurban's ownership to 100%. As a result of the transaction the Group has derecognised the non-controlling interest and related shareholder loan notes. Refer to Note B24 for further information.

Group equity issuances

During August and September 2019, the Group successfully completed a 'pro-rata' institutional placement and security purchase plan. The 'pro-rata' institutional placement raised gross proceeds of \$500 million at an issue price of \$14.70 per security. The security purchase plan raised gross proceeds of \$312 million at an issue price of \$14.64 per security. The total gross proceeds of \$812 million (\$804 million net of transaction costs) were used to fund the Group's investment in the remaining interest in M5 Motorway and for general corporate purposes.

B3 Basis of preparation

The Group financial statements are general purpose financial statements which:

- have been prepared in accordance with the Corporations Act 2001, Australian accounting standards and other authoritative pronouncements of the Australian Accounting Standards Board;
- have adopted all accounting policies in accordance with Australian accounting standards and, where a standard permits a choice in accounting policy, the policy adopted by the Group has been disclosed in these financial statements;
- have applied the option under ASIC Corporations (Stapled Group Reports) Instrument 2015/838 to present the consolidated financial statements in one section (Section A) and all other reporting group members in a separate section (Section C);
- apart from the accounting standard early adopted as set out in this note, have not early adopted accounting standards or interpretations that have been issued or amended but are not yet effective;
- comply with International financial reporting standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- have been prepared under the historical cost convention, as modified by the revaluation of other financial assets and liabilities (including derivative financial instruments);
- are presented in Australian dollars, which is the Group's functional and presentation currency;
- have been rounded to the nearest million dollars, unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191; and
- have restated the presentation of comparative amounts, where applicable, to conform to the current period presentation.

Going concern

The financial report has been prepared on a going concern basis, which assumes the continuity of normal operations. In determining the appropriateness of this basis of preparation, the Directors have considered the impact of COVID-19 on the Group's operations and in particular the next 12 months from the financial statements release date on 12 August 2020.

While the long-term strategy of the Group remains unchanged, the ongoing impact of COVID-19 is uncertain and represents a significant risk to the global economy. For the Group, traffic performance is expected to remain sensitive to future government responses to COVID-19 outbreaks, as well as global economic conditions.

In response to this uncertainty, the Group has critically assessed cash flow forecasts for the 12 months from the date of this report, taking into consideration an estimate of the potential continued impacts of COVID-19. In addition, the Group has considered the ability to fund THL's net current liability position as at 30 June 2020 of \$1,020 million (2019: \$1,866 million). Scenario analysis has been undertaken on cash flow forecasts to reflect reasonably possible changes in traffic volume and includes funding future debt financing through the use of existing debt facilities and cash and cash equivalents as at 30 June 2020. Based on the analysis, which includes judgement, the Group is expected to have sufficient headroom to continue to operate within available cash levels and the terms of its debt facilities, and fund THL's net current liability position as at 30 June 2020. In making this assessment, the Group has assumed that equity partners will be able to proportionally support future debt refinancing should credit markets not be accessible prior to maturity dates.

Despite the impact of COVID-19 on the global economy, the Group has been successful in accessing credit markets at market rates since the impacts of COVID-19 were first observed. This includes the Group receiving the proceeds from a \$1,082 million (€600 million) issuance of senior secured 10 year notes under its Euro Medium Term Note (EMTN) programme that reached financial close on 9 April 2020 and a further \$250 million (€150 million) in proceeds from the issuance of senior secured 10 year notes under its EMTN programme that reached financial close on 1 May 2020. These funds will be used to repay corporate debt maturities due to mature in the next 12 months.

The Group has also forecast that it does not expect to breach any covenants within the next 12 months from the date of this report, however some assets are forecast to enter distribution lock-up and this has been factored into the analysis. Covenant forecasts utilised the same underlying cash flow forecasts as those described above. Corporate and non-recourse debt covenants are calculated on a trailing 12 month basis, therefore moderating short-term earnings impacts.

Furthermore, the Directors have also taken the following matters into consideration in forming the view that the Group is a going concern:

- The Group has cash and cash equivalents of \$2,349 million as at 30 June 2020;
- The Group has available a total of \$2,822 million of undrawn general purpose borrowing facilities across a number of financial providers with a maturity beyond 12 months (total undrawn general purpose borrowing facilities is \$3,102 million). Additionally, the Group has a further \$268 million of undrawn borrowings facilities to provide funding for the Group's capital projects with a maturity beyond 12 months (total undrawn capital borrowings is \$268 million);
- The Group has the ability to fund the net current liability position through the generation of free cash in the next 12 months and the use of undrawn facilities; and
- The Group has paid \$1,595 million of dividends and distributions to the Group's security holders over the past 12 months. Payment of future dividends is at the discretion of the Board.

B3 Basis of preparation (continued)

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit and loss are recognised in the profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in the fair value reserve in equity.

Foreign operations

The results and financial position of all of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rates throughout the course of the reporting period (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments, are taken to other comprehensive income.

B3 Basis of preparation (continued)

New and amended standards and interpretations

The Group has adopted the following new and amended accounting standards and interpretations which became effective for the annual reporting period commencing 1 July 2019. The Group's assessment of the impact of these new and amended standards and interpretations is set out below.

Reference

Description and impact on the Group

AASB 16 Leases

AASB 16 modifies the accounting for leases by removing the distinction between operating and finance leases. The standard requires the recognition of an asset and a financial liability for all leases, with exemptions for short term and low value leases. The Group has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives, as permitted under the transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised \$137 million of lease liabilities relating to leases previously classified as 'operating leases' under the principles of AASB 117 *Leases*. These leases primarily relate to office space that the Group leases from third parties. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.57%.

Below is a reconciliation of operating lease commitments as at 30 June 2019 to the lease liabilities recognised as at 1 July 2019:

	\$M
Operating lease commitments disclosed as at 30 June 2019	196
(Less): lease commitments where lease commencement date is after initial adoption date	(16)
(Less): lease incentives receivable	(4)
	176
Discount from using the lessee's incremental borrowing rate at the date of initial application	(39)
Lease liabilities recognised as at 1 July 2019	137

The associated right-of-use assets for these leases amounted to \$133 million. They were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. Deferred tax assets of \$1 million were also recognised. Overall net assets are \$3 million lower.

Practical expedients applied

In applying AASB 16 for the first time, the Group has elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made in applying AASB 117 and AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*.

Cross-staple lease arrangements

There are a number of cross-staple lease arrangements within the Group between trusts, as the lessor, and operating companies, as the lessee. These arrangements relate to rights held by the operating companies over concession intangible assets recorded by the trusts. As permitted under the scope provisions in AASB 16, the operating companies have elected to adopt an accounting policy and not apply the standard to leases of intangible assets. There is no impact on the Group as these arrangements are eliminated on consolidation.

The new accounting policies are disclosed in Note B31 *Leases*.

Interpretation 23

Uncertainty over income tax treatment

The interpretation clarifies how to apply the standard on income taxes, AASB 112, when an entity has to consider, recognise and measure the accounting impact of tax uncertainties.

The adoption of this interpretation did not have a material impact on the Group.

AASB 2018-1

Annual improvements 2015-2017 Cycle

Amendments were made to the following accounting standards as part of the Annual Improvements 2015-2017 Cycle:

- AASB 3 *Business Combinations* and AASB 11 *Joint Arrangements* to clarify that an entity remeasures its previously held interest in a joint operation when it obtains control of the business;
- AASB 112 *Income Taxes* to clarify that an entity accounts for all income tax consequences of dividend payments according to where the entity originally recognised the past transactions or events that generated the distributable profits; and
- AASB 123 *Borrowing Costs* to clarify that an entity treats any borrowings originally made to develop a qualifying asset as part of general borrowings when the asset is ready for its intended use or sale.

The adoption of the amendments did not have a material impact on the Group.

B3 Basis of preparation (continued)

New and amended standards and interpretations (continued)

Reference	Description and impact on the Group
AASB 2019-3 <i>Amendments to Australian Accounting Standards—Interest Rate Benchmark Reform</i>	<p>The Group has elected to early adopt AASB 2019-3. The standard amends AASB 7 <i>Financial Instruments: Disclosures</i>, AASB 9 <i>Financial Instruments</i> and AASB 139 <i>Financial Instruments: Recognition and Measurement</i> to provide certain relief for hedge accounting in the period before benchmark interest rates are replaced by global regulators. The relief enables hedge accounting to continue for certain hedging relationships that might otherwise need to be discontinued due to uncertainties arising from the interest rate reform.</p> <p>The Group holds a number of interest rate swaps (hedging instruments) and floating rate debt instruments (hedged items) exposed to benchmark rates, predominantly the Bank Bill Swap Rate (BBSW) and US dollar London Inter-bank Offered Rate (LIBOR). The Group continues to monitor ongoing regulatory responses to assess the impact of the introduction of alternative reference rates, which is expected to occur at the end of calendar year 2021. The BBSW has recently undergone several changes to ensure it remains compliant with the new regulatory standards.</p> <p>The notional value of the Group's LIBOR-benchmarked exposure as at 30 June 2020 was US\$225 million (A\$328 million).</p> <p>The adoption of the amendments had no impact on the Group's financial results for the year ended 30 June 2020.</p>

Accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published but are not mandatory for the year ended 30 June 2020. The Group's assessment of the impact of these new standards and interpretations is set out below.

Reference	Description and impact on the Group	Application of the standard	Application by the Group
AASB 2014-10 <i>Amendments to Australian Accounting Standards—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	The AASB has made limited scope amendments to AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> . The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in AASB 3 <i>Business Combinations</i>). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interest in the associate or joint venture. Application of the new standard is prospective and is not expected to materially impact the Group.	1 January 2022	1 July 2022
AASB 2018-6 <i>Amendments to Australian Accounting Standards—Definition of a Business</i>	Amendments to AASB 3 revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. To be a business without outputs, there would need to be an organised workforce. Application of the new standard is prospective for acquisitions following the application date by the Group and is not expected to materially impact the Group. The changes to the standard may result in more acquisitions being accounted for as an asset acquisition by the Group.	1 January 2020	1 July 2020
AASB 2018-7 <i>Amendments to Australian Accounting Standards—Definition of Material</i>	Amendments are primarily to AASB 101 and AASB 108 to refine the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. Application of the amendments is not expected to materially impact the Group.	1 January 2020	1 July 2020
AASB 2019-1 <i>Conceptual Framework for Financial Reporting</i> <i>Amendments to Australian Accounting Standards—References to the Conceptual Framework</i>	The Australian Accounting Standards Board issued a revised Conceptual Framework which will initially only apply to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards (AAS), and to other for-profit entities that elect to apply it. The key amendments include revising the definition and recognition criteria for assets, liabilities, income and expenses and other relevant financial reporting concepts. No changes have been made to existing AAS, however the updated concepts should be used when an existing accounting standard does not provide relevant guidance for a transaction. AASB 2019-1 makes consequential changes to other standards so that they retain the previous Framework for the preparation and presentation of financial statements for entities that do not have to apply the revised Framework. The revised Framework is not expected to materially impact the Group given there is no change to existing AAS and there are no existing transactions that require the application of the revised Framework.	1 January 2020	1 July 2020
AASB 2019-5 <i>Amendments to Australian Accounting Standards—Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia</i>	Amendments to AASB 1054 to clarify that in order for an entity to assert compliance with IFRS Standards in its financial statements, it is required to disclose the potential effect on its financial statements of an IFRS Standard that has not yet been issued by the AASB as at reporting date. Application of the amendments is not expected to materially impact the Group.	1 January 2020	1 July 2020

B3 Basis of preparation (continued)

Accounting standards and interpretations issued but not yet effective (continued)

Reference	Description and impact on the Group	Application of the standard	Application by the Group
AASB 2020-1 <i>Amendments to Australian Accounting Standards— Classification of Liabilities as Current or Non-current</i>	Amendments to AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. Application of the amendments is not expected to materially impact the Group.	1 January 2022	1 July 2022
AASB 2020-3 <i>Annual improvements 2018–2020 Cycle and Other Amendments</i>	The following small amendments were made to accounting standards: <ul style="list-style-type: none"> Annual Improvements 2018-2020 Cycle make minor amendments to AASB 1 <i>First-time Adoption of International Financial Reporting Standards</i>, AASB 9 <i>Financial Instruments</i> and the Illustrative Examples accompanying AASB 16 <i>Leases</i> to clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards; Amendments to AASB 3 <i>Business Combinations</i> update a reference in AASB 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; Amendments to AASB 116 <i>Property, Plant and Equipment</i> require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in the profit and loss, instead of deducting the amounts received from the cost of the asset; and Amendments to AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> clarify which costs a company includes when assessing whether a contract will be onerous. The application of the above amendments are prospective following the application date by the Group and is not expected to materially impact the Group.	1 January 2022	1 July 2022
AASB 2020-4 <i>Amendments to Australian Accounting Standards - COVID-19 Related Rent Concessions</i>	This standard amends AASB 16 to provide lessees with an optional practical expedient in assessing whether a COVID-19 related rent concession is a lease modification. The optional practical expedient allows any impact from the change in lease payments (originally due before 30 June 2021) to be recognised directly in the profit and loss. The amending standard also requires disclosure of the use of the election and the amount recognised in the profit and loss as a result. Application of this standard is not expected to materially impact the Group.	1 June 2020	1 July 2020

Critical accounting estimates and judgements

Estimates and judgements are regularly made by management and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

• Provision for income taxes and utilisation of tax losses	Note B7
• Fair value of derivatives and other financial instruments	Note B15
• Recoverability of goodwill, other intangibles assets and equity accounted investments	Concession Summary
• Construction risk of assets under construction	Note B17
• Provision for maintenance expenditure	Note B19
• Valuation of construction liability	Note B20
• Valuation of promissory notes and concession notes	Note B21
• Assessment of control of STP JV	Note B25
• Contingencies	Note B28

KEY ESTIMATE AND JUDGEMENT

The Group has made a number of estimates and judgements as at 30 June 2020 as a result of COVID-19. These estimates and judgements are included in the notes to the financial statements as applicable.

Operating performance

B4 Segment information

In the segment information provided to the Transurban Group Executive Committee (certain members of which act as the chief operating decision maker), segments are defined by the geographical region in which the Group operates being Melbourne, Sydney, Brisbane and North America. The Group's corporate function is not an operating segment under the requirements of AASB 8 as its revenue generating activities are only incidental to the business.

The Executive Committee assesses the performance of the region based on a measure of proportional earnings before depreciation, amortisation, net finance costs and income taxes (Proportional EBITDA). This reflects the contribution of each region in the Group in the proportion of Transurban's equity ownership.

Significant items are those items where their nature is sufficiently significant to the financial statements and not in the ordinary course of business. Refer to Note B6 for further details.

The diagram below shows the assets included in each geographical region, together with the ownership interests held by the Group for the current financial year:

	MELBOURNE	SYDNEY	BRISBANE	NORTH AMERICA
WHOLLY OWNED	CityLink (100%)	Lane Cove Tunnel (100%)	Hills M2 Motorway (100%)	95 Express Lanes ⁴ (100%)
	West Gate Tunnel (100%)	Cross City Tunnel (100%)	M5 Motorway ¹ (100%)	A25 (100%)
NON-100% OWNED AND CONSOLIDATED		M1 Eastern Distributor (75.1%)	Logan Motorway (62.5%)	Gateway Motorway (62.5%)
			Go Between Bridge (62.5%)	Clem7 (62.5%)
			Legacy Way (62.5%)	AirportlinkM7 (62.5%)
NON-100% OWNED AND EQUITY ACCOUNTED		Westlink M7 ² (50%)	WestConnex M4 ³ (25.5%)	
		NorthConnex ² (50%)	WestConnex M8/M5 East ³ (25.5%)	
			WestConnex M4-M5 Link ³ (25.5%)	

1. The M5 Motorway additional equity interest of 34.62% was acquired on 30 October 2019, increasing the equity interest to 100%. The M5 Motorway is currently under concession to Interlink Roads Pty Ltd, a wholly owned subsidiary of the Transurban Group, until the current concession expiration date in December 2026.

2. Westlink M7 and NorthConnex form the NorthWestern Roads Group (NWRG).

3. The M4, M8/M5 East and M4-M5 Link together form WestConnex. The M8/M5 East includes the newly constructed M8, the M5 East and will include the M5 Motorway (also known as M5 West) from December 2026.

4. The 95 Express Lanes concession is inclusive of the 395 Express Lanes and the Fredericksburg Extension.

B4 Segment information (continued)

Segment information—proportional income statement

2020

\$M

	Melbourne	Sydney	Brisbane	North America	Corporate and other	Total
Toll revenue	747	1,072	394	279	–	2,492
Other revenue	23	48	5	15	26	117
Total proportional revenue	770	1,120	399	294	26	2,609
Underlying proportional EBITDA	634	879	286	154	(65)	1,888
Significant items	–	(13)	–	(1)	–	(14)
Proportional EBITDA	634	866	286	153	(65)	1,874

2019

\$M

	Melbourne	Sydney	Brisbane	North America	Corporate and other	Total
Toll revenue	813	1,042	402	324	–	2,581
Other revenue	24	38	6	14	11	93
Total proportional revenue	837	1,080	408	338	11	2,674
Underlying proportional EBITDA	716	856	293	210	(59)	2,016
Significant items	–	(309)	–	(11)	–	(320)
Proportional EBITDA	716	547	293	199	(59)	1,696

Reconciliation of segment information to statutory financial information

The proportional results presented above are different from the statutory financial results of the Group due to the proportional presentation of each asset's contribution to each geographical region and adjustments. The adjustments relate to the contribution of revenue and the treatment of cash received in relation to A25 availability payments and guaranteed toll income arrangements, which offset the concession financial asset recorded on acquisition of the A25. Construction revenue and construction costs are also excluded from proportional results.

Segment revenue

Revenue from external customers comprises toll, service and fee revenues earned on toll roads. Segment revenue reconciles to total statutory revenue as follows:

	Note	2020 \$M	2019 \$M
Total segment revenue (proportional)		2,609	2,674
Add:			
Revenue attributable to non-controlling interests		312	374
Construction revenue from road development activities		1,003	1,435
Intragroup elimination ¹		16	14
Less:			
Proportional revenue of non-100% owned equity accounted assets		(296)	(305)
Toll revenue receipts on A25 relating to concession financial asset ²		(13)	(12)
Other revenue receipts on A25 relating to concession financial asset ²		(15)	(14)
Total statutory revenue	B5	3,616	4,166

1. Statutory revenue recognised in relation to arrangements with equity accounted investments that are eliminated for segment purposes.

2. The Executive Committee members acting as the chief operating decision maker assesses the performance of the Group using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of the A25 and are reflective of its underlying performance. For statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the A25 (refer to Note B18).

B4 Segment information (continued)

Proportional EBITDA

Proportional EBITDA reconciles to (loss)/profit before income tax as follows:

	2020 \$M	2019 \$M
Proportional EBITDA	1,874	1,696
Add: EBITDA attributable to non-controlling interests	230	284
Add: Intragroup elimination ¹	3	-
Less: Proportional EBITDA (excluding significant items) of non-100% owned equity accounted assets	(245)	(253)
Add: Significant items incurred by equity accounted assets ²	7	295
Less: Toll and other revenue on A25 concession financial asset relating to repayments received from Ministry of Transport of Quebec (MTQ) ³	(28)	(26)
Statutory earnings before depreciation, amortisation, net finance costs, equity accounted investments and income taxes	1,841	1,996
Statutory depreciation and amortisation	(1,185)	(995)
Statutory net finance costs	(914)	(865)
Share of loss from equity accounted investments, inclusive of impairments	(62)	(334)
Gain on revaluation of equity accounted investment in M5 Motorway	-	228
(Loss)/profit before income tax	(320)	30

1. Statutory revenue recognised in relation to arrangements with equity accounted investments that are eliminated for segment purposes. For statutory purposes an offsetting adjustment is recognised within the share of loss from equity accounted investments, inclusive of impairments.
2. Refer to Note B6 for further information.
3. The Executive Committee members acting as the chief operating decision maker assesses the performance of the Group using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of the A25 and are reflective of its underlying performance. For statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the A25 (refer to Note B18).

B5 Revenue

	2020 \$M	2019 \$M
Toll revenue	2,510	2,643
Construction revenue	1,003	1,435
Other revenue	103	88
Total revenue	3,616	4,166

The Group's principal revenue generating activities, being the service concession arrangements, are accounted for in accordance with AASB Interpretation 12 *Service Concession Arrangements* (IFRIC 12) and AASB 15 *Revenue from Contracts with Customers*. Those accounting pronouncements specify that operations and maintenance services and construction services provided under the Group's service concession arrangements are two distinct types of services.

Toll revenue includes \$11 million of compensation received from the Ministry of Transport of Quebec (MTQ) for customers who used the A25 during the government imposed toll suspension period from 25 March to 24 May 2020.

The Group's service concession arrangements fall into two types of models, the intangible asset model and the financial asset model as discussed below.

Service concession arrangements—intangible asset model

The revenue streams covered by this model are Toll revenue and Construction revenue. Revenue recognition principles for these revenue streams are discussed below:

Revenue type	Recognition
<i>Toll revenue</i>	The customer of the operations and maintenance services is the user of the infrastructure. Each use made of the toll road by users is considered a performance obligation. The related revenue is recognised at the point in time that the individual service is provided and the amount is determined to be recoverable by the Group. Total toll revenue is net of any revenue share arrangements that the Group has triggered during the reporting period.
<i>Construction revenue</i>	The customer with respect to construction services is the concession grantor. Construction services are accounted for as one performance obligation and revenue is recognised in line with the progress of construction services provided over time. The progress of construction is measured by reference to costs incurred to date. Revenue is measured at fair value by reference to the stand-alone selling price.

B5 Revenue (continued)

Service concession arrangements—financial asset model

The Group's accounting policy for service concession arrangements under the financial asset model is consistent with that disclosed in Note B18 *Concession financial asset*. As at 30 June 2020, the Group's concession financial asset only relates to A25.

Revenue sharing

Toll revenue for the year ended 30 June 2020 is recognised net of revenue share of:

- \$28 million (2019: \$23 million) to the grantor of A25, MTQ; and
- \$14 million (2019: \$nil) to the grantor of 395 Express Lanes (which forms part of the 95 Express Lanes), Virginia Department of Transportation (VDOT).

Other revenue

Other revenue includes management fee revenue, roaming fee revenue and advertising revenue and is recognised at the point in time the service is provided. Additionally, other revenue includes tolling services provided to third parties for which revenue is recognised over the period the service is provided. It also includes compensation received from third parties for a loss of toll revenue due to delays with construction completion, which is recognised when it is reasonably assured it will be collected.

Interest income—receivables

Interest income (refer to Note B13) from receivables and bank deposits is recognised using the effective interest method.

B6 Significant items

Significant items are items where their nature is sufficiently significant to the financial statements and not in the ordinary course of business. For the year ended 30 June 2020 the nature of items presented is comparable with significant items presented in the year ended 30 June 2019. Such items included within the Group's results are detailed below:

	2020		2019	
	Statutory \$M	Proportional \$M	Statutory \$M	Proportional \$M
Significant items included within total expenses				
Stamp duty on acquisition of additional 8.24% equity interest in M5 Motorway ¹	-	-	(8)	(8)
Transaction and integration costs of WCX, M5 Motorway and A25 ²	(7)	(7)	(17)	(17)
	(7)	(7)	(25)	(25)
Significant items included within share of loss of equity accounted investments, inclusive of impairments³				
Stamp duty on acquisition of WCX by STP JV	-	-	(278)	(278)
Transaction and integration costs relating to acquisition of WCX by STP JV	(7)	(7)	(17)	(17)
	(7)	(7)	(295)	(295)
Significant items relating to gain on revaluation of equity accounted investment				
Disposal of equity accounted investment in M5 Motorway in exchange for acquisition of controlling interest ¹	-	-	228	-
Total significant items	(14)	(14)	(92)	(320)
Income tax benefit associated with above significant items	4	4	2	2
Net significant items	(10)	(10)	(90)	(318)

1. On 18 September 2018, the Group completed the acquisition of an additional 8.24% equity interest of the company that holds the M5 Motorway concession in Sydney, New South Wales. The Group determined that this increased equity ownership provided the Group with control over M5 Motorway. The transaction was accounted for as a step-up acquisition, being a disposal of the Group's existing 50% equity accounted investment in M5 Motorway at its fair value on 18 September 2018 in exchange for the acquisition of a 58.24% controlling interest in M5 Motorway.

2. FY20 includes costs relating to the integration of M5 Motorway following the acquisition of the remaining 34.62% interest on 30 October 2019 and integration costs relating to A25. FY19 includes costs relating to the WCX acquisition incurred by Transurban and transaction and integration costs relating to A25. The integration programs for M5 Motorway and WCX are ongoing as at 30 June 2020.

3. These costs are included within proportional EBITDA for segment reporting. Refer to the definition of proportional EBITDA in Note B4 Segment information.

B7 Income tax

Income tax (benefit)/expense

	2020 \$M	2019 \$M
Current tax	(107)	76
Deferred tax	(57)	(154)
Over provision in prior years	(3)	(62)
	(167)	(140)
Deferred income tax benefit included in income tax (benefit)/expense comprises:		
(Increase)/decrease in deferred tax assets	(135)	39
Increase/(decrease) in deferred tax liabilities	78	(193)
	(57)	(154)

Reconciliation of income tax (benefit)/expense to prima facie tax payable

	2020 \$M	2019 \$M
(Loss)/profit before income tax (benefit)/expense	(320)	30
Tax at the Australian tax rate of 30% (2019: 30%)	(96)	9
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Trust income not subject to tax	(122)	(107)
Equity accounted results	19	45
Tax rate differential	4	3
(Non-assessable)/non-deductible interest	(3)	28
Non-deductible tax depreciation	28	8
Gain on revaluation of equity accounted investment in M5 Motorway	-	(68)
Prior year tax losses utilised	7	2
Assessable income from non-100% owned, controlled entities	3	4
Over provision in prior years	(3)	(62)
Other items	(4)	(2)
Income tax benefit	(167)	(140)
Tax expense/(income) relating to items of other comprehensive income and equity		
Cash flow hedges	17	(51)
Foreign currency translation	2	6
Other equity transactions	-	(5)
	19	(50)

Over provision in prior years

Included in the over provision for the year ended 30 June 2019 is a \$64 million adjustment to the tax base for the Legacy Way concession asset following confirmation in the period of the availability of certain deductions that existed at the acquisition date of Transurban Queensland in 2014.

B7 Income tax (continued)

Deferred tax assets and liabilities

	Assets		Liabilities	
	2020 \$M	2019 \$M	2020 \$M	2019 \$M
The balance comprises temporary differences attributable to:				
Provisions	459	439	(14)	(12)
Current and prior year losses	1,101	956	-	-
Fixed assets/intangibles	584	580	(2,083)	(2,174)
Concession fees and promissory notes	-	-	(381)	(301)
Derivatives and foreign exchange	349	218	(155)	(40)
Lease liabilities	4	-	-	-
Other	21	29	-	-
Tax assets/(liabilities)	2,518	2,222	(2,633)	(2,527)
Set-off of tax	(1,420)	(1,115)	1,420	1,115
Net tax assets/(liabilities)	1,098	1,107	(1,213)	(1,412)
Movements:				
Closing balance at 30 June	2,222	2,031	(2,527)	(2,000)
Change in accounting policy ^{1,2}	1	5	-	2
Opening balance at 1 July	2,223	2,036	(2,527)	(1,998)
Credited/(charged) to the statement of comprehensive income	135	(39)	(78)	193
(Charged)/credited to equity	(18)	60	(1)	(10)
Acquired	-	17	-	(592)
Foreign exchange movements	7	26	(3)	(35)
Transfer from deferred tax assets/liabilities	13	(1)	(13)	1
Current year losses recognised/(prior year losses utilised) and under/(over) provision in prior years	158	123	(11)	(86)
Closing balance at 30 June	2,518	2,222	(2,633)	(2,527)
Deferred tax assets/(liabilities) to be recovered/(paid) after more than 12 months	2,518	2,222	(2,633)	(2,527)

1. For the year ended 30 June 2020, the deferred tax impact from the change in accounting policy relates to the initial adoption of AASB 16 Leases from 1 July 2019. Refer to Note B3 for further details on the change in accounting policy.

2. For the year ended 30 June 2019, the deferred tax impact from the change in accounting policy relates to the initial adoption of AASB 9 Financial Instruments from 1 July 2018.

The Group has reviewed its deferred tax assets with reference to the potential impact of COVID-19 on forecast taxable profits. Management have determined that it is probable that future taxable profits will be available to utilise against deferred tax assets recognised as at 30 June 2020.

The Group has not recognised tax effected losses of \$42 million (2019: \$28 million) for the TIL Australia tax consolidated group and DRIVE US tax consolidated group. Management have determined as at 30 June 2020 that it is not probable that future taxable profit will be available against which the Group can utilise these tax losses.

Accounting policy

The income tax expense/(benefit) for the period is the tax payable or benefit on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Transurban stapled group comprises two corporate entities (THL and TIL) and a trust (THT). THT operates as a flow-through trust, and is not liable to pay tax itself. Instead, security holders pay tax on the distributions they receive from the trust at their individual marginal tax rates. The Group is structured in this way because the initial heavy capital investment and associated debt funding required for infrastructure investments results in accounting losses being generated in the initial years which would otherwise prevent a company from paying dividends. The trust enables distributions to be made to security holders throughout the life of the asset.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

B7 Income tax (continued)

Accounting policy (continued)

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Investment allowances

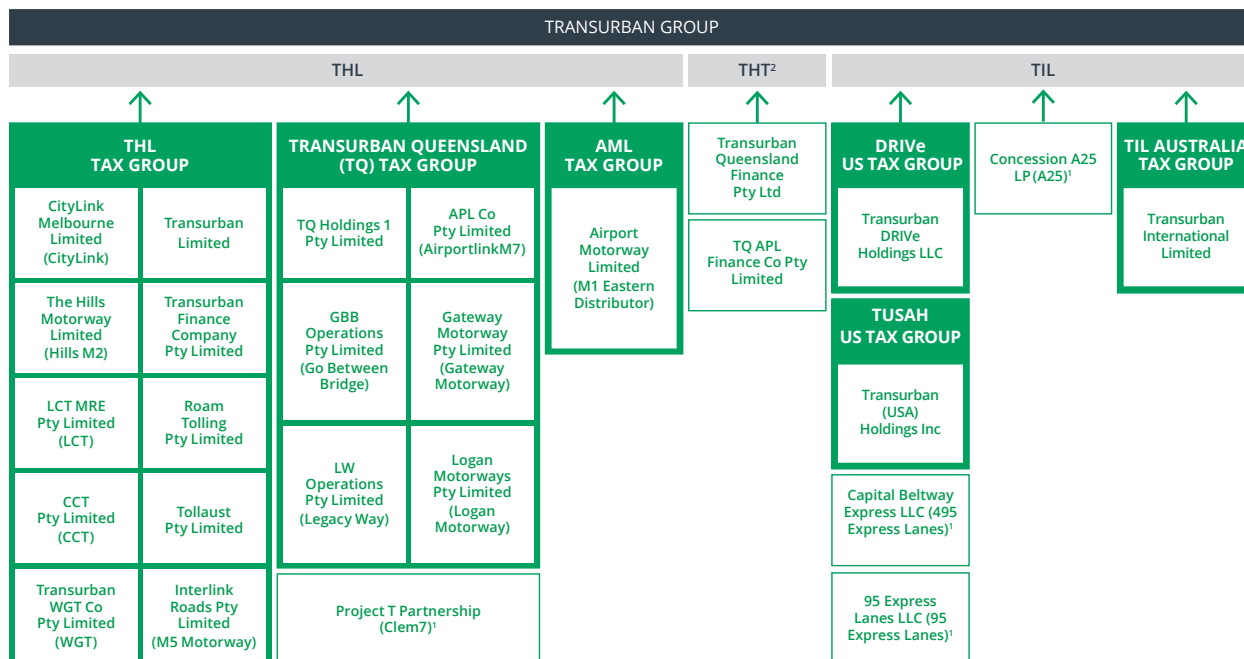
Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as tax losses.

Tax consolidation legislation

The Transurban Group has adopted the Australian tax consolidation legislation for THL and its wholly-owned Australian entities from 1 July 2005.

All entities within the Australian tax consolidated groups continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group is a separate taxpayer within the tax consolidated group.

The tax consolidated groups within the Group are summarised as follows:



1. Entity is classified as a partnership for tax purposes.

2. There are no tax groups under THT.

B7 Income tax (continued)

THL tax consolidated group

The entities in the THL tax consolidated group entered into a tax sharing agreement (TSA) effective from 29 April 2009, with amendments executed on 30 June 2020 to cover various administrative changes in tax legislation.

The entities in the THL tax consolidated group have also entered into a tax funding agreement (TFA) effective from 1 July 2008, with amendments executed on 30 June 2020 to cover various administrative changes in tax legislation. Under the TFA the wholly-owned entities fully compensate THL for any current tax payable assumed and are compensated by THL for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. THL determines and communicates the amount payable/receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

During the year ended 30 June 2020, Interlink Roads Pty Ltd joined the THL tax consolidated group effective 30 October 2019, subsequent to Transurban's acquisition of the remaining 34.62% equity interest.

Transurban Queensland tax consolidated group

The entities in the Transurban Queensland Holdings 1 Pty Ltd (TQH1) tax consolidated group entered into a TSA effective from 2 July 2014. The entities in the TQH1 tax consolidated group have also entered into a TFA effective from 2 July 2014. APL Hold Co Pty Ltd (AirportlinkM7) and its controlled entities entered the Transurban Queensland tax consolidated group effective from 23 November 2015.

Under the TFA the wholly-owned entities fully compensate TQH1 for any current tax payable assumed and are compensated by TQH1 for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. TQH1 determines and communicates the amount payable/receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

Airport Motorway tax consolidated group

The entities in the Airport Motorway Holdings (AMH) tax consolidated group entered into a TSA effective from 2 July 2009. The entities in the AMH tax consolidated group have also entered into a TFA effective from 2 July 2009.

Under the TFA the wholly-owned entities fully compensate AMH for any current tax payable assumed and are compensated by AMH for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. AMH determines and communicates the amount payable/receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

Transurban International tax consolidated groups

Transurban International Limited consists of the Australian holding company, USA operations and the Canadian operations. There are three tax consolidated groups in Transurban International Limited being the TIL Australia tax consolidated group (TIL), DRIVe US tax consolidated group and the TUSAH US tax consolidated group. The entities in the TIL Australia tax consolidated group have entered into a TSA effective from 1 July 2018. The entities in the TIL Australia tax consolidated group have also entered into a TFA effective from 1 July 2018.

Under the TFA the wholly-owned entities fully compensate TIL for any current tax payable assumed and are compensated by TIL for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. TIL determines and communicates the amount payable / receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

Transurban DRIVe tax consolidated group

Transurban DRIVe Holdings LLC (TDH) is the head company of the DRIVe tax consolidated group. The DRIVe tax consolidated group is consolidated for US tax purposes in the sense that the 100% subsidiaries of TDH have elected to be treated as disregarded entities for US tax purposes. This treatment means that those entities are ignored for US tax purposes and that TDH, as head entity, carries any tax liability or benefits arising in the group. The DRIVe tax consolidated group currently owns partnership interests in both 495 Express Lanes and 95 Express Lanes and includes its share of each asset's profits or losses in its US tax return.

B7 Income tax (continued)

Transurban (USA) Holdings tax consolidated group

Transurban (USA) Holdings LLC (TUSAH) is the head company of the TUSAH tax consolidated group. The TUSAH tax consolidated group owns the remaining partnership interests in both 495 Express Lanes and 95 Express Lanes and includes its share of each asset's profits or losses in its US tax return.

Concession A25 LP

Concession A25 LP (A25 LP) is treated as a partnership for tax purposes and is the main operating entity of the A25 Group. The partners of A25 LP includes its share of A25 LP's profits or losses in its Canadian tax return.

Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

KEY ESTIMATE AND JUDGEMENT

The Group is subject to income taxes in Australia, the United States and Canada. Significant judgement is required in determining the provision for income taxes. There are various transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for tax audit issues based on whether it is anticipated that additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences relating to the same taxation authority against which the unused tax losses can be utilised. However, the utilisation of tax losses also depends on the ability of the Group to satisfy certain tests at the time the losses are recouped. In the United States carried forward tax losses relating to periods on or before 30 June 2018 generally expire after a 20 year period and tax losses relating to periods post 30 June 2018 are generally carried forward indefinitely, subject to an 80 per cent limit on taxable income in any one year. In Canada tax losses generally expire after a 20 year period. Management have reviewed forecast taxable profits including the potential impact of COVID-19 and have recognised deferred tax assets in relation to tax losses.

B8 Working capital

The Group's working capital balances are summarised as follows:

	Note	2020 \$M	2019 \$M
Current assets			
Cash and cash equivalents		2,349	1,630
Prepayments		213	19
Trade receivables		117	122
Other receivables		60	85
Concession financial asset	B18	27	28
Loan receivable at call		-	31
		417	285
Current liabilities			
Trade and other payables		(485)	(513)
		(485)	(513)
Net working capital		2,281	1,402

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities. All cash balances are interest bearing.

The amount shown in cash and cash equivalents includes \$625 million not available for general use as at 30 June 2020 (2019: \$503 million) of which \$566 million (2019: \$422 million) belongs to TIL. This comprises amounts required to be held in a construction account, maintenance and funding reserves and prepaid tolls.

Prepayments

From time to time the Group makes advance payments to its Design and Construct (D&C) subcontractors, not necessarily stipulated in the D&C subcontract itself, to facilitate the progression of its construction projects. Included within prepayments as at 30 June 2020 is an advance payment of \$190 million to the West Gate Tunnel Project D&C subcontractor. The payment has been classified as a payment for intangible assets within investing activities of the Group's consolidated statement of cash flows for the year ended 30 June 2020.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade receivables are generally due for settlement no more than 30 days from revenue recognition.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime of expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of toll revenue over historical periods and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The Group has identified GDP and the unemployment rate of the countries in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

As at 30 June 2020, the expected loss rates have been adjusted to incorporate forward-looking information about the potential impacts of COVID-19, including the impact of COVID-19 initiatives implemented by the Group to extend credit to support customers facing financial hardship. Such forward-looking information reflects management's estimate based on the information available as at 30 June 2020, noting the uncertainty in relation to the magnitude and duration of COVID-19 impacts on the collectability of trade receivables.

B8 Working capital (continued)**Trade receivables (continued)**

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables:

2020

	Current	Up to 90 days past due	More than 90 days past due	Total
Expected loss rate	3%	33%	100%	NA ¹
Gross carrying amount (\$M)	112	12	10	134
Loss allowance (\$M)	(3)	(4)	(10)	(17)

2019

	Current	Up to 90 days past due	More than 90 days past due	Total
Expected loss rate	1%	12%	88%	NA ¹
Gross carrying amount (\$M)	107	17	10	134
Loss allowance (\$M)	(1)	(2)	(9)	(12)

1. NA—not applicable

The closing loss allowances for trade receivables reconciles to the opening loss allowance as follows:

	2020 \$M	2019 \$M
Opening loss allowance	12	14
Increase in loss allowance recognised in the profit and loss during the year	6	2
Receivables written off during the year as uncollectible	(1)	(4)
Closing loss allowance	17	12

As at 30 June 2020, the expected loss rate and loss allowance has increased in line with management's estimates of COVID-19 impacts and other macroeconomic factors that are expected to impact the ability of customers to settle receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for an extended period.

Other financial assets at amortised cost

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Other financial assets at amortised cost include concession financial assets, other receivables and loan receivables at call recorded within trade and other receivables.

For one subset of other financial assets at amortised cost, the gross value is \$9 million (2019: \$9 million) and the Group has recorded an expected credit loss of \$9 million (2019: \$9 million), after the expected credit loss the net carrying value is \$nil (2019: \$nil). For the Group's remaining other financial assets at amortised cost, as at 30 June 2020, management have assessed the impacts arising from COVID-19 and do not consider there to be evidence of a significant increase in credit risk since initial recognition of these balances. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these other financial assets continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The loss allowance for these other financial assets is \$nil (2019: \$nil).

Security holder outcomes

B9 Earnings per stapled security

Reconciliation of earnings used in calculating earnings per security

	2020	2019
(Loss)/profit attributable to ordinary security holders of the stapled group (\$M)	(111)	171
Weighted average number of securities (M)	2,725	2,578
Basic and diluted earnings per security attributable to the ordinary security holders of the stapled group (cents)	(4.1)	6.6

B10 Dividends/distributions and free cash

	Total \$M	Paid in cash \$M	Settled in securities \$M	Cents	Date paid/payable
Dividends/distributions payable by the Group					
Declared 22 June 2020¹					
Franked THL	-	-	-	-	
Unfranked THT	437	-	-	16.0	
	437	-	-	16.0	14 August 2020
2020					
Declared 3 December 2019¹					
Franked THL	55	53	2	2.0	
Unfranked THT	792	764	28	29.0	
	847	817	30	31.0	14 February 2020
Declared 21 May 2019²					
Franked THL	53	52	1	2.0	
Unfranked THT	749	726	23	28.0	
	802	778	24	30.0	9 August 2019
Total paid	1,649	1,595	54	61.0	
2019					
Declared 4 December 2018²					
Franked THL	27	26	1	1.0	
Unfranked THT	748	708	40	28.0	
	775	734	41	29.0	15 February 2019
Declared 21 May 2018					
Franked THL	56	56	-	2.5	
Unfranked THT	567	567	-	25.5	
	623	623	-	28.0	10 August 2018
Total paid	1,398	1,357	41	57.0	

1. Total declared FY20 was \$1,284 million.

2. Total declared FY19 was \$1,577 million.

B10 Dividends/distributions and free cash (continued)

Distribution policy and free cash calculation

The Group typically aligns distributions with free cash generated, however the final distribution declared on 22 June 2020 was in line with free cash generated for the 6 months ended 30 June 2020 excluding capital releases. The Group calculates free cash as follows:

	2020 \$M	2019 \$M
Cash flows from operating activities	1,131	1,197
Add back transaction and integration costs related to acquisitions	7	25
Add back payments for maintenance of intangible assets	135	117
Add capital releases from 100% owned assets	212	-
Less debt amortisation of 100% owned assets ¹	(12)	(3)
Less cash flow from operating activities from consolidated non-100% owned entities	(426)	(502)
Less allowance for maintenance of intangible assets for 100% owned assets	(88)	(62)
Adjust for distributions and interest received from non-100% owned entities		
M1 Eastern Distributor distributions	28	54
M5 Motorway dividends and term loan note interest ¹	32	133
M5 pro-forma adjustment as if 100% ownership acquired 1 July 2019 ²	33	-
Transurban Queensland distributions and shareholder loan note payments	161	306
NWRG distributions and shareholder loan note payments	224	240
STP JV distributions and shareholder loan note payments	39	22
Free cash	1,476	1,527
Weighted average securities on issue (millions)³	2,734	2,673
Free cash per security (cents)—weighted average securities	54.0	57.1

1. From the date of the WCX acquisition, debt amortisation from M5 West (Transurban proportional share 25.5%) is also added back to this figure due to the M5 West concession arrangement being transferred to the WCX ownership consortium at the end of the current M5 West concession agreement in 2026. M5 Motorway dividends and term-loan notes interest received of \$32 million (2019: \$133 million) are adjusted for debt amortisation of \$13 million (2019: \$38 million from 1 October 2018). From 30 October 2019 to 30 June 2020 debt amortisation of 100% owned assets is adjusted by \$61 million.

2. A pro-forma adjustment has been made to reflect 100% ownership of M5 Motorway as if the acquisition took place on 1 July 2019. This adjustment primarily reflects the non-controlling interests in operating cash flows from 1 July through to financial close. This is due to the purchase price to acquire the remaining minority interests being based on a 1 July 2019 acquisition date, with available cash having been previously distributed to shareholders and in lieu of the final purchase price being reduced for distributions paid to minority interests between 1 July 2019 and 30 October 2019.

3. The weighting applied to securities is based on their eligibility for distributions during the year and is consequently different to weighted average securities calculated in Note B9 Earnings per stapled security.

Franking credits

	2020 \$M	2019 \$M
Franking credits available for subsequent periods based on a tax rate of 30% (2019: 30%)	118	142

Franking credits available for subsequent periods relate to Airport Motorway Holdings Pty Ltd \$101 million (2019: \$117 million) and Transurban Holdings Limited \$17 million (2019: \$21 million). Interlink Roads Pty Ltd joined the Transurban Holdings Limited tax consolidated group and therefore no longer maintains a separate franking account (2019: \$4 million).

Distribution provision

A provision for distribution is recognised for any distribution declared and authorised on or before the end of the reporting period, but not distributed by the end of the reporting period. These distributions are provided for once they are approved by the Board, are announced to equity holders and are no longer at the discretion of the entity.

B10 Dividends/distributions and free cash (continued)

Distribution provision (continued)

Movements in distribution provision

Movements in the distribution provision during the financial year are set out below:

	Distribution to security holders \$M	Distributions to non-controlling interest—other \$M	Total \$M
Balance at 1 July 2019	802	39	841
Additional provision recognised	1,284	87	1,371
Amounts paid	(1,595)	(87)	(1,682)
Amounts reinvested	(54)	-	(54)
Balance at 30 June 2020	437	39	476
Balance at 1 July 2018	623	48	671
Additional provision recognised	1,577	183	1,760
Amounts paid	(1,357)	(192)	(1,549)
Amounts reinvested	(41)	-	(41)
Balance at 30 June 2019	802	39	841

Capital and borrowings

B11 Contributed equity

	2020 \$M	2019 \$M
Fully paid stapled securities	2,919	2,675

Stapled securities

Stapled securities are classified as equity and entitle the holder to participate in distributions and share in the proceeds upon winding up of the Group in proportion to the number of securities held. Every holder of a stapled security present at a meeting, in person or by proxy, is entitled to one vote. The issued units of the Group are made up of a parcel of stapled securities, each parcel comprising one share in THL, one unit in THT and one share in TIL. The individual securities comprising a parcel of stapled securities cannot be traded separately.

Other contributed equity units attributable to security holders of the Group relating to THT and TIL of \$16,504 million and \$595 million respectively (2019: \$15,954 million and \$522 million respectively) is included within non-controlling interests that relate to THT and TIL. Refer to Note B22.

B12 Reserves

	Cash flow hedges \$M	Share based payments \$M	Foreign currency translation \$M	Transactions with non- controlling interests \$M	Total \$M
Balance at 1 July 2019	(190)	3	44	(6)	(149)
Revaluation—gross	(66)	(1)	4	-	(63)
Deferred tax	20	-	(1)	-	19
Transactions with non-controlling interests	-	-	-	(298)	(298)
Share of other comprehensive income of equity accounted investments, net of tax	-	-	-	-	-
Balance at 30 June 2020	(236)	2	47	(304)	(491)
Balance at 1 July 2018	(127)	-	25	1	(101)
Revaluation—gross	(80)	3	25	-	(52)
Deferred tax	19	-	(6)	-	13
Transactions with non-controlling interests	-	-	-	(7)	(7)
Share of other comprehensive income of equity accounted investments, net of tax	(2)	-	-	-	(2)
Balance at 30 June 2019	(190)	3	44	(6)	(149)

Nature of reserves

Purpose of reserves

<i>Cash flow hedges</i>	Used to record gains or losses on cash flow hedging instruments (to the extent these are part of an effective hedge relationship), which are used by the Group to mitigate the risk of movements in exchange rates and interest rates. Amounts are reclassified to the profit and loss when the transaction to which the hedge is linked (such as the payment of interest) affects the profit and loss.
<i>Share based payments</i>	Used to recognise the grant date fair value of securities issued to employees and deferred securities granted to employees but not yet vested.
<i>Foreign currency translation</i>	Exchange differences arising on translation of the United States and Canadian operations of the Group are recognised in this reserve.
<i>Transactions with non-controlling interests</i>	The Group uses the economic entity approach when accounting for transactions with non-controlling interests.

B13 Net finance costs

	2020 \$M	2019 \$M
Finance income		
Interest income on financial assets at amortised cost	24	46
Unwind of discount on financial assets at amortised cost	17	23
Interest income on bank deposits held at amortised cost	23	26
Income from concession financial asset	25	23
Unwind of discount and remeasurement of liabilities—promissory and concession notes	13	–
Total finance income	102	118
Finance costs		
Interest and finance charges paid/payable	(891)	(839)
Unwind of discount and remeasurement on liabilities—maintenance provision	(45)	(44)
Unwind of discount and remeasurement on liabilities—construction obligation	(24)	(66)
Unwind of discount and remeasurement on liabilities—promissory and concession notes	–	(8)
Unwind of discount and remeasurement on liabilities—lease liabilities	(6)	–
Unwind of discount and remeasurement on liabilities—other liabilities	(28)	(17)
Movement in impairment provisions on related party receivables	(1)	(2)
Net foreign exchange losses	(21)	(7)
Total finance costs	(1,016)	(983)
Net finance costs	(914)	(865)

In addition to the net finance costs (shown above) that are included in the profit and loss, \$65 million (2019: \$32 million) of financing costs have been capitalised and included in the carrying value of assets under construction.

The movement in net finance costs for the unwind of discount on financial assets at amortised cost and promissory and concession notes has been influenced by changes in the timing of expected payments due to COVID-19.

The movement in the unwind of discount and remeasurement on liabilities – construction obligation has been influenced by the change in expected opening completion of the West Gate Tunnel Project to 2023 (previously 2022).

B14 Borrowings

	2020 \$M	2019 \$M
Current		
Capital markets debt	1,117	–
U.S. private placement	228	227
Term debt	208	732
Total current borrowings	1,553	959
Non-current		
Capital markets debt	11,408	10,232
U.S. private placement	3,281	3,445
Term debt	3,177	2,149
Transportation Infrastructure Finance and Innovation Act (TIFIA)	1,370	1,325
Shareholder loan notes	289	356
Total non-current borrowings	19,525	17,507
Total borrowings	21,078	18,466

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

B14 Borrowings (continued)

Accounting policy (continued)

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit and loss as finance income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs are recognised as expenses in the period in which they are incurred, except to the extent to which they relate to the construction of qualifying assets, in which case specifically identifiable borrowing costs are capitalised into the cost of the asset. Borrowing costs include interest on short-term and long-term borrowings.

Costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the effective period of the funding.

Financing arrangements and credit facilities

During the reporting period Transurban executed a number of financing activities including:

- July 2019
 - Transurban reached financial close on a €350 million (\$570 million) Euro private placement under its EMTN Programme with a tenor of 15 years;
 - Transurban closed the refinancing of \$240 million letter of credit facilities for a further 1 year; and
 - Financial close was reached on the Fredericksburg Extension project, following the issuance of US\$262 million private activity bonds.
- August 2019
 - Transurban Queensland established a new \$500 million syndicated bank debt facility with a 3 year tenor and a \$25 million 3 year working capital facility;
 - Transurban closed the refinancing of a \$139 million letter of credit facility for a further 1 year; and
 - Cross City Tunnel closed a \$280 million 2 year bank debt facility.
- October 2019
 - Lane Cove Tunnel reached financial close on a \$326 million 5 year bank debt facility.
- November 2019
 - Transurban reached financial close on a \$1,650 million syndicate bank debt facility, comprising a \$825 million 3 year tranche and \$825 million 5 year tranche; and
 - Transurban closed the refinancing of a \$55 million letter of credit facility for a further 3 years.
- December 2019
 - Hills M2 Motorway closed a \$403 million bank debt facility with a 12 month tenor; and
 - Transurban closed two \$75 million bilateral letter of credit facilities with a 3 year tenor.
- April 2020
 - Hills M2 Motorway reached financial close on a 10 year \$475 million and a 15 year \$340 million bank debt facility via the Asian Loan Market;
 - Transurban reached financial close on €600 million (\$1,082 million) of senior secured 10 year notes under its EMTN Programme; and
 - Transurban closed \$1,530 million of bilateral bank debt. This was comprised of \$280 million of 1 year facilities, \$550 million of 18 month facilities and \$700 million of 2 year facilities.
- May 2020
 - Transurban reached financial close on €\$150 million (\$250 million) of senior secured 10 Year notes. The notes were executed as a tap to the above noted €600 million issuance completed in April 2020, thereby increasing the series to €750 million (\$1,325 million).

During the reporting period, the equity accounted investments of the Group executed the following financing activity:

- June 2020
 - Westlink M7 closed \$155 million of fixed rate 10 year senior secured notes.

B14 Borrowings (continued)

Financing arrangements and credit facilities (continued)

Credit facilities are provided as part of the overall debt funding structure of the Group. The drawn component of each facility is shown below:

	Maturity	Carrying value	
		2020 \$M	2019 \$M
Working capital facilities			
AUD 1,650m facility	Jul 2020 ¹	100	-
Net capitalised borrowing costs		-	-
Capital markets debt			
EMTN EUR 500m	Jul 2020	817	811
EMTN EUR 600m	Sep 2024	982	973
EMTN EUR 500m	Aug 2025	818	811
US 144A USD 550m	Feb 2026	802	784
US 144A USD 550m	Mar 2027	802	784
EMTN NOK 750m	Jul 2027	112	126
EMTN EUR 500m	Mar 2028	818	811
EMTN CAD 650m	Nov 2028	693	708
EMTN EUR 600m	May 2029	981	974
EMTN EUR 750m	Apr 2030	1,226	-
EMTN EUR 350m	Jul 2034	572	-
Net capitalised borrowing costs		(73)	(53)
U.S. private placement			
Dec 2004—Tranche C USD 109m ²	Dec 2019	-	155
Dec 2004—Tranche D AUD 72m ²	Dec 2019	-	72
Aug 2005—Tranche C USD 157m	Aug 2020	228	223
Nov 2006—Tranche C USD 121m (plus accreted interest)	Nov 2021	237	231
Nov 2006—Tranche D USD 50m (plus accreted interest)	Nov 2026	98	96
Net capitalised borrowing costs		-	-
Total corporate debt, net of capitalised borrowing costs		9,213	7,506
Non-recourse debt			
Capital markets debt			
Airport Motorway Trust—Domestic bond AUD 300m	Dec 2020	300	300
Transurban Queensland Finance—Domestic bond AUD 250m	Dec 2021	250	250
Transurban Queensland Finance—EMTN CHF 200m	Jun 2023	306	293
Transurban Queensland Finance—Domestic bond AUD 200m	Oct 2023	200	200
Transurban Queensland Finance—Domestic bond AUD 200m	Dec 2024	200	200
Transurban Queensland Finance—EMTN CHF 200m	Dec 2025	306	293
Transurban Queensland Finance—EMTN CHF 175m	Nov 2026	268	256
Transurban Queensland Finance—EMTN Reg S USD 500m	Apr 2028	729	713
95 Express Lanes—Private activity bonds USD 72m	Jul 2034 ³	105	102
95 Express Lanes—Private activity bonds USD 107m	Jul 2034 ³	156	152
495 Express Lanes—Private activity bonds USD 225m	Jun 2038	328	320
95 Express Lanes—Private activity bonds USD 170m	Jan 2040 ³	248	243
95 Express Lanes—Private activity bonds USD 126m	Jan 2040 ³	184	180
95 Express Lanes—Private activity bonds USD 79m	Jan 2044 ³	115	-
95 Express Lanes—Private activity bonds USD 183m	Jul 2049 ³	267	-
Net capitalised borrowing costs ⁴		13	1

1. This represents the contractual maturity of the drawn component of the A\$825 million 3-year tranche of the A\$1,650 million syndicate bank debt facility as at 30 June 2020. The 3 year tranche matures in November 2022.

2. These facilities were repaid during FY20.

3. This represents final maturity.

4. Net capitalised borrowing costs paid are net of \$42 million (2019: \$22 million) worth of private activity bonds (PABs) premiums, of which \$22 million were received during the year ended 30 June 2020 (2019: \$23 million).

B14 Borrowings (continued)

Financing arrangements and credit facilities (continued)

	Maturity	Carrying value	
		2020 \$M	2019 \$M
Non-recourse debt (continued)			
U.S. private placement			
Transurban Cardinal Holdings—Nov 2018 CAD 200m	Feb 2023	213	218
Transurban Queensland Finance—Sep 2015—Tranche A USD 155m	Sep 2025	226	221
Transurban Queensland Finance—Dec 2016—Tranche A USD 130m	Dec 2026	190	185
Transurban Queensland Finance—Dec 2016—Tranche D AUD 35m	Dec 2026	35	35
Transurban Queensland Finance—Sep 2015—Tranche B USD 230m	Sep 2027	335	328
Transurban Queensland Finance—Dec 2016—Tranche B USD 225m	Dec 2028	328	321
Transurban Queensland Finance—May 2019—Tranche A AUD 30m	May 2029	30	30
Transurban Queensland Finance—May 2019—Tranche C USD 144m	May 2029	210	205
Transurban Queensland Finance—Sep 2015—Tranche C USD 256m	Sep 2030	373	365
Transurban Queensland Finance—Sep 2015—Tranche D AUD 70m	Sep 2030	70	70
Transurban Queensland Finance—May 2019—Tranche D USD 245m	May 2031	357	349
Transurban Queensland Finance—Dec 2016—Tranche C USD 78m	Dec 2031	114	111
Transurban Queensland Finance—Dec 2016—Tranche E AUD 75m	Dec 2031	75	75
Transurban Queensland Finance—May 2019—Tranche B AUD 40m	May 2034	40	40
Transurban Queensland Finance—May 2019—Tranche E USD 180m	May 2034	263	257
Transurban Queensland Finance—Jan 2017—Tranche F AUD 100m	Jan 2035	100	100
Net capitalised borrowing costs		(13)	(15)
Term debt			
Cross City Tunnel Trust—Term debt AUD 278m ¹	Dec 2019	–	278
Hills Motorway Trust—Term debt AUD 350m ¹	Mar 2020	–	350
M5 Motorway—Term debt AUD 272m ³	Dec 2020	42	122
Lane Cove Tunnel Trust—Term debt AUD 160m ¹	May 2021	–	160
Cross City Tunnel Trust—Term debt AUD 280m	Aug 2021	280	–
Airport Motorway Trust—Term debt AUD 226m ³	Mar 2022	186	206
Transurban Queensland Finance—Capex facility AUD 232m ²	Aug 2022	232	–
Hills Motorway Trust—Term debt AUD 408m ¹	Nov 2022	–	408
M5 Motorway—Term debt AUD 180m ³	Dec 2022	180	180
Concession A25 LP—Term debt CAD 383m ³	Feb 2023	395	407
Lane Cove Tunnel Trust—Term debt AUD 326m	Oct 2024	326	–
Lane Cove Tunnel Trust—Term debt AUD 60m	May 2025	60	60
M5 Motorway—Term debt AUD 275m	Jun 2025	275	275
Lane Cove Tunnel Trust—Term debt AUD 200m	May 2028	200	200
Transurban Queensland Finance—Term debt AUD 200m	Apr 2030	200	200
Hills Motorway Trust—Term debt AUD 475m	Apr 2030	475	–
Lane Cove Tunnel Trust—Term debt AUD 40m	May 2031	40	40
Hills Motorway Trust—Term debt AUD 340m	Apr 2035	340	–
Virginia Transportation Infrastructure Bank - Facility Limit USD \$45m (plus accreted interest)	Dec 2047	66	–
Net capitalised borrowing costs		(12)	(5)

1. These facilities were refinanced during FY20.

2. This facility was refinanced during FY20. This facility was reduced by \$593 million during FY19.

3. These facilities require principal repayments throughout their life, with \$108 million due within one year of 30 June 2020 (2019: \$104 million), classified as current borrowings.

B14 Borrowings (continued)

Financing arrangements and credit facilities (continued)

	Maturity	Carrying value	
		2020 \$M	2019 \$M
Non-recourse debt (continued)			
TIFIA loans			
495 Express Lanes—Facility limit USD 589m (plus accreted interest)	Oct 2047 ^{1,2}	998	959
95 Express Lanes—Facility limit USD 300m (plus accreted interest)	Jan 2048 ^{1,2}	372	366
Shareholder loan notes			
Loan from M5 Motorway consortium partners—AUD 65m	Jun 2022	–	65
Loan from Transurban Queensland consortium partners—AUD 281m	Dec 2048	281	281
Loan from Transurban Queensland consortium partners—AUD 38m ³	Jul 2053	8	10
Total non-recourse debt, net of capitalised borrowing costs		11,865	10,960
Total borrowings		21,078	18,466

1. This represents final maturity.

2. These facilities require principal repayments throughout their life, with the first of such payment due in 2033 for 495 Express Lanes and 2035 for 95 Express Lanes.

3. A portion of these shareholder loan notes were repaid during FY19 and FY20.

Working capital facilities

- The corporate facilities are secured by first ranking charges granted by Transurban Finance Company Pty Ltd, Transurban Finance Trust, Transurban Holdings Limited, Transurban Holding Trust, Transurban International Limited and Transurban Limited; and
- The Transurban Queensland Finance facility is secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets.

Capital markets debt

- A corporate secured EMTN programme was established in October 2011 with a program limit of USD2 billion, which increased to USD5 billion in May 2015 and to USD10 billion in March 2020. Under the program the Group may from time to time issue notes denominated in any currency. These facilities are secured by first ranking charges granted by Transurban Finance Company Pty Ltd, Transurban Finance Trust, Transurban Holdings Limited, Transurban Holding Trust, Transurban International Limited and Transurban Limited;
- The corporate US 144A notes are secured by first ranking charges granted by Transurban Finance Company Pty Ltd, Transurban Finance Trust, Transurban Holdings Limited, Transurban Holding Trust, Transurban International Limited and Transurban Limited;
- The Airport Motorway Trust domestic bond is secured against the respective rights of Airport Motorway Limited and Airport Motorway Trust and their assets;
- The Transurban Queensland Finance domestic bonds are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets;
- A Transurban Queensland Finance EMTN program was established in March 2016 with a program limit of USD2 billion. Under the programme, Transurban Queensland Finance may from time to time issue notes denominated in any currency. These notes are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets;
- The 95 Express Lanes Private Activity Bonds (PABs), including the PABs issued in relation to the 395 Express Lanes and Fredericksburg Extension, are secured against the rights of 95 Express Lanes LLC and its assets; and
- The 495 Express Lanes PABs are secured against the rights of Capital Beltway Express LLC and its assets.

U.S. private placement

- Corporate U.S. private placement facilities are secured by first ranking charges granted by Transurban Finance Company Pty Ltd, Transurban Finance Trust, Transurban Holdings Limited, Transurban Holding Trust, Transurban International Limited and Transurban Limited;
- The Transurban Queensland Finance U.S private placement facilities are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets; and
- The Cardinal Hold Co Canadian notes was a Private Placement issuance and are secured against the rights of Transurban Cardinal Holdings Ltd.

B14 Borrowings (continued)

Term debt

- The Airport Motorway facility is secured against the respective rights of Airport Motorway Limited, the Airport Motorway Trust and their assets;
- The Hills Motorway Trust facilities are secured against the respective rights of Hills Motorway Limited, Hills Motorway Trust and their assets;
- The Lane Cove Tunnel facility is secured against the respective rights of LCT-MRE Pty Limited, LCT-MRE Trust and their assets;
- The Cross City Tunnel facility is secured against the respective rights of Transurban CCT Pty Limited, Transurban CCT Trust and their assets;
- The M5 Motorway facility is secured against the respective rights of Interlink Roads Pty Limited and their assets;
- The Transurban Queensland Finance facilities are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets; and
- The A25 credit facility is secured against the respective rights of Concession A25 Funding Limited and Concession A25, L.P. and their assets.

Transportation Infrastructure Finance and Innovation Act (TIFIA)

- The 495 Express Lanes TIFIA facility is secured against the rights of Capital Beltway Express LLC and its assets; and
- The 95 Express Lanes TIFIA facility is secured against the rights of 95 Express Lanes LLC and its assets.

Virginia Transportation Infrastructure Bank (VTIB)

- The 95 Express Lanes VTIB facility is secured against the rights of 95 Express Lanes LLC and its assets.

Shareholder loan notes

- The loans to Transurban Queensland from the acquisition consortium partners are unsecured.

Letters of credit and corporate credit facilities

			2020 \$M		2019 \$M
	Maturity	Facility amount	Amount issued	Facility amount	Amount issued
Letter of credit facility ¹	Aug 2020	139	139	140	140
Letter of credit facilities ²	Jan 2021	55	55	240	240
Letter of credit facility	Apr 2022	219	123	214	154
Working capital facility ³	Aug 2022	3	3	–	–
Letter of credit facility ¹	Nov 2022	55	43	75	64
General credit facility ⁴	Dec 2022	6	5	6	5
Letter of credit facilities ¹	Dec 2022	150	100	150	104
Letter of credit facility	Feb 2023	13	13	13	13
Letter of credit facility	Dec 2023	92	92	140	140
Total		732	573	978	860

1. These facilities were refinanced during FY20.

2. \$10 million of the \$55 million was refinanced during FY20.

3. Transurban Queensland \$3 million letter of credit facility was refinanced in FY20. The \$3 million drawn reflects letters of credit issued as these are not available to be drawn for working capital purposes

4. The general credit facility covers corporate requirements including credit card facilities, online banking and an overdraft facility.

There are no claims against any of the issued letters of credit and therefore no liability is recorded as at 30 June 2020 (2019: \$nil).

Covenants

A number of the Group's consolidated borrowings include financial covenants, which are listed below. There have been no breaches of any of these covenants during the year.

The Group monitors covenants by applying forecast cash flows to ensure ongoing compliance with its obligations. This enables capital management decisions to be made at the asset level (including distributions) and considers any management actions that can be undertaken should actual cash flows not perform to budget. Refer to the Group's going concern note (Note B3) for disclosure concerning forecast debt covenants that consider the impact of COVID-19.

Corporate and non-recourse debt covenants are calculated on a trailing 12 month basis, moderating short-term earning impacts. A trailing 12 month metric also enables management action to be taken swiftly to mitigate the risks of any covenants breaches.

B14 Borrowings (continued)

Corporate Debt

Covenant	Covenant breach threshold
Senior interest Coverage Ratio	Greater than 1.25 times
Group Market Capitalisation	Gearing must not exceed 60% ¹
CityLink Interest Coverage Ratio	Greater than 1.1 times

1. Based on the balance sheet as at 30 June 2020, the Group's average closing security price over 20 consecutive business days would need to be below \$5.01 (2019: \$4.86) per security to trigger this clause.

Non-Recourse Debt

Covenant	Covenant breach threshold
A25 Interest Coverage Ratio	Greater than 1.05 times
M5 Motorway Debt Service Cover Ratio	Greater than 1.10 times
Airport Motorway Trust Interest Coverage Ratio	Greater than 1.15 times
Hills Motorway Trust Debt Service Coverage Ratio	Greater than 1.10 times
495 Express Lanes Senior Debt Service Coverage Ratio	Greater than 1.15 times
Lane Cove Tunnel Trust Interest Coverage Ratio	Greater than 1.15 times
Cross City Tunnel Trust Interest Coverage Ratio	Greater than 1.15 times
Transurban Queensland Finance Interest Coverage Ratio	Greater than 1.20 times
Transurban Cardinal Holdings Senior Debt Service Coverage Ratio	Greater than 1.30 times
95 Express Lanes Senior Debt Service Coverage Ratio	Greater than 1.45 times

B15 Derivatives and financial risk management

Derivatives

	2020 \$M		2019 \$M	
	Current	Non-current	Current	Non-current
Assets				
Forward exchange contract—cash flow hedges	-	-	1	-
Cross-currency interest rate swap contracts—cash flow hedges	71	497	9	293
Total derivative financial instrument assets	71	497	10	293
Liabilities				
Interest rate swap contracts—cash flow hedges	3	435	7	330
Forward exchange contracts—cash flow hedges	18	-	-	-
Cross-currency interest rate swap contracts—cash flow hedges	75	197	-	166
Total derivative financial instrument liabilities	96	632	7	496

Accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging transaction the Group documents the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. When forward contracts are used to hedge forecast transactions, the Group generally designates the entire fair value of the forward contract as the hedging instrument.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in this note. Movements in the cash flow hedging reserve in equity are shown in Note B12. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months.

B15 Derivatives and financial risk management (continued)

Accounting policy (continued)

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps and cross currency swaps hedging fixed rate borrowings is recognised in the profit and loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the profit and loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to the profit and loss over the period to maturity using a recalculated effective interest rate.

Cash flow hedges

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 accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss.

Amounts accumulated in equity are reclassified to the profit and loss in the periods when the hedged item affects the profit and loss.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss.

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss.

Gains and losses accumulated in equity are included in the profit and loss when the foreign operation is partially disposed or sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit and loss.

Hedging strategy and instruments used by the Group

The Group uses derivative financial instruments in the normal course of business in order to hedge exposures to fluctuations in interest rates and foreign exchange rates in accordance with the Group's financial risk management policies. The Group's policies allow derivative transactions to be undertaken for the purpose of reducing risk and do not permit speculative trading. The instruments used by the Group are as follows:

Interest rate swap contracts—cash flow hedges

The Group uses interest rate swap contracts to manage the Group's exposure to variable interest rates related to borrowings. Interest rate swap contracts currently in place cover 100% (2019: 100%) of the variable debt held by the Group (excluding working capital facilities).

Forward exchange contracts—cash flow hedges

The Group currently uses forward exchange contracts to protect against exchange rate movements between the AUD and foreign currencies. The Group has hedged a portion of its USD and CAD interest commitments.

Cross-currency interest rate contracts—cash flow hedges

The Group has entered into cross-currency interest rate swap contracts to remove the risk of unfavourable exchange rate movements on borrowings held in foreign currencies. Under these contracts, the Group receives foreign currency at fixed rates and pays AUD at either fixed or floating rates. The Group then uses the interest rate swap contracts to hedge the floating interest rate commitments back to fixed interest rates.

B15 Derivatives and financial risk management (continued)

Hedging strategy and instruments used by the Group (continued)

Offsetting financial assets and financial liabilities

Currently there is no right or basis to present any financial assets or financial liabilities on a net basis, and as such no financial assets or financial liabilities have been presented on a net basis in the Group's balance sheet at the end of the financial year.

Hedge of net investment in foreign entity

Transurban's investment in its US and Canadian based assets (495 Express Lanes and 95 Express Lanes in the US, A25 in Canada) act as a natural hedge against the exposure to foreign currency movements for a portion of the Group's USD denominated borrowings and CAD denominated borrowings. Exchange differences arising on the revaluation of these financial instruments are recognised in the profit and loss in the separate financial statements of the relevant subsidiaries. In the Group financial statements these exchange differences are recognised in the foreign currency translation reserve in equity and will be transferred to the profit and loss when the Group disposes its interest in either the US or Canadian based assets. As at 30 June 2020, the Group has deferred \$163 million in losses (2019: \$148 million losses) related to exchange differences on the revaluation of financial instruments and \$116 million in gains (2019: \$104 million gains) related to exchange differences on the net assets of its US and Canadian assets.

Power Purchase Agreement

The Group entered into three Power Purchase Agreements (PPA) in the financial year:

- a 9 year PPA with Lakeland Wind Farm to support Transurban's Queensland operations was entered into on 18 December 2019; and
- two 9 year 9 month PPA's with Sapphire Wind Farm and Banjo Wind Farm to support the NSW and WCX operations (does not include NWRG, M5 West and WestConnex M4-M5 Link), entered into on 31 January 2020 and 5 March 2020 respectively.

The PPAs operate as a 'contract for difference' (CfD) which is a derivative financial instrument, hence it is recorded on the balance sheet at fair value with movements recorded in the profit and loss. The CfD will be measured as a level 3 financial instrument as the key inputs, the electricity spot prices, cannot be forecasted (using observable market data) for the duration of the contract. As at 30 June 2020, the plants are not operational and the instrument's fair values are offset by the day 1 deferred gains / losses.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The financial risk management function is carried out centrally under the policies approved by the Board. The Group reviews operations actively to identify and monitor all financial risks and to mitigate these risks through the use of hedging instruments where appropriate. The Board is kept informed in a timely manner of any material exposures to financial risks.

The Group monitors continuously risk exposures over time through reviewing cash flow sensitivities, market analysis and ongoing communication within the Group. When measuring financial risk, the Group considers the positive and negative exposures, existing hedges and the ability to offset exposures.

B15 Derivatives and financial risk management (continued)

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk when future transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Foreign currency exposures are viewed as either investment exposures or operating exposures. The Group generally manages exposures from investments in foreign assets using foreign currency debt. The Group's policy is to ensure that, at any time, all known material operating exposures for the following twelve months are hedged using hedging instruments or are offset by drawing on foreign currency funds.

The Group uses hedging instruments such as cross-currency swaps, as well as natural hedges such as foreign currency-denominated operating exposures and foreign currency borrowings, to manage these exposures.

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

	2020 \$M	2019 \$M
Net investment in foreign operation—USD		
Carrying amount	966	1,165
USD carrying amount	662	818
Hedge ratio	1:1	1:1
Change in carrying amount of loan as a result of foreign currency movements	22	70
Change in value of hedged item used to determine hedge effectiveness	27	59
Net investment in foreign operation—CAD		
Carrying amount	541	634
CAD carrying amount	507	583
Hedge ratio	1:1	1:1
Change in carrying amount of loan as a result of foreign currency movements	(15)	26
Change in value of hedged item used to determine hedge effectiveness	(12)	23
Cross-currency interest rate swaps		
Carrying amount	296	135
Notional amount	10,417	8,662
Maturity dates	August 2020 – July 2034	December 2019 – May 2034
Hedge ratio	1:1	1:1
Change in discounted value of outstanding hedging instruments	201	115
Change in value of hedged item used to determine hedge effectiveness	(183)	(112)

B15 Derivatives and financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

Maturity profile—notional value of cross-currency interest rate swaps are as follows:

2020 \$M	Less than 12 months	1-5 years	Over 5 years	Total nominal amount
Cross-currency swaps (AUD:USD)	(148)	–	2,810	2,662
Average AUD-USD exchange rate	0.76	–	0.75	NA ¹
Average fixed interest rate ²	3.2%	–	5.1%	NA ¹
Cross-currency swaps (AUD:EUR)	500	600	2,700	3,800
Average AUD-EUR exchange rate	0.71	0.72	0.63	NA ¹
Average fixed interest rate ²	4.4%	5.4%	4.4%	NA ¹
Cross-currency swaps (AUD:CHF)	–	200	375	575
Average AUD-CHF exchange rate	–	0.72	0.74	NA ¹
Average fixed interest rate ²	–	4.6%	4.5%	NA ¹
Cross-currency swaps (AUD:NOK)	–	–	750	750
Average AUD-NOK exchange rate	–	–	6.42	NA ¹
Average fixed interest rate ²	–	–	4.5%	NA ¹

2019

2019 \$M	Less than 12 months	1-5 years	Over 5 years	Total nominal amount
Cross-currency swaps (AUD:USD)	109	(148)	2,810	2,771
Average AUD-USD exchange rate	0.74	0.76	0.75	NA ¹
Average fixed interest rate ²	2.2%	3.2%	5.1%	NA ¹
Cross-currency swaps (AUD:EUR)	–	500	2,200	2,700
Average AUD-EUR exchange rate	–	0.71	0.68	NA ¹
Average fixed interest rate ²	–	4.4%	4.8%	NA ¹
Cross-currency swaps (AUD:CHF)	–	200	375	575
Average AUD-CHF exchange rate	–	0.72	0.74	NA ¹
Average fixed interest rate ²	–	4.6%	4.5%	NA ¹
Cross-currency swaps (AUD:NOK)	–	–	750	750
Average AUD-NOK exchange rate	–	–	6.42	NA ¹
Average fixed interest rate ²	–	–	4.5%	NA ¹

1. NA—Not applicable

2. Based on average fixed rate of cross currency swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.

Effectiveness of hedging relationships designated are as follows:

2020 \$M	Hedge loss recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from other comprehensive income to profit and loss	Line item in profit and loss for reclassification
Foreign currency risk	(270)	(30)	Net finance costs	(13)	Net finance costs
2019					
Foreign currency risk	(115)	5	Net finance costs	(36)	Net finance costs

Exposure to foreign currency risk at the reporting date, denominated in the currency in which the risk arises are as follows:

	2020 Local \$M					2019 Local \$M				
	USD	EUR	CAD	CHF	NOK	USD	EUR	CAD	CHF	NOK
Net investment in foreign operation	809	–	507	–	–	818	–	583	–	–
Borrowings	(3,629)	(3,800)	(650)	(575)	(750)	(3,738)	(2,700)	(650)	(575)	(750)
Foreign exchange forwards	304	(4)	–	–	–	–	–	–	–	–
Cross-currency interest rate swaps	2,662	3,800	–	575	750	2,771	2,700	–	575	750
Net exposure	146	(4)	(143)	–	–	(149)	–	(67)	–	–

B15 Derivatives and financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

Sensitivity to exchange rate movements based on the translation of financial instruments held at the end of the period is as follows:

		2020 \$M		2019 \$M
	Movement in post-tax profit	Increase/ (decrease) in equity	Movement in post-tax profit	Increase/ (decrease) in equity
AUD/USD				
+ 10 cents	-	(146)	-	(68)
- 10 cents	-	179	-	94
AUD/EUR				
+ 5 cents	-	(59)	-	(35)
- 5 cents	-	70	-	41
AUD/CAD				
+ 10 cents	(10)	(1)	-	3
- 10 cents	13	1	-	(4)
AUD/CHF				
+ 10 cents	-	(9)	-	(8)
- 10 cents	-	6	-	10
AUD/NOK				
+ 50 cents	-	(1)	-	(1)
- 50 cents	-	1	-	1

The Group revalues its foreign currency denominated borrowings each period using market spot rates and, where these borrowings have been appropriately hedged, defers these movements in the cash flow hedge reserve in equity. The volatility in the cash flow hedge reserve is caused mainly by fair value movements of the cross-currency interest rate swaps, which are affected by changes in forward Australian dollar/foreign currency exchange rates.

Interest rate risk

The Group's main exposure to interest rate risk arises from our borrowings and cash and cash equivalents. The Group manages the interest rate risk on our borrowings by entering into fixed rate debt facilities or by using interest rate swaps to convert floating rate debt to fixed interest rates. The Group's policy is to hedge the interest rate exposure on drawn debt to between 80% and 100%, and to ensure compliance with any covenant requirements of our funding facilities. As at 30 June 2020, 91% (2019: 100%) of the Group's interest rate exposure on variable rate borrowings was hedged.

The effects of the interest rate related hedging instruments on the Group's financial position and performance are as follows:

	2020 \$M	2019 \$M
Interest rate swaps		
Carrying amount	282	210
Notional amount	3,705	2,807
Maturity dates	August 2020 – January 2035	September 2019 – May 2034
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments	(71)	(85)
Change in value of hedged item used to determine hedge effectiveness	74	114

B15 Derivatives and financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

Maturity profile—notional value of interest rate swaps are as follows:

2020
\$M

	Less than 12 months \$M	1-5 years \$M	Over 5 years \$M	Total nominal amount \$M
Interest rate swaps	528	1,635	1,542	3,705
Average fixed interest rate ¹	3.8%	3.0%	4.8%	-

2019
\$M

Interest rate swaps	847	980	980	2,807
Average fixed interest rate ¹	3.2%	2.8%	3.2%	-

1. Based on average fixed rate of interest rate swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.

Effectiveness of hedging relationships designated are as follows:

2020 \$M	Hedge gain recognised in other comprehensive income \$M	Hedge ineffectiveness recognised in profit and loss \$M	Line item in profit and loss that includes hedge ineffectiveness \$M	Amount reclassified from other comprehensive income to profit and loss \$M	Line item in profit and loss for reclassification \$M
Interest rate risk	277	2	Net finance costs	-	Net finance costs

2019
\$M

Interest rate risk	154	2	Net finance costs	-	Net finance costs
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As at the reporting date, the Group had the following cash balances, variable rate borrowings and interest rate swap contracts outstanding:

	2020 \$M	2019 \$M
Cash and cash equivalents	2,349	1,630
Floating rate borrowings	(3,818)	(3,438)
Interest rate swaps (notional principal amount)	3,486	3,438
Net exposure to interest rate risk	2,017	1,630

Sensitivity to interest rate movements based on variable rate cash balances, variable rate borrowings and interest rate swap contracts is as follows:

	Movement in post-tax profit and equity	
	2020 \$M	2019 \$M
Interest rates +100bps	20	16
Interest rates -100bps	(20)	(16)

B15 Derivatives and financial risk management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss. The Group has no significant concentrations of credit risk from operating activities, and has policies in place to ensure that transactions are made with commercial customers with an appropriate credit history. However, as an operator of large infrastructure assets, the Group is exposed to credit risk with its financial counterparties through entering into financial transactions in the ordinary course of business. These include funds held on deposit, cash investments and the market value of derivative transactions.

The Group assesses the credit strength of potential financial counterparties using objective ratings provided by multiple independent rating agencies. The Board approved policies ensure that higher limits are granted to higher rated counterparties. The Group also seeks to mitigate its total credit exposure to counterparties by only dealing with credit worthy entities, limiting the exposure to any one counterparty, minimising the size of the exposure where possible through netting offsetting exposures, diversifying exposures across counterparties, closely monitoring changes in total credit exposures and changes in credit status, and taking mitigating action when necessary.

Since the onset of COVID-19, credit exposures and compliance with internal credit limits continue to be monitored daily. An International Swaps and Derivatives Association (ISDA) agreement must be in place between the Transurban dealing entity and the counterparty prior to executing any derivatives and netting provisions are included.

Liquidity risk

The Group maintains sufficient cash and undrawn facilities to maintain short term flexibility and enable the Group to meet financial commitments in a timely manner. The Group assesses liquidity over the short term (up to 12 months) and medium term (1 to 5 years) by maintaining accurate forecasts of operating expenses, committed capital expenditure, debt maturities and payments to security holders. Long term liquidity requirements are reviewed as part of the annual strategic planning process.

Short term liquidity is managed by maintaining a strategic level of liquidity at the corporate level of the Group. This reserve is based on the Group's forecast annual operating costs and certain risk exposure scenarios as maintained by the Group's strategic risk register, and is maintained as cash and undrawn facilities. The reserve has historically been maintained on a rolling 12 month basis. In light of the deterioration in revenue and cash flows observed as a consequence of COVID-19, forecasting is being performed more frequently to ensure the strategic liquidity reserve is being maintained to adequate levels. Medium term liquidity forecasting is maintained on a rolling five year horizon.

All Australian assets are currently forecasting to have sufficient liquidity to withstand the current and potential ongoing deterioration in revenue and cash flow due to COVID-19 restrictions. Existing cash reserves are sufficient to cover periods of negative cash flows, however some subsidiary assets will need to adopt a conservative position on paying distributions to retain sufficient asset level liquidity.

All North American assets are currently forecast to have sufficient liquidity to meet their debt obligations, primarily based on existing cash reserves and loan structures. Some debt repayments may be capitalised which is a feature of some debt facilities in North America.

Transurban Finance Company Pty Ltd, Transurban's corporate borrowing entity is currently forecast to maintain all required liquidity buffers for the Group as required under the Group's Treasury Policy.

Financing arrangements

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	2020 \$M	2019 \$M
Floating rate		
Expiring within one year	280	252
Expiring beyond one year	3,090	1,716
	3,370	1,968

As at 30 June 2020, the Group has letter of credit facilities and general credit facilities in place with an undrawn capacity of \$159 million (2019: \$118 million). The facilities are committed for the duration of the facility and the undrawn portion cannot be withdrawn by the lenders.

B15 Derivatives and financial risk management (continued)

Liquidity risk (continued)

Contractual maturities of financial liabilities

The amounts disclosed in the following table are the contractual undiscounted cash flows of the Group's financial liabilities. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

2020 \$M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	485	-	-	-	-	-	485	485
Borrowings	1,917	1,632	1,907	877	2,291	18,846	27,470	21,078
Interest rate swaps ¹	82	72	62	54	43	153	466	438
Cross-currency swaps ¹	176	177	177	166	167	488	1,351	(296)
Foreign exchange forwards	18	-	-	-	-	-	18	18
Concession and promissory notes	-	-	-	-	-	573	573	101
Lease Liabilities	17	17	16	17	18	105	190	152
Other liabilities	4	4	342	4	4	155	513	355
Total	2,699	1,902	2,504	1,118	2,523	20,320	31,066	22,331

2019 \$M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	513	-	-	-	-	-	513	513
Borrowings	1,379	2,184	1,304	1,922	755	17,783	25,327	18,466
Interest rate swaps ¹	66	54	45	37	32	142	376	337
Cross-currency swaps ¹	152	168	155	155	145	518	1,293	(137)
Concession and promissory notes	-	-	-	-	-	546	546	107
Other liabilities	83	4	335	4	4	155	585	412
Total	2,193	2,410	1,839	2,118	936	19,144	28,640	19,698

1. The carrying value of the interest rate and cross-currency swaps are presented on a net basis. The gross position is disclosed in the first table of Note B15.

Capital management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital, so that it can continue to provide returns to security holders and benefits for other stakeholders.

Fair value measurements

The carrying amount of the Group's financial assets and liabilities approximate their fair value. This is also generally the case with borrowings since either the interest payable on those borrowings is close to current market rates or the borrowings are of a short-term nature. The fair values of non-current borrowings are determined based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable inputs.

Fair value is categorised within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's financial instruments measured, recognised and disclosed at fair value are valued using market observable inputs (level 2), except for the PPAs. The PPAs operate as a CFD and are measured as a level 3 financial instrument as the key inputs, the electricity spot prices, cannot be forecasted (using observable market data) for the duration of the contract. As at 30 June 2020, the power plants that are the subject of the PPA are not operational and the instruments' fair values are offset by their day 1 deferred gain / loss.

There were no transfers between levels during the period and there has been no change in the valuation techniques applied.

KEY ESTIMATE AND JUDGEMENT

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each reporting date. The fair value of both cross-currency interest rate swaps and interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period.

Concession summary

The table below summarises the key balance sheet items of the Group's concession assets by geographical region:

2020

\$M

	Melbourne	Sydney	Brisbane	North America	Carrying amount
Equity accounted investment carrying amount	-	3,435	-	-	3,435
Service concession intangible assets carrying amount	2,899	6,309	7,796	4,486	21,490
Concession financial asset	-	-	-	358	358
Assets under construction ¹	3,727	-	-	625	4,352
Goodwill	1	260	205	-	466
Maintenance provision	(161)	(243)	(601)	(201)	(1,206)
Construction obligation provision	(1,589)	-	-	-	(1,589)

2019

\$M

	Melbourne	Sydney	Brisbane	North America	Carrying amount
Equity accounted investment carrying amount	-	3,610	-	4	3,614
Service concession intangible assets carrying amount	3,039	6,742	7,566	4,045	21,392
Concession financial asset	-	-	-	369	369
Assets under construction ¹	3,811	-	445	856	5,112
Goodwill	1	260	205	-	466
Maintenance provision	(155)	(228)	(620)	(159)	(1,162)
Construction obligation provision	(2,222)	-	-	-	(2,222)

1. Assets under construction are included within other intangible assets in the consolidated balance sheet.

KEY ESTIMATE AND JUDGEMENT

The Group makes certain assumptions in calculating the recoverable amount of its goodwill (Note B16), other intangible assets (Note B17) and equity accounted investments (Note B25). These include assumptions around expected traffic flows (including COVID-19 impacts) and forecast operational costs.

In performing the recoverable amount calculations, the Group has applied the assumptions noted in the table in Note B16. Management do not consider that any reasonable possible change in the assumptions will result in the carrying amount of a cash generating unit to which goodwill has been allocated exceeding its recoverable amount.

B16 Goodwill

	2020 \$M	2019 \$M
Cost	466	466
Carrying amount	466	466

Goodwill primarily relates to the Group's Sydney Network cash generating unit (CGU) and Brisbane Network CGU and has arisen from the acquisition of Hills Motorway Group, Tollaust Pty Limited and the Sydney Roads Group in Sydney and the Queensland Motorways Group in Brisbane.

Impairment testing of goodwill

The Group assesses whether there is an indication of impairment at each reporting period and tests goodwill for impairment on an annual basis, regardless of whether an indicator of impairment exists. The economic impact of COVID-19 and its direct impact on traffic performance, is considered an impairment trigger in the year ended 30 June 2020 for the Group's goodwill.

Impairment testing is undertaken by calculating the recoverable amount, which is the greater of fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU).

Where the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through the profit and loss. The decrement in the carrying amount is recognised as an expense in the profit and loss in the reporting period in which the impairment occurs.

The recoverable amount of the Group's CGUs has been determined based on value-in-use calculations.

The following table sets out the key assumptions on which management have based their cash flow projections. The calculations use three year cash flow projections based on financial plans reviewed by the Board which include management's estimate of the reduction in traffic volumes arising from COVID-19. Cash flows beyond this period are modelled using a consistent set of long-term assumptions up to the end of the applicable concession period:

	Melbourne		Sydney		Brisbane	
	2020	2019	2020	2019	2020	2019
Long term CPI (% annual growth)	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Long term average weekly earnings (% annual growth)	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Pre-tax discount rate (%)	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%

Management have determined the values assigned to each of the below key assumptions as follows:

Assumption	Approach used to determined values
Traffic volume	Based on the Group's short term and long term traffic forecasting models, which incorporate management's estimate of the impact on traffic from COVID-19. In developing these forecasts, management utilised external observable data to benchmark current traffic performance against estimated improvement in traffic profiles. The improvement in traffic is expected to be associated with government responses (including restrictions on movement) to COVID-19. Refer to Note B17 for additional information on the traffic volume assumption.
Long term CPI (% annual growth)	Based on independent external forecasts
Long term average weekly earnings (% annual growth)	Based on independent external forecasts
Pre-tax discount rate	Discount rates consider specific risks relating to the CGU. In performing the value-in-use calculations for each CGU, the Group has applied pre-tax discount rates to discount the forecast future attributable pre-tax cash flows. The pre-tax discount rates are disclosed in the table above. Discount rates factor in the risk associated with possible variations in the forecast impact to traffic volumes plus the increased volatility in markets that has been observed following the onset of COVID-19.

The impairment testing indicates the recoverable amount of each Group CGU to which goodwill has been allocated exceeds its carrying amount (after allocating goodwill). Therefore, there is no goodwill that is impaired as at 30 June 2020.

Sensitivity analysis has been performed within each of the CGU valuation models to determine whether it is feasible that the recoverable amount of the CGU could fall below its net carrying amount (after allocating goodwill) under reasonably possible scenarios of shifts in key assumptions. The results from the sensitivity analysis show that the recoverable amount of the CGU did not fall below its carrying amount (after allocating goodwill) under any of the sensitivity scenarios. This is mainly due to the length of the remaining term of the Group's service concession arrangements, with the majority of the recoverable amount generated beyond the near term period impacted by COVID-19.

B17 Other intangible assets

2020

\$M

	Concession assets	Assets under construction ¹	Other intangibles	Total
Cost	28,539	4,477	114	33,130
Accumulated amortisation	(7,049)	(125)	(16)	(7,190)
Net carrying amount	21,490	4,352	98	25,940

2019

\$M

	Concession assets	Assets under construction	Other intangibles	Total
Cost	27,539	5,112	106	32,757
Accumulated amortisation	(6,147)	-	(6)	(6,153)
Net carrying amount	21,392	5,112	100	26,604

Movement in other intangible assets

	Concession assets \$M	Assets under construction ¹ \$M	Other intangibles \$M	Total \$M
Net carrying amount at 1 July 2019	21,392	5,112	100	26,604
Additions	-	387	8	395
Foreign exchange movements and other adjustments	10	(32)	-	(22)
Transfers	990	(990)	-	-
Amortisation charge	(902)	(125)	(10)	(1,037)
Net carrying amount at 30 June 2020	21,490	4,352	98	25,940
Net carrying amount at 1 July 2018	19,774	1,143	21	20,938
Additions	23	4,019	85	4,127
Acquisition of subsidiary	2,196	-	-	2,196
Foreign exchange movements and other adjustments	215	10	-	225
Transfers	60	(60)	-	-
Amortisation charge	(876)	-	(6)	(882)
Net carrying amount at 30 June 2019	21,392	5,112	100	26,604

1. The amortisation charge recorded in assets under construction relates to the component of the West Gate Tunnel Project asset under construction which is related to CityLink funding contributions for which funding sources began to be received from 1 July 2020.

Concession assets represent the Group's rights to operate roads under Service Concession Arrangements. Service Concession Arrangements are accounted for in accordance with AASB Interpretation 12 *Service Concession Arrangements* (IFRIC 12), which establishes a framework for classification of the assets based on an intangible asset model and a financial asset model (bifurcated arrangements can also exist). Assets under construction are accounted for as contract assets in accordance with AASB15 *Revenue from Contracts with Customers* until they are available for use. The Group classifies assets under construction based on whether the consideration provides rights to an intangible asset or a financial asset.

Intangible asset model

Concession assets that do not meet the criteria of the financial asset model are classified as intangible assets and are amortised on a straight-line basis over the term of the concession arrangement.

Transurban has the right to toll the concession assets for the concession period. Extensions to the concession period have been granted for a number of individual concessions as a result of road development projects and improvements. At the end of the concession period, all concession assets are to be returned to the respective Government. The remaining terms of the right to operate period are reflected below:

	2020 years	2019 years ¹
Melbourne—Victorian State Government	25	26
Sydney—New South Wales State Government	6–28	7–29
Brisbane—Queensland State Government and Brisbane City Council	31–45	32–46
North America—Commonwealth of Virginia and Ministry of Transport of Quebec (MTQ)	22–67	23–68

1. During the year ended 30 June 2019 the CityLink Concession Deed in Melbourne was amended and the concession end date was extended from January 2035 to January 2045. The concession end date for M5 Motorway is December 2026 at which point it will form part of the WCX M5 concession.

B17 Other intangible assets (continued)

Indicators of impairment

At each reporting period the Group assesses whether there is an indication of impairment for the Group's concession intangible assets. Where an indicator of impairment is identified, impairment testing is performed.

Consistent with goodwill, the economic impact of COVID-19 and the direct impact on traffic performance, is considered an impairment trigger in the year ended 30 June 2020. Accordingly, impairment testing has been performed for each of the Group's concession intangible assets, inclusive of the Group's North American concession intangible assets. Recoverable amounts were based on the higher of value-in-use and fair value less costs of disposal, estimated using discounted cash flows.

The key assumptions on which management have based their cash flow projections are traffic volumes, long-term CPI and discount rate. Management have estimated the recoverable amount of each Group concession intangible asset using three year cash flow projections based on financial plans reviewed by the Board. Management have estimated a near term reduction in traffic volumes arising from COVID-19 before the commencement of a gradual improvement in the traffic profile that is associated with an expected easing of government-mandated restrictions. Thereafter, traffic volumes are modelled to continue to improve before traffic growth reverts to a set of market based long-term assumptions up to the end of the applicable concession period. The expected improvement in traffic profile is broadly the same across each of the Group's concession intangible assets.

Discount rates consider specific risks relating to the CGU. Discount rates also factor in the risk associated with possible variations in the traffic forecast including impacts of COVID-19. Long-term CPI is based on independent external forecasts.

The impairment testing indicates the recoverable amount exceeds the relevant carrying amount for all of the Group's concession intangible assets. This is mainly due to the length of the remaining term of the Group's service concession arrangements, with the majority of the recoverable amount generated beyond the near term period impacted by COVID-19.

As part of the impairment testing, sensitivity analysis has been performed which considers reasonably possible changes in the above key assumptions for each of the Group's concession intangible assets. Except for the A25, the impairment assessment of the Group's concession intangible assets were not sensitive to reasonable possible changes in key assumptions. The recoverable amount of the A25 was calculated based on fair value less costs of disposal and exceeds the carrying amount by less than 5% (carrying amount \$1,272 million at 30 June 2020). The A25 was acquired in June 2018 and due to the recency of the acquisition, the concession intangible asset may be impaired if there were a reasonable possible change in key assumptions relating to traffic volume, the discount rate or long-term CPI. The asset has performed ahead of acquisition assumptions and despite the impact of COVID-19 on near term cash flows, there has not been a material change to long-term assumptions. Accordingly, and in consideration of the A25's reducing carrying amount through amortisation, there is no impairment as at 30 June 2020.

Assets under construction

Assets under construction as at 30 June 2020 include the construction of the West Gate Tunnel Project in Melbourne and Fredericksburg Extension in North America.

Construction costs relating to completed works are transferred to the concession asset upon final completion of the projects. In the current period this related to costs associated with the Logan Enhancement Project in Brisbane and the 395 Express Lanes in North America.

For the purposes of impairment testing, these balances are classified as contract assets and subject to the impairment requirements in AASB 9 *Financial Instruments*. Applying the expected credit loss model to the Group's assets under construction resulted in a \$nil loss allowance being recorded (2019: \$nil). The expected credit loss model as at 30 June 2020 included consideration of the impacts arising from COVID-19, which were limited due to the financial strength of the Group's government counterparties. Further, these infrastructure projects have been allowed to continue construction through the period of government-mandated restrictions. There has been no material change in construction timetables for the West Gate Tunnel Project (WGTP) and the Fredericksburg Extension due to COVID-19.

Management considers the carrying amount of assets under construction to be appropriate as at 30 June 2020.

West Gate Tunnel Project

The West Gate Tunnel Project is being funded by the right to toll from the amended CityLink Concession Deed and the right to toll the West Gate Tunnel once construction is completed. Funding sources in connection with the CityLink Concession Deed began to be received from 1 July 2019, at which time the asset under construction attributable to the CityLink funding sources began to amortise through to the concession end date of January 2045.

During the course of construction the D&C subcontractor has made a number of claims, including claims relating to the presence, classification and disposal of per and polyfluorinated alkyl substances (PFAS), which the D&C subcontractor claims have an impact on its ability to complete the project within the contractual sum and project schedule. PFAS is a group of chemicals, low levels of which are predicted by the D&C subcontractor to be found in some of the soil excavated to build the tunnels. To date, most of these claims have been assessed as forming part of the 'Linked Claims' and 'Linked Disputes' framework and have been passed onto the State of Victoria for assessment in accordance with the relevant contracts. The nature of the 'Linked Claims' mechanism within the relevant contracts means that the obligation should not rest with the Group.

B17 Other intangible assets (continued)

Assets under construction (continued)

West Gate Tunnel Project (continued)

Furthermore in the period from January to April 2020, the D&C subcontractor purported to terminate the D&C subcontract with Transurban WGT Co Pty Ltd three times and also noted their intention to continue works on site. The purported terminations relate to issues in respect of the presence, classification and disposal of PFAS. Works have continued on the site. Transurban does not consider the D&C Subcontract to have been validly terminated and, as such, Transurban believes the contract remains valid.

In response to commercial matters and claims that have arisen on the Project, dispute resolution processes are underway and are being progressed. The presence of commercial matters, claims and dispute resolution processes results in additional risk of the contracted works being completed by the D&C subcontractor within the agreed schedule and contractual sum. The West Gate Tunnel Project's opening is now expected in 2023 (previously 2022) and there are a number of technical and commercial challenges to work through in order to commence tunnelling on the Project. The Group is working with the State of Victoria and D&C subcontractor to mitigate delays to the construction schedule and to reduce the risk of cost overruns. The Group is assessing a number of options to resolve these challenges and facilitate the progression of the project.

The West Gate Tunnel Project is one of a number of construction projects Transurban oversees. In overseeing these projects, there is the potential for actual or potential future claims or possible commercial payments to third parties in excess of, or separate to, the amounts stipulated in the D&C subcontracts. As at 30 June 2020 any possible payments, including in relation to the West Gate Tunnel Project, cannot be reliably estimated.

KEY ESTIMATE AND JUDGEMENT

As at 30 June 2020 the Group has a number of construction projects at varying stages of completion. The Group is exposed to direct and indirect construction risk including through its third party contractors. Construction risk includes exposures to claims made on the Group and claims that the Group may pass through or initiate on others. From time to time the Group may make payments, not necessarily stipulated in the D&C subcontract itself, to facilitate the continued progression of the Group's construction projects.

As at 30 June 2020 there is an increased risk of claims linked to COVID-19, with claims activity observed across the construction industry owing to the impact of COVID-19 on construction schedules.

The Group regularly monitors its exposure to construction risks, assessing impacts to the financial statements at the conclusion of each reporting period.

As at 30 June 2020 any possible payments relating to actual or potential future claims or possible commercial payments to third parties in excess of, or separate to the amounts stipulated in the D&C subcontracts, cannot be reliably estimated.

B18 Concession financial asset

The Group's financial asset only relates to A25 as at 30 June 2020 and 30 June 2019.

	Note	2020 \$M	2019 \$M
Opening carrying value		369	349
Additional finance income recognised	B13	25	23
Cash received		(28)	(26)
Foreign exchange movements and other adjustments		(8)	23
Closing carrying value		358	369
Including:			
Current asset	B8	27	28
Non-current asset		331	341
Total concession financial asset		358	369

The financial asset model within IFRIC 12 applies to service concession arrangements whereby the Group has an unconditional contractual right to receive cash or another financial asset as the consideration for the construction services provided to the grantor of the concession. The unconditional contractual right to receive cash or another financial asset arises under two scenarios:

- the respective Government authority guarantees to pay the Group specified amounts throughout the term of the concession arrangement (such as availability payments) provided certain asset operating conditions are met; or
- the respective Government authority guarantees to pay the Group any shortfall between amounts received from users of the asset and an amount specified within the concession agreement (guaranteed toll revenue arrangements).

For amounts received under these arrangements the traffic risk is not borne by the Group. The portion of concession arrangements accounted for under the financial asset model in IFRIC 12 are presented as a financial receivable within the Group's consolidated balance sheet. The Group classifies its Concession financial asset at amortised cost as the objective of the Group's business model is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Management have assessed the impacts arising from COVID-19 and do not consider there to be evidence of a significant increase in credit risk since initial recognition of these balances. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for this concession financial asset continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the government counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Applying the expected credit loss model to the Group's Concession financial asset at amortised cost resulted in a \$nil loss allowance being recorded (2019: \$nil).

The fair value of the receivable is determined at the inception of the service concession arrangement based on the discounted present value of cash flows to be received over the concession life. A portion of the receivable is recognised with corresponding revenue recorded for construction services based on the progress of the construction services provided in each period. Post completion of construction services, interest income is recorded to recognise the unwind of discounted future cash flows, while also increasing the receivable balance. Amounts received from the respective Government authority are offset against the financial asset receivable.

The concession asset of the A25 asset in Canada are accounted for using a bifurcated model, being:

- Financial asset model for the income streams of an unconditional contractual right to receive cash from MTQ, including the availability payments and the minimum guaranteed toll income; and
- Intangible asset model for the remaining income streams (refer to Note B17).

B19 Maintenance provision

Movement in maintenance provision

	Current \$M	Non-current \$M
Carrying value at 1 July 2019	156	1,006
Additional provision recognised	-	130
Amounts paid/utilised	(135)	-
Unwinding of discount	-	45
Transfer	83	(83)
Foreign exchange movements	-	4
Carrying value at 30 June 2020	104	1,102

B19 Maintenance provision (continued)

Movement in maintenance provision (continued)

	Current \$M	Non-current \$M
Carrying value at 1 July 2018	149	914
Additional provision recognised	-	129
Acquisition of subsidiary	2	38
Amounts paid/utilised	(120)	-
Unwinding of discount	-	44
Transfer	125	(125)
Foreign exchange movements	-	6
Carrying value at 30 June 2019	156	1,006

KEY ESTIMATE AND JUDGEMENT

As part of its obligations under the service concession arrangements, the Group assumes responsibility for the maintenance and repair of installations of the publicly owned roads it operates (including associated tolling equipment and systems). The Group records a provision for its present obligation to maintain the motorways held under concession deeds. The Group periodically reassesses the estimate of its present obligation, which includes consideration of the results of routine inspections performed over the condition of the roads it operates. Any incremental maintenance and repair activities identified through this process are assessed for whether they are the sole responsibility of the Group or whether they are the responsibility of other parties. To the extent the Group believes other parties are responsible for the maintenance or repair or remediation, the Group may initiate claims on those parties. These assessments inform the timing and extent of planned future maintenance activities, notwithstanding the provision recorded at period end continues to capture the Group's maintenance and repair obligations under the concession deeds.

The provision is included in the financial statements at the present value of expected future payments. The calculations to discount these amounts to their present value are based on the estimated timing and profile of expenditure occurring on the roads.

B20 Construction obligation provision

West Gate Tunnel Project

The West Gate Tunnel Project is being funded by tolling income from the CityLink Concession Deed and the receipt of future tolling income from the West Gate Tunnel Project. The CityLink Concession Deed was amended in April 2019, requiring the recognition of an incremental asset within other intangible assets and a corresponding liability. The liability represents the Group's obligation to complete construction of the West Gate Tunnel Project, attributable to the remaining CityLink funding sources payments. The liability will reduce as payments are made in connection with the CityLink funding sources.

The estimated nominal value of the remaining funding sources payments attributable to CityLink is \$1,691 million as at 30 June 2020.

	Current West Gate Tunnel Project \$M	Non-current West Gate Tunnel Project \$M	Total \$M
Carrying value at 1 July 2019	831	1,391	2,222
Adjustments recorded to assets under construction	-	(26)	(26)
Amounts paid/utilised	(631)	-	(631)
Unwinding of discount	-	24	24
Transfer	567	(567)	-
Carrying value at 30 June 2020	767	822	1,589
Carrying value at 1 July 2018			
Liability recognised on date of transaction	1,018	1,325	2,343
Amounts paid/utilised	(187)	-	(187)
Unwinding of discount	-	66	66
Carrying value at 30 June 2019	831	1,391	2,222

KEY ESTIMATE AND JUDGEMENT

The Group has a construction liability for the West Gate Tunnel Project attributable to the CityLink funding sources from the CityLink Concession Deed Amendments. The construction liability is measured at the present value of the remaining CityLink funding sources payments. Assumptions are made in determining the timing and profile, based on the expected cash flows to be paid through completion of construction of the West Gate Tunnel Project. A discount rate is used to value the construction liability to its present value, which is determined with reference to the Group's cost of debt. A discount rate of 5.1% was used on recognition of the liability in April 2019.

The current balance represents the payments the Group expects to be made within 12 months from the reporting date, with the non-current portion being the present value of payments beyond 12 months from the reporting date.

B21 Other liabilities—concession liabilities

	2020 \$M	2019 \$M
M1 Eastern Distributor concession note	41	44
M2 Motorway promissory note	60	63
Fredericksburg Extension payable	305	363

M1 Eastern Distributor

The Eastern Distributor project deed between Airport Motorway Limited, Airport Motorway Trust and the Transport for New South Wales (TfNSW) provides for annual concession fees of \$15 million during the construction phase and for the first 24 years after completion of construction of the M1 Eastern Distributor. Until a certain threshold return is achieved, payments of concession fees due under the Project Deed will be satisfied by means of the issue of non-interest bearing concession notes.

The face value of concession notes on issue as at 30 June 2020 is \$345 million (2019: \$330 million).

M2 Motorway

The Hills Motorway Trust has entered into leases with the TfNSW. Annual lease liabilities under these leases total \$12 million (2019: \$12 million), indexed annually to the consumer price index over the estimated period that the M2 Motorway will be used. Until such time as a threshold return is achieved, payments under these leases can be made at any time at the discretion of the trustee of the Hills Motorway, by means of the issue of non-interest bearing promissory notes to the TfNSW.

The face value of promissory notes on issue as at 30 June 2020 is \$228 million (2019: \$216 million).

Fredericksburg Extension project

The 95 Express Lanes service concession agreement was amended following commercial close of the Fredericksburg Extension project in April 2019. A series of payments are due to the Virginia Department of Transportation (VDOT) in connection with the construction of the project, payable between commercial close and construction completion. As at 30 June 2020, a current liability of \$nil (2019: \$78 million) and a non-current liability of \$305 million (2019: \$285 million) has been recorded. The nominal value of the payable is \$338 million (2019: \$408 million).

KEY ESTIMATE AND JUDGEMENT

Concession and promissory notes

The Group has non-interest bearing long term debt, represented by promissory notes and concession notes payable to the Government, measured at the present value of expected future payments. The calculations to discount these notes to their present value are based on the estimated timing and profile of the repayments. Assumptions are made in determining the timing and profile, based on expected available equity cash flows of the Group's cash generating units. A discount rate is used to value the promissory notes and concession notes to their present value, which is determined through reference to other facilities in the market with similar characteristics. A discount rate of 7.7% (2019: 7.9%) has been used for notes issued during the period, which recognises the subordinated nature of these notes. A lower discount rate has been used in the current financial year following a review of discount rates applicable for liabilities across the Group.

Group structure

B22 Principles of consolidation

Subsidiaries

Subsidiaries are fully consolidated from the date the Group gains control of the subsidiary and are de-consolidated from the date that control ceases.

In preparing the consolidated financial statements of the Group, all inter-entity transactions and balances have been eliminated. The accounting policies adopted by the individual entities comprising the Group are consistent with the parent company.

Non-controlling interests

Non-controlling interests consist of two components:

- Non-controlling interest—other: external non-controlling interests relating to the results and equity of Transurban Queensland and Eastern Distributor subsidiaries are shown separately in the Group financial statements; and
- Non-controlling interests that relate to THT and TIL are presented separately, and relate to equity holders of the stapled group.

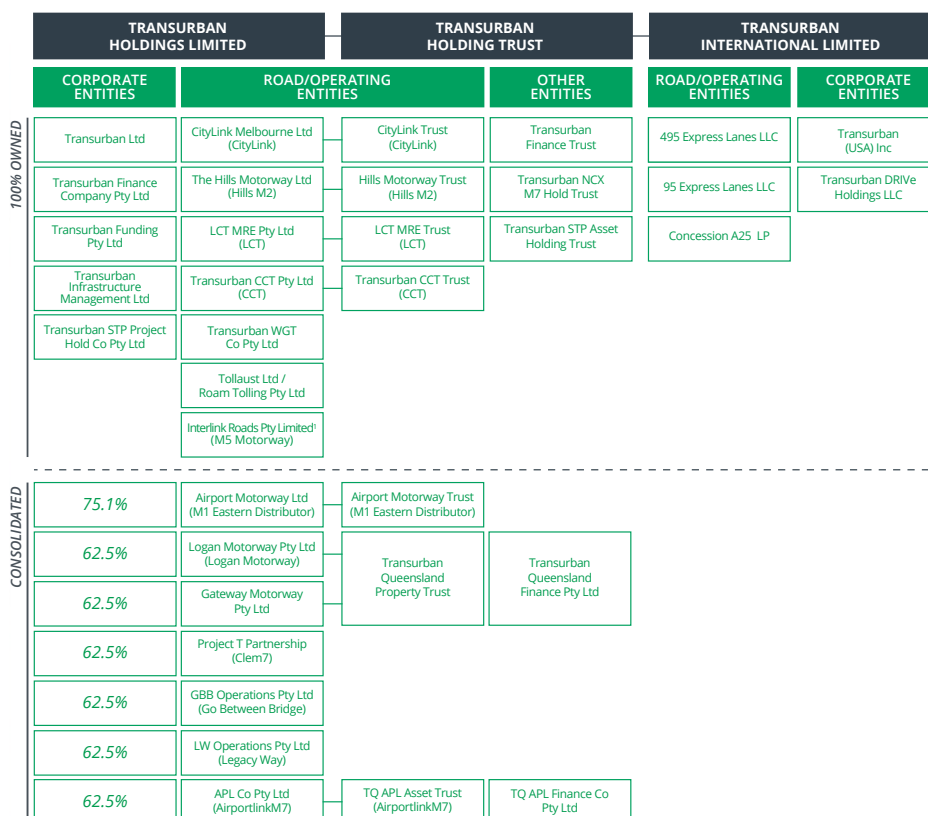
Associates and joint ventures

Associates are entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. The Group currently has an interest in one associate being Bluedot. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group's investments in joint ventures during the period comprised STP and NWRG (which holds the Westlink M7 and NorthConnex assets).

Interests in the associate and the joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit and loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases. When the Group's cumulative share of losses in an associate exceeds its investment in the asset, the Group does not recognise any further losses from this point. Dividends received from the entities listed above reduce the carrying amount of the investment.

B23 Material subsidiaries

The Group's material subsidiaries as at 30 June 2020 are outlined in the Group structure diagram below¹.



1. M5 Motorway additional equity interest of 34.62% was acquired on 30 October 2019, increasing the equity interest to 100%.

B24 Changes in ownership interests and business combinations

Changes in ownership interests in controlled subsidiaries

Year ended 30 June 2020 changes in ownership interests

Acquisition of remaining 34.62% equity interest in Interlink Roads Pty Ltd

On 30 October 2019, Transurban completed the acquisition of the remaining 34.62% equity interest in Interlink Roads Pty Ltd, the company that holds the M5 Motorway concession in Sydney, New South Wales, for a purchase price of \$459 million. This takes the Group's ownership interest to 100%. This transaction did not result in a change in control over the M5 Motorway and it continues to be controlled and consolidated in the Group results.

As the change in ownership interest does not result from a loss of control, the transaction is recorded in equity. The purchase price of \$459 million reflects \$394 million for the additional equity interest and \$65 million for the term loan notes attributable to the non-controlling interest, which are now extinguished. Transaction costs of \$39 million relating to stamp duty have also been recognised in equity.

Year ended 30 June 2019 changes in ownership interests

Acquisition of additional 7.14% equity interest in Interlink Roads Pty Ltd

On 3 December 2018, the Group acquired an additional 7.14% interest in the M5 Motorway for a total consideration of \$99 million, comprising \$86 million for the additional equity interest and \$13 million to acquire the proportional M5 term loan notes. This transaction did not result in a change in control and was accounted for as a transaction between shareholders within equity, with no impact to profit and loss. Transaction costs on acquisition of the additional interest related to stamp duty of \$7 million and was also recorded as a transaction between shareholders within equity.

Business combinations

Accounting policy

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the profit and loss as a gain on bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of obtaining control. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the profit and loss.

Year ended 30 June 2019 acquisitions

M5 Motorway

On 18 September 2018, the Group completed the acquisition of an additional 8.24% equity interest (and a corresponding additional interest in the debt notes) in the M5 Motorway through an all cash offer of \$116 million. At the date of the transaction, the Group's overall equity ownership interest in the M5 Motorway increased to 58.24% and the Group obtained control over the M5 Motorway. The transaction was accounted for as a step-up acquisition, being a disposal of the Group's existing 50% equity accounted investment in the M5 Motorway at its fair value on 18 September 2018 in exchange for the acquisition of a 58.24% controlling interest in the M5 Motorway. This resulted in the recognition of a \$228 million gain on revaluation of the equity accounted Motorway.

Total transaction costs incurred were \$8m which primarily related to stamp duty. The assets and liabilities of the M5 Motorway were measured at fair value at the acquisition date of 18 September 2019, with fair values having been determined on a provisional basis. The total provisional fair value was allocated to the concession asset and no goodwill was recognised.

The end of the purchase price allocation measurement period occurred in the year ended 30 June 2020 and there were no retrospective adjustments recorded to the provisional amounts nor any additional assets or liabilities recognised.

B25 Equity accounted investments

Below is the reconciliation of the equity accounted carrying value of investments:

	STP JV		NWRG		M5 Motorway ⁵		Other		Total	
	2020 \$M	2019 \$M	2020 \$M	2019 \$M	2020 \$M	2019 \$M	2020 \$M	2019 \$M	2020 \$M	2019 \$M
Opening carrying value at 1 July	3,115	-	495	347	-	122	4	5	3,614	474
Acquisition	-	3,411	-	-	-	-	-	-	-	3,411
Acquisition costs	-	9	-	-	-	-	-	-	-	9
Group's share of (loss)/profit, inclusive of impairments ^{1,2,3}	(58)	(343)	-	-	-	10	(4)	(1)	(62)	(334)
Group's recognised share of other comprehensive loss	(22)	(74)	-	-	-	-	-	-	(22)	(74)
Distributions received	(22)	(18)	(149)	(142)	-	(30)	-	-	(171)	(190)
NWRG shareholder loan modification ⁴	-	-	-	290	-	-	-	-	-	290
Disposal due to M5 Motorway step-up acquisition ⁵	-	-	-	-	-	(102)	-	-	-	(102)
Capital contributions to STP JV	48	68	-	-	-	-	-	-	48	68
Fair value adjustment on issuance of shareholder loans ⁶	-	62	28	-	-	-	-	-	28	62
Closing carrying value at 30 June	3,061	3,115	374	495	-	-	-	4	3,435	3,614
Cumulative losses not recognised ²	-	-	297	401	-	-	-	-	297	401

1. STP JV Group's share of losses for the year ended 30 June 2019 includes stamp duty on acquisition of WCX. Refer to Note B6. The Group's share of STP JV losses includes losses from STP Project Trust of \$48 million (2019: \$152 million) and STP Asset Trust of \$10 million (2019: \$191 million).
2. The Group's share of profits from the investment in the NWRG are currently not recognised until such time as cumulative losses have been fully utilised. Cumulative losses not recognised above are disclosed at 100%. For the year ended 30 June 2019, the Group eliminated a gain disclosed within the NWRG summarised financial information of \$47 million (\$24 million at 50%) relating to the sale of the Roam customer base to the Group.
3. The Group recorded a \$4 million impairment of its investment in Bluedot Innovation, Inc. in the year ended 30 June 2020. Refer below for further details.
4. During the year ended 30 June 2019, NWRG and its shareholders modified the existing SLNs on issue. The modified SLNs include an at call facility (maturity date is greater than 12 months). The at call loan has been recorded at fair value on initial recognition and will be subsequently measured at amortised cost using the effective interest method. The difference between the nominal value of the at call loan and the fair value has been treated as a contribution to the equity accounted investment in NWRG.
5. As described in Note B24, on 18 September 2018, Transurban completed the acquisition of the additional 8.24% equity interest of the company that holds the M5 Motorway concession in Sydney, New South Wales. This resulted in the Group obtaining control over the M5 Motorway and the derecognition of the Group's equity accounted investment in M5 Motorway. The Group's share of profit of M5 Motorway represents profit from Interlink Roads Pty Ltd.
6. During the period, a non-interest bearing facility was drawn for the first time. The loan has been recorded at fair value on initial recognition and will be subsequently measured at amortised cost using the effective interest method. The difference between the nominal value of the loan and the fair value has been treated as a contribution to the equity accounted investment in NWRG.

Joint Ventures

STP JV (50% ownership interest)

To facilitate the WCX acquisition, the STP JV was established by Transurban (50%), AustralianSuper (20.5%), CPPIB (20.5%) and Tawreed (9%). The STP JV and its subsidiaries is jointly controlled by Transurban, AustralianSuper and CPPIB. The STP JV holds a 51% ownership interest in WCX.

WCX has long-dated concessions through to 2060 and includes 33-kilometres of new or improved motorway linking Sydney's west and southwest with the CBD, and the corridor to Sydney Airport and Port Botany.

The following entities are part of the STP JV Group:

- STP Project Trust
- STP Asset Trust
- STP PT Pty Ltd
- STP AT Pty Ltd.

KEY ESTIMATE AND JUDGEMENT

The Group's assessment that it does not control STP JV has been made by considering the terms of the Investment Agreement signed by the JV partners and the ongoing compliance with the Investor Agreement. This Agreement requires a supermajority vote of at least 82.5% of all shareholders for the decisions on the significant relevant activities made by the JV. As such, noting this and other factors, the Group concluded that it, together with AustralianSuper and CPPIB, jointly controls the STP JV and its controlled entities.

B25 Equity accounted investments (continued)

Joint ventures (continued)

NWRG (50% ownership interest)

The Group has a 50% ownership interest in NWRG (including NorthWestern Roads Group Pty Ltd, NorthWestern Roads Group Trust and NorthConnex State Works Contractor Pty Limited), which holds 100% of the Westlink M7 Group and the NorthConnex Group. Westlink M7 holds the concession to design, construct, finance and operate the Westlink M7 Motorway in Sydney for a period of 43 years from the date of operation (16 December 2005) until June 2048, and NorthConnex holds the concession to design, construct, finance and operate the NorthConnex Tunnel in Sydney until 2048.

The following entities are a part of the Westlink Group:

- WSO Co Pty Limited (the operator of the Motorway);
- Westlink Motorway Limited (the nominee manager of the Westlink Motorway Partnership);
- WSO Finance Pty Limited (the financier of the Motorway); and
- Westlink Motorway Partnership (was responsible for the construction of the Motorway).

The following entities are part of the NorthConnex Group:

- NorthConnex Company Pty Limited (the operator of the Motorway); and
- NorthConnex Finance Company Pty Limited (the financier of the Motorway).

Bluedot (4.2% ownership interest)

Bluedot is an advanced location services technology company. The Group leverages Bluedot's location services technology for the Group's LinktGo application which allows the use of a smartphone's GPS and other sensors to identify when a driver has entered and exited a toll road. Bluedot's technology continues to be used by the Group as at 30 June 2020.

B25 Equity accounted investments (continued)

Summarised financial information of equity accounted investments

Set out below is the summarised financial information for those investments accounted for using the equity method. The summarised financial information presented below is on a 100 per cent basis for each equity accounted investment.

Summarised balance sheet—100%

	STP JV		NWRG		M5 Motorway		Other		Total	
	2020 \$M	2019 ¹ \$M	2020 \$M	2019 \$M	2020 \$M	2019 ² \$M	2020 \$M	2019 \$M	2020 \$M	2019 \$M
Cash and cash equivalents	955	1,283	82	115	-	-	5	1	1,042	1,399
Other current assets	60	101	159	234	-	-	-	-	219	335
Non-current assets	21,970	21,549	3,292	3,209	-	-	-	-	25,262	24,758
Current liabilities	(229)	(310)	(93)	(426)	-	-	(1)	(1)	(323)	(737)
Non-current liabilities	(9,516)	(9,179)	(3,466)	(2,990)	-	-	-	(2)	(12,982)	(12,171)
Net assets/(liabilities)	13,240	13,444	(26)	142	-	-	4	(2)	13,218	13,584

Summarised statement of comprehensive income—100%

Revenue	353	200	413	486	-	68	2	1	768	755
Construction revenue	1,085	1,211	148	148	-	-	-	-	1,233	1,359
Depreciation and amortisation	(233)	(126)	(81)	(81)	-	(9)	-	-	(314)	(216)
Other expenses	(102)	(647)	(65)	(70)	-	(10)	(9)	(5)	(176)	(732)
Construction expenses	(1,085)	(1,211)	(148)	(148)	-	-	-	-	(1,233)	(1,359)
Net finance costs	(188)	(144)	(130)	(180)	-	(9)	-	-	(318)	(333)
Income tax expense	(15)	(10)	(33)	(59)	-	(13)	-	-	(48)	(82)
(Loss)/profit	(185)	(727)	104	96	-	27	(7)	(4)	(88)	(608)
Other comprehensive (loss)/income	(87)	(284)	(13)	9	-	-	-	-	(100)	(275)
Total comprehensive (loss)/income	(272)	(1,011)	91	105	-	27	(7)	(4)	(188)	(883)

The following table reconciles the above summarised financial information presented on a 100 per cent basis to the proportional amounts recognised by the Group:

Ownership interest	50%	50%	50%	50%	100%	50%	4.2%	20%		
Proportional total comprehensive (loss)/income	(77)	(417)	46	53	-	14	-	(1)	(31)	(351)
Amortisation of fair value uplift and other adjustments	(3)	-	-	-	-	(4)	(4)	-	(7)	(4)
Group's share of comprehensive (loss)/income	(80)	(417)	46	53	-	10	(4)	(1)	(38)	(355)
Profits not recognised (excluding other comprehensive income)	-	-	(52)	(48)	-	-	-	-	(52)	(48)
Group's recognised share of total comprehensive (loss)/income	(80)	(417)	-	-	-	10	(4)	(1)	(84)	(408)
Group's share of dividends/distributions received	22	18	149	142	-	30	-	-	171	190

1. The summarised statement of comprehensive income for STP JV is presented from the date of acquisition which is 27 September 2018.

2. The summarised statement of comprehensive income for M5 Motorway is presented above through to 18 September 2018, the date of disposal of the Group's equity accounted investment in M5 Motorway.

Indicators of impairment

During the year ended 30 June 2020, the Group's interest in Bluedot was diluted from 20% to 4.2% following the Group's decision not to contribute additional funding to a capital raising. The change in ownership triggered an impairment assessment and the carrying amount of the investment was impaired from \$4 million to nil. The investment continues to be equity accounted due to the Group's ability to significantly influence outcomes.

The economic impact of COVID-19 and its direct impact on traffic performance, is considered an impairment trigger in the year ended 30 June 2020 for the Group's remaining equity accounted investments. Accordingly, impairment testing has been undertaken for the Group's remaining equity accounted investments which factored in traffic growth impacts associated with COVID-19.

The impairment testing indicated the recoverable amount exceeds the relevant carrying amount for the Group's remaining equity accounted investments. Therefore, they are not impaired as at 30 June 2020.

B26 Non-controlling interests—other

Set out below is the summarised financial information for each material subsidiary (refer to Note B23) that has non-controlling interests (NCI) that are material and external to the Group and the total external non-controlling interest. The amounts disclosed are before intercompany eliminations.

	Transurban Queensland		Airport Motorway		M5 Motorway		Total non-controlling interests	
	37.5%	37.5%	24.9%	24.9%	34.62%	34.62%		
	2020	2019	2020	2019	2020 ¹	2019 ²	2020	2019
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Summarised balance sheet								
Current assets	149	128	34	11	-	23	183	162
Non-current assets	9,184	9,148	1,442	1,467	-	1,992	10,626	12,607
Current liabilities	(229)	(345)	(485)	(193)	-	(168)	(714)	(706)
Non-current liabilities	(6,853)	(6,500)	(657)	(925)	-	(1,263)	(7,510)	(8,688)
Net assets	2,251	2,431	334	360	-	584	2,585	3,375
Carrying amount of NCI	844	911	83	90	-	147	927	1,148
Summarised statement of comprehensive income								
Revenue	639	653	139	153	109	248	887	1,054
Expenses	(749)	(650)	(129)	(130)	(117)	(270)	(995)	(1,050)
(Loss)/profit for the year	(110)	3	10	23	(8)	(22)	(108)	4
Other comprehensive income/(loss)	114	(62)	-	(5)	-	(13)	114	(80)
Total comprehensive income/(loss)	4	(59)	10	18	(8)	(35)	6	(76)
(Loss)/profit allocated to NCI	(42)	1	3	6	(3)	(8)	(42)	(1)
Other comprehensive income/(loss) allocated to NCI	43	(23)	-	(1)	-	(5)	43	(29)
Summarised cash flows								
Cash flows from operating activities	126	159	82	90	62	125	270	374
Cash flows from investing activities	(139)	(252)	-	-	-	-	(139)	(252)
Cash flows from financing activities	(1)	98	(57)	(92)	(45)	(168)	(103)	(162)
Net (decreases)/increases in cash and cash equivalents	(14)	5	25	(2)	17	(43)	28	(40)

1. The summarised statement of comprehensive income for M5 Motorway is presented above prior to 30 October 2019, before the acquisition of the remaining 34.62% equity interest in M5 Motorway.

2. The summarised statement of comprehensive income for M5 Motorway is presented above subsequent to 18 September 2018, following the step up acquisition of the Group's controlling interest in M5 Motorway.

B27 Deed of cross and intra-group guarantees

Deed of cross guarantee

Transurban Holdings Limited, Transurban Limited, Tollast Pty Limited, Roam Tolling Pty Limited, Sydney Roads Limited, Sydney Roads Management Limited, Statewide Roads Limited, M4 Holdings No. 1 Pty Limited, M5 Holdings Pty Limited and Devome Pty Limited, Transurban Funding Pty Limited, Transurban STP AHT Pty Limited, Transurban STP AT Pty Limited, Transurban STP Project Hold Co Pty Limited and Transurban STP Project Co Pty Limited are party to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Instrument 2016/785 issued by the Australian Securities and Investments Commission. The companies represent a 'closed group' for the purposes of the Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by THL, they also represent the 'extended closed group'.

Set out below is the summary financial information of the closed group.

	2020	2019
	\$M	\$M
Summarised statement of comprehensive income		
Revenue	316	310
Operating costs	(320)	(294)
Depreciation and amortisation expense	(138)	(103)
Net finance costs	(181)	(59)
Loss before income tax	(323)	(146)
Income tax benefit	148	78
Loss for the year	(175)	(68)
Total comprehensive loss for the year	(175)	(68)

B27 Deed of cross and intra-group guarantees (continued)

Deed of cross guarantee (continued)

	2020 \$M	2019 \$M
Summarised movements in retained earnings		
Accumulated losses at the beginning of the year	(562)	(406)
Accumulated losses of entities that joined the 'closed group'	-	3
Change in accounting policy—AASB 9	-	(11)
Change in accounting policy—AASB 16 ¹	(2)	-
Loss for the year	(175)	(68)
Dividends provided for or paid	(55)	(80)
Accumulated losses at the end of the year	(794)	(562)
Summarised balance sheet		
Current assets		
Cash and cash equivalents	1,223	494
Trade and other receivables ²	2,503	2,407
Total current assets	3,726	2,901
Non-current assets		
Other financial assets ²	6,719	5,201
Equity accounted investments	985	985
Property, plant and equipment	420	324
Intangible assets	96	97
Deferred tax assets	513	442
Total non-current assets	8,733	7,049
Total assets	12,459	9,950
Current liabilities		
Trade and other payables	3,114	1,483
Provisions	39	90
Total current liabilities	3,153	1,573
Non-current liabilities		
Payables	7,164	6,234
Deferred tax liabilities	10	22
Provisions	5	5
Total non-current liabilities	7,179	6,261
Total liabilities	10,332	7,834
Net assets	2,127	2,116
Equity		
Contributed equity	2,919	2,675
Other reserves	2	3
Accumulated losses	(794)	(562)
Total equity	2,127	2,116

1. The extended closed group adopted AASB 16 Leases on 1 July 2019. The adoption of AASB 16 Leases resulted in the recognition of \$126 million of lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases, \$123 million of associated right-of-use assets and net deferred tax assets of \$1 million. Overall net assets are \$2 million lower.

2. The classification of financial assets as at 30 June 2019 has been restated in the above table.

B27 Deed of cross and intra-group guarantees (continued)

Intra-group guarantees

As at 30 June 2020, the Transurban Group comprises Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited, traded and quoted on the ASX as one triple stapled security. Under the stapling arrangement, each entity is able to provide direct and/or indirect support to each other entity and its controlled entities within the Group on a continual basis.

Expected credit loss

Management have assessed the impacts arising from COVID-19 and do not consider there to be evidence of a significant increase in credit risk since initial recognition of financial assets at amortised cost in the closed group. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. As at 30 June 2020 the loss allowance has been updated for management's estimate of the collectability of these balances and is \$22 million (2019: \$11 million).

Items not recognised

B28 Contingencies

Contingent assets are possible recoveries whose existence will be confirmed only by uncertain future events not wholly in within control of the Group. Contingent assets are not recognised on the balance sheet unless they are virtually certain but are disclosed if the inflow of economic resources is probable.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events and present obligations where the transfer of economic resources is not probable or cannot be reliably estimated. Contingent liabilities are not recognised on the balance sheet unless they are probable but are disclosed if the outflow of economic resource is possible.

In overseeing construction projects, from time to time it is possible payments may be made that are in excess of, or separate to, D&C subcontracted amounts to facilitate the continued progression of the project. Contingent assets and liabilities may exist in respect of actual or potential claims and commercial payments and recoveries arising from overseeing construction projects. Disclosures are made for these matters in accordance with accounting standards, or other legal disclosure obligations. This may be applicable to the West Gate Tunnel Project and other projects being overseen by Transurban, however any possible payment or possible claim settlement cannot be reliably estimated as at 30 June 2020.

Contingent consideration

As a result of the acquisition of the Legacy Way tunnel, the Group may be required to make further payments to the vendors in the event that the traffic and toll revenue performance of the relevant asset exceeds certain criteria. The contingent consideration is recorded at the end of each reporting period at its fair value based upon the same traffic and revenue assumptions as outlined in Note B16. The following table details the current carrying value of the contingent consideration recognised within 'Other provisions' in the consolidated balance sheet, the maximum nominal value that could be paid and the date at which the contingent consideration is assessed and becomes payable.

	Carrying value \$M	Maximum consideration payable \$M	Assessment date
Legacy Way Tunnel	56	Unlimited ¹	Jun 2020 ²

1. The maximum consideration payable will reflect a portion of the cumulative outperformance of the concession asset as compared against an internal rate of return agreed between Transurban Queensland and the Brisbane City Council.

2. Contingent consideration payable for the Legacy Way Tunnel has not been paid at reporting date.

The carrying value of the contingent consideration liability has decreased by \$66 million during the year ended 30 June 2020. This reduction is mainly due to the impact of lower traffic volumes (COVID-19 related) on the measurement of the liability at reporting date.

Parent entity

The parent entity does not have any contingent liabilities at reporting date.

Equity accounted investments

Disclosure relating to equity accounted investments is included in the key estimate below.

KEY ESTIMATE AND JUDGEMENT

The Group has a number of existing claims that it has brought against other parties with respect to the Group's obligations under its service concession arrangements. As at 30 June 2020 these claims are not considered probable and cannot be reliably estimated.

Additionally, the Group (including its equity accounted investments) has received claims in connection with its construction projects. Many of these claims have been passed through or resulted in the initiation of claims on others. In overseeing construction projects, from time to time payments may be made in excess of contracted amounts to facilitate their continued progression.

The Group (including its equity accounted investments) assess each claim that they are party to for the purposes of preparing financial statements in accordance with the accounting standards. Contingent assets and liabilities may exist in respect of actual or potential claims and commercial payments and recoveries arising from these matters. Disclosures are made for these matters in accordance with accounting standards, or other legal disclosure obligations.

As at 30 June 2020 any possible payments relating to actual or potential future claims or possible commercial payments to third parties in excess of, or separate to the amounts stipulated in the D&C subcontracts, cannot be reliably estimated.

B29 Commitments

	Capital commitments		Operating lease commitments	
	2020 \$M	2019 \$M	2020 ¹ \$M	2019 \$M
Within 1 year	231	270	-	16
Later than 1 year but not later than 5 years	197	342	-	64
Later than 5 years	-	-	-	116
	428	612	-	196

1. Refer to Note B3 for details of the Group's transition to AASB 16 Leases. Commitments disclosed as non-cancellable operating leases under AASB 117 Leases have been recorded as lease liabilities from 1 July 2019, with the exception of short-term and low-value leases.

The Group's capital commitments as of 30 June 2020 relate primarily to the Fredericksburg Extension in North America (2019: Fredericksburg Extension and 395 Express Lanes in North America).

Share of commitments for equity accounted investments

	STP JV 50%		NWRG 50%		Total 2019 \$M
	2020 \$M	2019 \$M	2020 \$M	2019 \$M	
Capital commitments	369	687	6	109	796

The Group's equity accounted investment capital commitments as of 30 June 2020 primarily relate to WestConnex M5 and WestConnex M4-M5 Link in STP JV and NorthConnex in NWRG (2019: WestConnex M5 and WestConnex M4-M5 Link in STP JV and NorthConnex in NWRG).

B30 Subsequent events

Other than as disclosed elsewhere in this report, there has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or Group's state of affairs, in the future years.

Other

B31 Leases

Refer to Note B3 for details of the Group's transition to AASB 16 *Leases*.

Leases as a lessee

Information about leases for which the Group is a lessee is presented below.

Right-of-use Asset

The Group's right-of-use assets relate to leased office buildings and are included in property, plant and equipment on the Group's consolidated balance sheet. Right-of-use assets have finite lives, are depreciated on a straight-line basis and are carried at cost less accumulated depreciation.

The net carrying amount of right-of-use assets is presented below:

	Office buildings \$M
Carrying amount at 1 July 2019	133
Depreciation charge for the year	(19)
Additions to right-of-use assets	25
Carrying amount at 30 June 2020	139

Lease Liability

Lease liabilities are included in other liabilities on the Group's consolidated balance sheet.

	2020 \$M
Current	(17)
Non-Current	(135)
Total lease liability	(152)

Refer to Note B15 for contractual maturities for lease liabilities.

Refer to Note B13 for interest expense on lease liabilities (included in finance costs).

Reconciliation of lease liabilities arising from financing activities

	Lease Liabilities \$M
Balance at 30 June 2019 as originally presented	-
Change in accounting policy	137
Balance at 1 July 2019	137
Interest paid on leases	(6)
Principal repayment of leases	(10)
Total cash flows	(16)
Non-cash changes	
Additions to right-of-use asset	25
Unwinding of discount	6
Total non-cash changes	31
Balance at 30 June 2020	152

The total cash outflow for leases in the year ended 30 June 2020 was \$16 million. The Group presents lease payments as 'principal repayments of leases' in 'cash flows from financing activities' and the finance cost as 'interest paid' in 'cash flows from operating activities' within the consolidated statement of cash flows.

The Group's leasing activities and how these are accounted for

The Group leases various office buildings. Rental contracts are typically made for fixed periods of 3 to 12 years but may have extension options. The majority of extension options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management consider all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. 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.

B31 Leases (continued)

The Group's leasing activities and how these are accounted for (continued)

Lease terms are negotiated on an individual basis. Leased assets may not be used as security for borrowing purposes.

Until the FY19, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the profit and loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The COVID-19 impact on asset values from the decline in economic conditions, combined with the lower utilisation of these assets, are considered impairment triggers for the year ended 30 June 2020. Given this, impairment testing has been performed for the Group's right-of use assets. As these assets do not generate independent cash flows, for the purposes of impairment testing, these assets have been allocated to each Cash Generating Unit (CGU) they belong to, which is based on the geographical network that the assets support. Management have used the same approach and assumptions as the Group's annual goodwill impairment testing, as detailed in Note B16. This testing indicates that the recoverable amount of each right-of-use asset, in their respective CGU exceeds their relevant carrying amount and no impairment was identified as at 30 June 2020.

B32 Related party transactions

	Joint ventures	
	2020 \$'000	2019 \$'000
Transactions with related parties		
Revenue from services	47,277	37,199
Interest income	40,872	68,402
	88,149	105,601

B32 Related party transactions (continued)

	Joint ventures	
	2020 \$'000	2019 \$'000
Outstanding balances with related parties		
Financial assets at amortised cost		
NorthConnex shareholder loan notes	705,583	550,185
STP JV shareholder loan notes	646,497	642,805
Other liabilities		
NWRG payable for acquisition of customer base	(50,204)	(49,428)
Other assets		
NWRG shareholder loan note interest receivable	8	24
STP JV shareholder loan interest receivable	4,425	11,861
NWRG other receivables	6,313	4,420
STP JV other receivables	7,244	10,350
	1,319,866	1,170,217

Transactions with related parties**Revenue for services**

Revenue relates to tolling and management services provided to related parties.

Interest income

Interest income relates to the interest recorded on financial assets at amortised costs as noted below.

Financial assets at amortised cost

Debt financial assets carried at amortised cost relate to NorthConnex and STP JV SLN's. The Group intends to hold the assets to maturity and to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. The SLNs are not classified as an investment for equity accounting purposes, and therefore have not been affected by equity accounting losses from the associate. All SLNs are denominated in Australian currency.

The movement of the NorthConnex and STP JV SLNs is set out below:

	NorthConnex		STP JV		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Opening balance at 30 June	550,185	735,501	642,805	-	1,192,990	735,501
Change in accounting policy ¹	-	(2,500)	-	-	-	(2,500)
Opening balance at 1 July	550,185	733,001	642,805	-	1,192,990	733,001
SLNs issued	231,558	165,184	-	700,000	231,558	865,184
SLNs repaid	(75,000)	(97,977)	-	-	(75,000)	(97,977)
Day 1 fair value adjustment for SLNs issued ^{2,3}	(27,805)	(289,630)	-	(62,177)	(27,805)	(351,807)
Capitalisation of accrued interest	2,949	22,832	12,154	-	15,103	22,832
Unwind of discount on SLNs ⁴	23,398	15,775	(6,726)	7,482	16,672	23,257
Change in expected credit losses	298	1,000	(1,736)	(2,500)	(1,438)	(1,500)
Closing balance at 30 June	705,583	550,185	646,497	642,805	1,352,080	1,192,990

1. Relates to the change in accounting policy upon the initial adoption of AASB 9 Financial Instruments from 1 July 2018.

2. During the year ended 30 June 2019 the NWRG and its shareholders modified the existing SLNs on issue to include an at call facility (maturity date is greater than 12 months). The at-call loan was recorded at fair value on initial recognition and is measured at amortised cost using the effective interest method. The difference between the nominal value of the at-call loan and the fair value has been treated as a contribution to the equity accounted investment in NWRG.

3. During the year ended 30 June 2020, a non-interest bearing facility with NWRG was drawn on for the first time. The interest free loan has been recorded at fair value on initial recognition and will be subsequently measured at amortised cost using the effective interest method. The difference between the nominal value of the interest free loan and the fair value has been treated as a contribution to the equity accounted investment in NWRG.

4. Includes adjustments from updating the expected timing of cash repayments from the SLNs.

NorthConnex shareholder loan notes

The NorthConnex SLNs consist of an interest-bearing SLN facility with a fixed rate of 5.9% and a maturity date of June 2048 and two non-interest bearing facilities with maturity dates of June 2024 and June 2048 respectively. The SLNs are presented within non-current financial assets in the consolidated balance sheet. As at 30 June 2020, the repayment profile for these SLNs have been updated to reflect lower forecast toll revenue arising from the COVID-19 government-mandated restrictions and the associated deferral of SLN repayments.

The nominal value of the NorthConnex SLNs as at 30 June 2020 is \$985,047 thousand (30 June 2019 is \$825,540 thousand).

B32 Related party transactions (continued)

STP JV shareholder loan notes

The STP JV SLNs earn interest at a rate equivalent to the weighted average of the interest rate applicable to WCX's senior secured debt plus a margin. The agreement includes a mechanism to capitalise interest should funds not be available to settle accrued interest. The SLNs are repayable 10 years after their respective issuance date. The SLNs are presented within non-current financial assets in the consolidated balance sheet. The Group measured the SLNs at fair value on initial recognition and they are subsequently measured at amortised cost using the effective interest method. Any difference between the nominal value of the SLNs and their fair value at initial recognition is treated as a contribution to the equity accounted investment in STP JV. As at 30 June 2020, the repayment profile for these SLNs have been updated to reflect lower forecast toll revenue arising from the COVID-19 government-mandated restrictions and the associated deferral of SLN repayments.

The nominal value of the STP JV SLNs as at 30 June 2020 is \$712,154 thousand (30 June 2019 is \$700,000 thousand).

Expected credit loss

Management have assessed the impacts arising from COVID-19 and do not consider there to be evidence of a significant increase in credit risk since initial recognition of these balances. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. As at 30 June 2020 the loss allowance has been updated for management's estimate of the collectability of these balances and is \$5,438 thousand (2019: \$4,000 thousand).

B33 Key management personnel compensation

	2020 \$	2019 \$
Short-term employee benefits	10,800,445	13,033,651
Post-employment benefits	292,430	328,621
Termination benefits	1,534,006	-
Long-term benefits (long service leave)	(44,097)	153,949
Share based payments	911,053	4,976,091
Deferred short term incentives	2,740,923	3,178,563
	16,234,760	21,670,875

Detailed remuneration disclosures including the key management personnel are made in the remuneration report in the Directors' report.

B34 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group and its related practices.

(a) Amounts received or due and receivable by PricewaterhouseCoopers Australia

	2020 \$	2019 \$
Audit and other assurance services		
Audit and review of financial reports	2,766,510	3,010,505
Other assurance services	677,000	857,000
	3,443,510	3,867,505
Other consulting services	340,000	-
Total remuneration of PricewaterhouseCoopers Australia	3,783,510	3,867,505

(b) Amounts received or due and receivable by network firms of PricewaterhouseCoopers Australia

	2020 \$	2019 \$
Audit and other assurance services		
Audit and review of financial reports	1,013,309	804,595
Other assurance services	270,000	500,000
	1,283,309	1,304,595
Other consulting services	-	-
Total remuneration of network firms of PricewaterhouseCoopers Australia	1,283,309	1,304,595
Total auditors remuneration	5,066,819	5,172,100

B35 Parent entity disclosures

The financial information for the parent entity, Transurban Holdings Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for at cost in the parent entity financial statements of Transurban Holdings Limited. Dividends received from associates are recognised in the parent entity's profit and loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

In addition to its own current and deferred tax amounts, Transurban Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Summary financial information

The individual financial statements for the parent entity report the following aggregate amounts:

	2020 \$M	2019 \$M
Balance sheet		
Current assets	2,895	2,720
Total assets	8,890	7,629
Current liabilities	4,711	3,520
Total liabilities	5,567	4,629
Net assets	3,323	3,000
Shareholders' equity		
Contributed equity	2,919	2,675
Reserves	2	3
Retained earnings	402	322
Total equity	3,323	3,000
Profit for the year	135	28
Total comprehensive income	135	28

Expected credit loss

Management have assessed the impacts arising from COVID-19 and do not consider there to be evidence of a significant increase in credit risk since initial recognition of financial assets at amortised cost in the parent entity. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. As at 30 June 2020 the loss allowance has been updated for management's estimate of the collectability of these balances and is \$16 million (2019: \$7 million).

Guarantees entered into by the parent entity

There are cross guarantees given by Transurban Holdings Limited, Transurban Limited, Tollaust Pty Limited, Roam Tolling Pty Limited, Sydney Roads Limited, Sydney Roads Management Limited, Statewide Roads Limited, M4 Holdings No 1 Pty Limited, M5 Holdings Pty Limited and Devome Pty Limited as described in Note B27.

SECTION C: TRANSURBAN HOLDING TRUST (THT) AND TRANSURBAN INTERNATIONAL LIMITED (TIL) FINANCIAL STATEMENTS

THT—ARSN 098 807 419 and TIL—ABN 90 121 746 825

Consolidated statements of comprehensive income

Consolidated balance sheets

Consolidated statements of changes in equity

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Transurban Holding Trust and Transurban International Limited

Consolidated statements of comprehensive income for the year ended 30 June 2020

	Note	Transurban Holding Trust		Transurban International Limited	
		2020 \$M	2019 \$M	2020 \$M	2019 \$M
Revenue	D4	1,109	1,068	506	551
Expenses					
Employee benefits expense		-	-	(38)	(23)
Road operating costs		-	-	(95)	(82)
Construction costs		(212)	(231)	(240)	(239)
Transaction and integration costs		-	-	(1)	(11)
Corporate and other expenses		(10)	(8)	(28)	(26)
Total expenses		(222)	(239)	(402)	(381)
Earnings before depreciation and amortisation, net finance costs, equity accounted investments and income tax		887	829	104	170
Amortisation		(327)	(309)	(105)	(94)
Depreciation		-	-	(7)	(3)
Total depreciation and amortisation		(327)	(309)	(112)	(97)
Net finance (costs)/income	D9	(148)	28	(290)	(261)
Share of profit/(loss) of equity accounted investments, inclusive of impairments	D15	32	(153)	(4)	(1)
Profit/(loss) before income tax		444	395	(302)	(189)
Income tax (expense)/benefit		(5)	(1)	47	35
Profit/(loss) for the year		439	394	(255)	(154)
Profit/(loss) is attributable to:					
Ordinary security holders of TIL		-	-	(255)	(154)
Ordinary unit holders of THT		444	409	-	-
Non-controlling interests	D16	(5)	(15)	-	-
Profit/(loss) for the year		439	394	(255)	(154)
Other comprehensive income					
Items that may be reclassified to profit and loss in the future					
Changes in the fair value of cash flow hedges, net of tax		73	(106)	(16)	(10)
Share of other comprehensive income from equity accounted investments, net of tax	D15	(29)	(67)	-	-
Movement in share based payments reserve		-	(2)	-	1
Exchange differences on translation of North American operations, net of tax		-	-	-	(35)
Other comprehensive income/(loss) for the year, net of tax		44	(175)	(16)	(44)
Total comprehensive income/(loss) for the year		483	219	(271)	(198)
Total comprehensive income/(loss) for the year is attributable to:					
Ordinary security holders of TIL		-	-	(271)	(198)
Ordinary unit holders of THT		445	259	-	-
Non-controlling interests		38	(40)	-	-
Total comprehensive income/(loss) for the year		483	219	(271)	(198)
Earnings per security attributable to ordinary security holders of the Group	D7	16.3	15.9	(9.4)	(6.0)

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Transurban Holding Trust and Transurban International Limited Consolidated balance sheets as at 30 June 2020

	Note	Transurban Holding Trust		Transurban International Limited	
		2020 \$M	2019 \$M	2020 \$M	2019 \$M
Assets					
Current assets					
Cash and cash equivalents		128	119	599	512
Loans to related parties		1,493	1,508	4	-
Trade and other receivables		11	22	62	68
Concession notes		-	106	-	-
Total current assets		1,632	1,755	665	580
Non-current assets					
Equity accounted investments	D15	2,419	2,539	-	4
Derivative financial instruments	D11	299	56	-	-
Related party receivables		9,170	8,871	-	-
Concession notes		786	923	-	-
Concession financial asset		-	-	331	341
Financial assets at amortised cost	D17	646	643	-	-
Property, plant and equipment ¹		-	-	79	51
Deferred tax assets	D5	44	92	291	250
Other intangible assets	D12	9,636	9,870	5,133	4,905
Total non-current assets		23,000	22,994	5,834	5,551
Total assets		24,632	24,749	6,499	6,131
Liabilities					
Current liabilities					
Related party payables		1,294	453	966	1,658
Trade and other payables		63	74	92	110
Borrowings	D10	320	648	4	4
Maintenance provision		-	-	23	19
Distribution payable	D6	476	788	-	-
Derivative financial instruments	D11	1	2	-	-
Construction obligation provision		114	133	-	-
Other liabilities ²		-	-	48	111
Total current liabilities		2,268	2,098	1,133	1,902
Non-current liabilities					
Maintenance provision		-	-	178	140
Deferred tax liabilities	D5	-	-	326	357
Related party payables		3,796	4,585	1,627	876
Borrowings	D10	7,279	6,426	3,459	2,959
Derivative financial instruments	D11	154	149	245	194
Construction obligation provision		122	208	-	-
Other liabilities ²		60	63	314	287
Total non-current liabilities		11,411	11,431	6,149	4,813
Total liabilities		13,679	13,529	7,282	6,715
Net assets/(liabilities)		10,953	11,220	(783)	(584)
Equity					
Contributed equity		-	-	595	522
Issued units		16,504	15,954	-	-
Reserves	D8	(234)	(233)	(223)	(207)
Accumulated losses		(6,148)	(5,363)	(1,155)	(899)
Non-controlling interests	D16	831	862	-	-
Total equity		10,953	11,220	(783)	(584)

1. TIL adopted AASB 16 Leases (AASB 16) on 1 July 2019 and has presented right-of-use assets within property, plant and equipment as at 30 June 2020, the same line item that the corresponding underlying asset would be presented were it owned. There was no impact from the adoption of AASB 16 on THT.

2. Upon adoption of AASB 16 TIL has presented lease liabilities within other liabilities as at 30 June 2020.

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

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Transurban Holding Trust and Transurban International Limited

Consolidated statements of changes in equity for the year ended 30 June 2020

THT

	Attributable to security holders of Transurban Holding Trust				Non- controlling interests \$M	Total \$M
	No of units M	Issued units \$M	Reserves \$M	Accumulated losses \$M		
Balance at 1 July 2019	2,675	15,954	(233)	(5,363)	862	11,220
Comprehensive income						
Profit/(loss) for the year	-	-	-	444	(5)	439
Other comprehensive income	-	-	1	-	43	44
Total comprehensive income	-	-	1	444	38	483
Contributions of equity, net of transaction costs ¹	55	511	-	-	-	511
Employee performance awards issued	1	5	(2)	-	-	3
Distributions provided to or paid	-	-	-	(1,229)	-	(1,229)
Distribution reinvestment plan	4	34	-	-	-	34
Distributions to non-controlling interests	-	-	-	-	(69)	(69)
	60	550	(2)	(1,229)	(69)	(750)
Balance at 30 June 2020	2,735	16,504	(234)	(6,148)	831	10,953
Balance at 30 June 2018 as originally presented	2,225	12,243	(83)	(4,255)	1,045	8,950
Change in accounting policy ¹	-	-	-	(21)	-	(21)
Balance at 1 July 2018	2,225	12,243	(83)	(4,276)	1,045	8,929
Comprehensive (loss)/income						
Profit/(loss) for the year	-	-	-	409	(15)	394
Other comprehensive loss	-	-	(150)	-	(25)	(175)
Total comprehensive (loss)/income	-	-	(150)	409	(40)	219
Contributions of equity, net of transaction costs ¹	446	3,676	-	-	-	3,676
Employee performance awards issued	1	8	-	1	-	9
Distributions provided to or paid	-	-	-	(1,497)	-	(1,497)
Distribution reinvestment plan	3	27	-	-	-	27
Distributions to non-controlling interests	-	-	-	-	(143)	(143)
	450	3,711	(150)	(1,087)	(183)	2,291
Balance at 30 June 2019	2,675	15,954	(233)	(5,363)	862	11,220

1. Refer to the Group's Consolidated statement of changes in equity for further information.

Transurban Holding Trust and Transurban International Limited Consolidated statements of changes in equity for the year ended 30 June 2020 (continued)

TIL

	No. of securities M	Attributable to security holders of Transurban International Limited			Total equity \$M
		Contributed equity \$M	Reserves \$M	Accumulated losses \$M	
Balance at 30 June 2019 as originally presented	2,675	522	(207)	(899)	(584)
Change in accounting policy ¹	-	-	-	(1)	(1)
Balance at 1 July 2019	2,675	522	(207)	(900)	(585)
Comprehensive loss					
Loss for the year	-	-	-	(255)	(255)
Other comprehensive loss	-	-	(16)	-	(16)
Total comprehensive loss	-	-	(16)	(255)	(271)
Contributions of equity, net of transaction costs ²	55	67	-	-	67
Employee performance awards issued	1	1	-	-	1
Distribution reinvestment plan	4	5	-	-	5
	60	73	-	-	73
Balance at 30 June 2020	2,735	595	(223)	(1,155)	(783)
Balance at 1 July 2018	2,225	363	(163)	(745)	(545)
Comprehensive loss					
Loss for the year	-	-	-	(154)	(154)
Other comprehensive loss	-	-	(44)	-	(44)
Total comprehensive loss	-	-	(44)	(154)	(198)
Contributions of equity, net of transaction costs ²	446	157	-	-	157
Employee performance awards issued	1	-	-	-	-
Distribution reinvestment plan	3	2	-	-	2
	450	159	(44)	(154)	(39)
Balance at 30 June 2019	2,675	522	(207)	(899)	(584)

1. Relates to the change in accounting policy upon the initial adoption of AASB 16 Leases from 1 July 2019. On adoption of AASB 16, TIL recognised \$8 million of lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases and \$7 million in associated right-of-use assets.

2. Refer to the Group's Consolidated statement of changes in equity for further information.

Transurban Holding Trust and Transurban International Limited

Consolidated statements of cash flows for the year ended 30 June 2020

	Note	Transurban Holding Trust		Transurban International Limited	
		2020 \$M	2019 \$M	2020 \$M	2019 \$M
Cash flows from operating activities					
Receipts from customers		880	831	294	319
Payments to suppliers		(39)	(40)	(127)	(83)
Payments for maintenance of intangibles		-	-	(8)	(5)
Transaction costs related to acquisitions		-	-	(1)	(11)
Other cash receipts		5	-	15	15
Interest received		296	365	7	7
Interest paid		(535)	(601)	(122)	(112)
Income taxes paid		-	-	(7)	(1)
Net cash inflow from operating activities	(a)	607	555	51	129
Cash flows from investing activities					
Payments for equity accounted investments		-	(2,419)	-	-
Payments for property, plant and equipment		-	-	(26)	(24)
Payments for intangible assets		(229)	(285)	(364)	(288)
Payment for/Repayment of financial assets at amortised cost		-	(700)	-	233
Capital contribution to equity accounted investments		(48)	(68)	-	-
Receipts from concession notes		124	96	-	-
Distributions received from equity accounted investments		171	154	-	-
Net cash inflow/(outflow) from investing activities		18	(3,222)	(390)	(79)
Cash flows from financing activities					
Loans (to)/from related parties	(b)	(3,129)	(7,894)	8	115
Repayment of loans from/(to) related parties	(b)	3,153	7,815	(76)	(377)
Proceeds from issue of stapled securities (net of costs)		511	3,676	67	157
Proceeds from borrowings (net of costs)	(b)	2,027	1,158	419	201
Principal repayment of leases		-	-	(1)	-
Repayment of borrowings	(b)	(1,619)	(656)	(12)	(3)
Distributions paid to Transurban Group's security holders		(1,490)	(1,275)	-	-
Distributions paid to non-controlling interests in subsidiaries		(69)	(151)	-	-
Net cash (outflow)/inflow from financing activities		(616)	2,673	405	93
Net increase in cash and cash equivalents		9	6	66	143
Cash and cash equivalents at the beginning of the year		119	113	512	346
Effects of exchange rate changes on cash and cash equivalents		-	-	21	23
Cash and cash equivalents at end of year		128	119	599	512

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Transurban Holding Trust		Transurban International Limited		
	2020 \$M	2019 \$M	2020 \$M	2019 \$M	
Profit/(loss) for the year	439	394	(255)	(154)	
Depreciation and amortisation	327	309	112	97	
Non-cash net finance costs	(9)	18	193	171	
Capitalised interest income	(270)	(226)	-	-	
Non-cash net (income)/cost on concession notes	164	(60)	-	-	
Share of (profit)/loss from equity accounted investments, inclusive of impairments	(32)	153	4	1	
Change in operating assets and liabilities:					
Decrease/(increase) in trade and other receivables	12	(18)	4	(4)	
(Decrease)/increase in related party operating loans	(35)	(28)	(5)	9	
Increase/(decrease) in trade creditors and accruals	8	(1)	5	12	
Increase in other operating provisions	-	-	9	-	
Increase/(decrease) in deferred and current taxes	5	1	(56)	(35)	
Increase in maintenance provision	-	-	40	32	
(Decrease)/increase in other liabilities	(2)	13	-	-	
Net cash inflow from operating activities	607	555	51	129	

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Transurban Holding Trust and Transurban International Limited Consolidated statements of cash flows for the year ended 30 June 2020 (continued)

(b) Reconciliation of liabilities arising from financing activities

THT

	Borrowings current \$M	Borrowings non-current \$M	Debt principal related derivatives (included in assets/liabilities) ¹ \$M	Total debt related financial instruments \$M	Net related party (receivables) \$M
Balance at 1 July 2019	648	6,426	(309)	6,765	(5,341)
Proceeds from borrowings (net of costs)	-	2,027	-	2,027	-
Repayment of borrowings	(648)	(971)	-	(1,619)	-
Loans to related parties	-	-	-	-	(3,129)
Repayment of loans from related parties	-	-	-	-	3,153
Total cash flows	(648)	1,056	-	408	24
Non-cash changes					
Transfer	320	(320)	-	-	-
Capitalised Interest	-	-	-	-	(256)
Amortisation of borrowing costs	-	7	-	7	-
Intercompany non-cash settlements	-	-	-	-	(12)
Provision for impairment of intercompany loans	-	-	-	-	14
Foreign exchange movements	-	110	(209)	(99)	(2)
Total non-cash changes	320	(203)	(209)	(92)	(256)
Balance at 30 June 2020	320	7,279	(518)	7,081	(5,573)

1. Total derivatives balance as at 30 June 2020 is an asset of \$144 million. The difference in carrying value to the table above relates to interest rate swap contracts, forward exchange contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above.

	Borrowings current \$M	Borrowings non-current \$M	Debt principal related derivatives (included in assets/liabilities) ¹ \$M	Total debt related financial instruments \$M	Net related party (receivables) \$M
Balance at 1 July 2018	20	6,361	(221)	6,160	(5,053)
Proceeds from borrowings (net of costs)	-	1,158	-	1,158	-
Repayment of borrowings	(20)	(636)	-	(656)	-
Loans to related parties	-	-	-	-	(7,894)
Repayment of loans from related parties	-	-	-	-	7,815
Total cash flows	(20)	522	-	502	(79)
Non-cash changes					
Transfer	648	(648)	-	-	-
Capitalised Interest	-	-	-	-	(202)
Amortisation of borrowing costs	-	7	-	7	-
Intercompany non-cash settlements	-	-	-	-	(30)
Provision for impairment of intercompany loans	-	-	-	-	23
Foreign exchange movements	-	184	(88)	96	-
Total non-cash changes	648	(457)	(88)	103	(209)
Balance at 30 June 2019	648	6,426	(309)	6,765	(5,341)

1. Total derivatives balance as at 30 June 2019 is a liability of \$95 million. The difference in carrying value to the table above relates to interest rate swap contracts, forward exchange contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above.

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Transurban Holding Trust and Transurban International Limited

Consolidated statements of cash flows for the year ended 30 June 2020 (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

TIL

	Borrowings current \$M	Borrowing non-current \$M	Total borrowings \$M	Net related party payables \$M
Balance at 1 July 2019	4	2,959	2,963	2,534
Proceeds from borrowings (net of costs)	-	419	419	-
Repayment of borrowings	(4)	(8)	(12)	-
Loans from related parties	-	-	-	8
Repayment of loans to related parties	-	-	-	(76)
Capitalised premiums and discounts included in operating cash flows and investing cash flows	-	21	21	-
Total cash flows	(4)	432	428	(68)
Non-cash changes				
Transfer	4	(4)	-	-
Capitalised interest	-	14	14	120
Intercompany net settlements	-	-	-	(18)
Amortisation of borrowing costs	-	10	10	-
Foreign exchange movements	-	48	48	21
Total non-cash changes	4	68	72	123
Balance at 30 June 2020	4	3,459	3,463	2,589

	Borrowings current \$M	Borrowing non-current \$M	Total borrowings \$M	Net related party payables \$M
Balance at 1 July 2018	3	2,591	2,594	2,534
Proceeds from borrowings (net of costs)	-	201	201	-
Repayment of borrowings	(3)	-	(3)	-
Loans from related parties	-	-	-	115
Repayment of loans to related parties	-	-	-	(377)
Total cash flows	(3)	201	198	(262)
Non-cash changes				
Transfer	3	(3)	-	-
Capitalised interest	-	6	6	124
Intercompany net settlements	-	-	-	10
Amortisation of borrowing costs	-	11	11	-
Foreign exchange movements	1	153	154	128
Total non-cash changes	4	167	171	262
Balance at 30 June 2019	4	2,959	2,963	2,534

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

SECTION D: NOTES TO THE THT AND TIL FINANCIAL STATEMENTS

Basis of preparation and significant changes

D1 Summary of significant changes in the current reporting period	D2 Basis of preparation
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Operating performance

D3 Segment information	D4 Revenue	D5 Income tax
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Security holder outcomes

D6 Distributions	D7 Earnings per stapled security
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Capital and borrowings

D8 Reserves	D9 Net finance income/(costs)	D10 Borrowings	D11 Derivatives and financial risk management
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Concession summary

D12 Other intangible assets	D13 Concession financial asset	D14 Other liabilities— concession liabilities
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Group structure

D15 Equity accounted investments	D16 Non-controlling interests
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Other

D17 Related party transactions	D18 Parent entity financial information
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Basis of preparation and significant changes

D1 Summary of significant changes in the current reporting period

Refer to Note B2 for significant changes in the current reporting period.

D2 Basis of preparation

The Transurban Holding Trust Group consists of Transurban Holding Trust and the entities it controls (THT) and the Transurban International Limited Group consists of Transurban International Limited and the entities it controls (TIL). THT and TIL form part of the stapled Transurban Group.

THT is registered as a managed investment scheme under Chapter 5C of the Corporations Act 2001, and as a result requires a responsible entity. The responsible entity of the THT is Transurban Infrastructure Management Limited (TIML). TIML is the responsible entity of the Trust and is responsible for performing all functions that are required under the Corporations Act 2001 of a responsible entity.

The Transurban Holding Trust was established on 15 November 2001 and has no termination date. The Trust was registered as a managed investment scheme by the Australian Securities and Investments Commission on 28 November 2001.

THT is a Trust registered and domiciled in Australia.

TIL is a public company limited by shares and incorporated in Australia.

Going concern

The financial report has been prepared on a going concern basis, which assumes the continuity of normal operations. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of COVID-19 on THT and TIL's operations and in particular the next 12 months from the financial statements release date on 12 August 2020.

Refer to Note B2 for detail of the impact of COVID-19 on the current reporting period.

While the long-term strategy of THT and TIL remains unchanged, the ongoing impact of COVID-19 is uncertain and represents a significant risk to the global economy. For THT and TIL, traffic performance is expected to remain sensitive to future government responses to COVID-19 outbreaks, as well as global economic conditions.

In response to this uncertainty, THT and TIL have critically assessed cash flow forecasts for the 12 months from the date of this report, taking into consideration an estimate of the potential continued impacts of COVID-19. In addition, the Directors have considered the ability of THT and TIL to fund their net current liability positions as at 30 June 2020 of \$636 million and \$468 million, respectively. Excluding related party payables, THT and TIL are in net current asset positions of \$658 million and \$498 million, respectively. Scenario analysis has been undertaken on cash flow forecasts to reflect reasonably possible changes in traffic volume and includes funding future debt financing through the use of existing debt facilities and cash and cash equivalents as at 30 June 2020. Based on the analysis, which includes judgement, THT and TIL are expected to have sufficient headroom to continue to operate within available cash levels and the terms of their debt facilities, and fund their respective net current liability positions as at 30 June 2020.

The Directors have also taken the following matters into consideration in forming the view that THT and TIL are a going concern:

- THT and TIL have generated positive cash inflows from operating activities of \$607 million and \$51 million respectively for the year ended 30 June 2020;
- THT and TIL expect to refinance or repay with available cash all borrowing facilities classified as a current liability as at 30 June 2020. Under the stapling arrangement, each entity is able to provide direct and/or indirect support to each other entity and its controlled entities within the Transurban Group; and
- THT has paid \$1,490 million of distributions to Transurban Group's security holders over the past 12 months. Payment of future distributions is at the discretion of the Board.

Operating performance

D3 Segment information

Refer to Note B4 for further information around the structure of the segments for the Transurban Group.

THT operating segments

Management have determined that THT has one operating segment.

THT operations involve the leasing of assets and the provision of funding to the Transurban Group or associates of the Transurban Group. All revenues and expenses are directly attributable to these activities. The management structure and internal reporting of the Trust are based on this one operating segment.

TIL operating segments

Management have determined that TIL has one operating segment.

TIL's operations involve the development, operation and maintenance of toll roads in North America. All revenues and expenses are directly attributable to these activities. The management structure and internal reporting of TIL are based on this one operating segment.

Reconciliation of segment information to statutory financial information

Segment information for TIL as disclosed in the Transurban Group segment note (Note B4) is reconciled to the TIL statutory financial information below.

Segment revenue

Revenue from external customers is through toll and service and fee revenues earned on toll roads. There are no inter-segment revenues within the North America segment. Segment revenue reconciles to total statutory revenue as follows:

TIL	2020 \$M	2019 \$M
Total segment revenue (proportional)	294	338
Add:		
Construction revenue from road development activities	240	239
Toll revenue receipts on A25 relating to concession financial asset ¹	(13)	(12)
Other revenue receipts on A25 relating to concession financial asset ¹	(15)	(14)
Total statutory revenue	506	551

1. The Executive Committee members acting as the chief operating decision maker assesses the performance of TIL using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of the A25 asset and are reflective of its underlying performance. For statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the A25 (refer to Note B18).

Reconciliation of proportional EBITDA to statutory profit for the year

Proportional EBITDA reconciles to statutory profit as follows:

TIL	2020 \$M	2019 \$M
Proportional EBITDA	153	199
Add:		
EBITDA attributable to TIL corporate activities (disclosed in corporate and other) ¹	(21)	(3)
Toll and other revenue on A25 concession financial asset recognised as repayment of concession financial asset	(28)	(26)
Statutory earnings before depreciation, amortisation, net finance costs, equity accounted investments and income taxes	104	170
Statutory depreciation and amortisation expense	(112)	(97)
Statutory net finance costs	(290)	(261)
Share of loss from equity accounted investments, inclusive of impairments	(4)	(1)
Loss before tax	(302)	(189)

1. Relates primarily to development activities.

D4 Revenue

	2020 \$M	THT 2019 \$M	2020 \$M	TIL 2019 \$M
Toll revenue	-	-	266	312
Rental income	843	796	-	-
Construction revenue	212	231	240	239
Other revenue	9	1	-	-
Concession fees	45	40	-	-
Total revenue	1,109	1,068	506	551

For accounting policies on Toll revenue, construction revenue and other revenue, refer to Note B5.

Revenue type	Recognition
Rental income	Rental income is derived from operating leases on assets held by THT and is recognised in the profit and loss on a straight line basis over the lease term.
Concession fees	<p>Other income from concession fees relates to the CityLink concession notes. Pursuant to the Agreement for the Melbourne CityLink Concession Deed (the Concession Deed), CityLink Melbourne Limited (CityLink) (a member of the Transurban Group), is required to pay annual concession fees for the duration of CityLink's concession period. Until a certain threshold rate of return on the project is achieved, the payment of concession fees due under the Concession Deed can be satisfied by means of non-interest bearing concession notes.</p> <p>Following agreements reached with the State of Victoria (the State), the Group paid a total of \$765 million to the State to have all current concession notes issued by the State assigned to Transurban Holding Trust, and the State directed CityLink to pay future concession notes to Transurban Holding Trust. Accordingly, CityLink continues to issue notes semi-annually to Transurban Holding Trust, and Transurban Holding Trust recognises concession note income from the issue of these notes, at the present value of expected future repayments.</p>

D5 Income tax

Deferred tax assets and liabilities—TIL

	2020 \$M	Asset 2019 \$M	2020 \$M	Liability 2019 \$M
The balance comprises temporary difference attributable to:				
Accrued expenses	2	2	(3)	(1)
Provisions	66	52	-	-
Current and prior year losses	472	376	-	-
Fixed assets/intangibles	28	18	(697)	(626)
Derivatives and foreign exchange	91	72	-	-
Other	6	-	-	-
Tax assets/(liabilities)	665	520	(700)	(627)
Set off of tax	(374)	(270)	374	270
Net tax assets/(liabilities)	291	250	(326)	(357)
Movements:				
Opening balance at 1 July	520	467	(627)	(602)
Credited/(charged) to the statement of comprehensive income	8	5	(51)	11
Credited/(charged) to equity	8	5	-	(1)
Foreign exchange movements	7	26	(3)	(35)
Transfer from deferred tax assets/liabilities	13	-	(13)	-
Current year losses recognised/(prior year losses utilised) and under/(over) provision in prior years	104	20	(6)	-
Other	5	(3)	-	-
Closing balance at 30 June	665	520	(700)	(627)
Deferred tax assets/(liabilities) to be recovered/(paid) after more than 12 months	665	520	(700)	(627)

Security holder outcomes

D6 Distributions

Refer to Note B10 of the THL financial statements for the dividends/distributions paid and payable by the Group.

Movements in distribution provision—THT

	Distribution to security holders \$M	Distributions to non-controlling interest in subsidiaries \$M	Total \$M
Balance at 1 July 2019	749	39	788
Additional provision recognised	1,229	69	1,298
Amounts paid	(1,490)	(69)	(1,559)
Amounts reinvested	(51)	-	(51)
Balance at 30 June 2020	437	39	476
Balance at 1 July 2018	567	48	615
Additional provision recognised	1,497	143	1,640
Amounts paid	(1,275)	(152)	(1,427)
Amounts reinvested	(40)	-	(40)
Balance at 30 June 2019	749	39	788

D7 Earnings per stapled security

	2020	THT 2019	2020	TIL 2019
Profit/(loss) attributable to ordinary security holders (\$M)	444	409	(255)	(154)
Weighted average number of securities (M)	2,725	2,578	2,725	2,578
Basic and diluted earnings per security attributable to the ordinary security holders (cents)	16.3	15.9	(9.4)	(6.0)

Capital and borrowings

D8 Reserves

Refer to Note B12 for a description of the nature and purpose of each reserve.

THT

	Cash flow hedges \$M	Share based payments \$M	Total \$M
Balance at 1 July 2019	(239)	6	(233)
Revaluation—gross	57	-	57
Share based payments	-	(2)	(2)
Deferred tax	(27)	-	(27)
Share of other comprehensive income of equity accounted investments, net of tax	(29)	-	(29)
Balance at 30 June 2020	(238)	4	(234)
Balance at 1 July 2018	(91)	8	(83)
Revaluation—gross	(98)	-	(98)
Share based payments	-	(2)	(2)
Deferred tax	17	-	17
Share of other comprehensive income of equity accounted investments, net of tax	(67)	-	(67)
Balance at 30 June 2019	(239)	6	(233)

TIL

	Cash flow hedges \$M	Share based payments \$M	Foreign currency translation \$M	Transactions with non- controlling interests \$M	Total \$M
Balance at 1 July 2019	(8)	1	(142)	(58)	(207)
Revaluation—gross	(22)	-	-	-	(22)
Currency translation differences	-	-	(2)	-	(2)
Deferred tax	6	-	2	-	8
Balance at 30 June 2020	(24)	1	(142)	(58)	(223)
Balance at 1 July 2018	2	-	(107)	(58)	(163)
Revaluation—gross	(14)	1	-	-	(13)
Currency translation differences	-	-	(35)	-	(35)
Deferred tax	4	-	-	-	4
Balance at 30 June 2019	(8)	1	(142)	(58)	(207)

D9 Net finance income / (costs)

	2020 \$M	THT 2019 \$M	2020 \$M	TIL 2019 \$M
Finance income				
Interest income from related parties	572	589	-	-
Interest income on financial assets at amortised cost	21	21	-	-
Unwind of discount and remeasurement of financial assets at amortised cost	-	8	-	-
Unwind of discount and remeasurement of liabilities—concession notes payable	7	-	-	-
Other interest income	1	2	7	7
Interest income from concession financial asset	-	-	25	23
Net foreign exchange gains	3	4	9	6
Remeasurement of concession notes receivable	-	20	-	-
Total finance income	604	644	41	36
Finance costs				
Interest and finance charges paid/payable	(554)	(605)	(312)	(290)
Unwind of discount and remeasurement of liabilities—maintenance provision	-	-	(5)	(5)
Unwind of discount and remeasurement of liabilities—concession notes payable	-	(9)	-	-
Unwind of discount and remeasurement of liabilities—other liabilities	-	-	(14)	(2)
Unwind of discount and remeasurement of liabilities—construction obligation	(12)	(2)	-	-
Unwind of discount and remeasurement of financial assets at amortised cost	(8)	-	-	-
Remeasurement of concession notes receivable	(164)	-	-	-
Movement in impairment provisions on related party receivables	(14)	-	-	-
Total finance costs	(752)	(616)	(331)	(297)
Net finance (costs)/income	(148)	28	(290)	(261)

Re-measurement of concession notes

Re-measurement of concession notes represents the discount unwinding over the passage of time on these notes and the change in the payment profile of the concession notes. As at 30 June 2020, the repayment profile for these concession notes has been updated to reflect lower forecast toll revenue arising from COVID-19 and the associated deferral of repayments.

D10 Borrowings

Refer to Note B14 for a description of each facility type.

	2020 \$M	THT 2019 \$M	2020 \$M	TIL 2019 \$M
Current				
Capital markets debt	300	-	-	-
Term debt	20	648	4	4
	320	648	4	4
Non-current				
Capital markets debt	2,236	2,491	1,421	1,015
U.S. private placement	2,736	2,686	211	215
Term debt	2,307	1,249	457	404
TIFIA	-	-	1,370	1,325
	7,279	6,426	3,459	2,959
Total borrowings	7,599	7,074	3,463	2,963

D11 Derivatives and financial risk management

The instruments used by the Group are described in Note B15.

	2020 \$M		2019 \$M	
	Current THT	Non-current TIL	Current THT	Non-current TIL
Assets				
Interest rate swap contracts—cash flow hedges	-	-	-	-
Cross currency interest rate swap contracts—cash flow hedges	-	-	299	-
Total derivative financial instrument assets	-	-	299	-
Liabilities				
Interest rate swap contracts—cash flow hedges	1	-	154	245
Cross currency interest rate swap contracts—cash flow hedges	-	-	-	-
Total derivative financial instrument liabilities	1	-	154	245

Market risk

Foreign exchange risk

The effects of the foreign currency related hedging instruments on THT's and TIL's financial position and performance are as follows:

THT

	2020 \$M	2019 \$M
Cross-currency interest rate swaps		
Carrying amount	299	3
Notional amount	3,640	3,640
Hedge ratio	1:1	1:1
Change in discounted value of outstanding hedging instruments	302	(2)
Change in value of hedged item used to determine hedge effectiveness	(300)	4

TIL

	2020 \$M	2019 \$M
Net investment in foreign operation—CAD		
Carrying amount	86	182
CAD carrying amount	81	167
Hedge ratio	1:1	1:1
Change in carrying amount of loan as a result of foreign currency movements	(7)	19
Change in value of hedged item used to determine hedge effectiveness	(2)	11

Maturity profile—notional value of cross-currency interest rate swaps are as follows:

THT

2020 \$M	Less than 12 months	1-5 years	Over 5 years	Total nominal amount
Cross-currency swaps (AUD:USD)	-	-	2,143	2,143
Average AUD-USD exchange rate	-	-	0.75	NA ¹
Average fixed interest rate ²	-	-	5.0%	NA ¹
Cross-currency swaps (AUD:CHF)	-	200	375	575
Average AUD-CHF exchange rate	-	0.72	0.74	NA ¹
Average fixed interest rate ²	-	4.6%	4.5%	NA ¹
2019 \$M				
Cross-currency swaps (AUD:USD)	-	-	2,143	2,143
Average AUD-USD exchange rate	-	-	0.75	NA ¹
Average fixed interest rate ²	-	-	5.0%	NA ¹
Cross-currency swaps (AUD:CHF)	-	200	375	575
Average AUD-CHF exchange rate	-	0.72	0.74	NA ¹
Average fixed interest rate ²	-	4.6%	4.5%	NA ¹

1. NA—Not applicable

2. Based on average fixed rate of cross currency swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.

D11 Derivatives and financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

Effectiveness of hedging relationships designated are as follows:

THT

2020 \$M	Hedge loss recognised in OCI	Hedge ineffectiveness recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from OCI to profit and loss	Line item in profit and loss for reclassification
Foreign currency risk	(286)	(14)	Net finance costs	-	Net finance costs

2019 \$M

Foreign currency risk	2	-	Net finance costs	-	Net finance costs
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Exposure to foreign currency risk at the reporting date, denominated in the currency in which the risk arises, was as follows:

	2020 USD \$M	THT 2019 USD \$M	2020 CHF \$M	THT 2019 CHF \$M	2020 AUD \$M	TIL 2019 AUD \$M	2020 CAD \$M	TIL 2019 CAD \$M
Net investment in foreign operation	-	-	-	-	-	-	81	167
Receivables	964	964	-	-	-	-	-	-
Payables	(936)	(1,045)	-	-	-	-	(313)	(294)
Borrowings	(2,143)	(2,143)	(575)	(575)	-	-	-	-
Cross-currency interest rate swaps	2,143	2,143	575	575	-	-	-	-
Net exposure	28	(81)	-	-	-	-	(232)	(127)

Sensitivity to exchange rate movements based on the translation of financial instruments held at the end of the period is as follows:

THT

	Movement in post-tax profit		Increase / (decrease) in equity	
	2020 \$M	2019 \$M	2020 \$M	2019 \$M
AUD/USD				
+ 10 cents	(4)	10	(88)	(53)
- 10 cents	5	(13)	119	71
AUD/CHF				
+ 10 cents	-	-	(7)	(8)
- 10 cents	-	-	9	10

TIL

	Movement in post-tax profit		Increase / (decrease) in equity	
	2020 \$M	2019 \$M	2020 \$M	2019 \$M
AUD/CAD				
+ 10 cents	(17)	(10)	(6)	-
- 10 cents	21	12	7	-

D11 Derivatives and financial risk management (continued)

Interest rate risk

The effects of the interest rate related hedging instruments on THT's and TIL's financial position and performance are as follows:

THT

	2020 \$M	2019 \$M
Interest rate swaps		
Carrying amount	155	92
Notional amount	2,675	2,062
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments	(48)	(92)
Change in value of hedged item used to determine hedge effectiveness	48	95
Weighted average hedged rate for the year	100%	100%

TIL

	2020 \$M	2019 \$M
Interest rate swaps		
Carrying amount	89	67
Notional amount	328	320
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments	(21)	(11)
Change in value of hedged item used to determine hedge effectiveness	24	24
Weighted average hedged rate for the year	100%	100%

Maturity profile—notional value of interest rate swaps are as follows:

THT

2020 \$M	Less than 12 months	1-5 years	Over 5 years	Total nominal amount
Interest rate swaps	280	1,180	1,215	2,675
Average fixed interest rate ¹	0.7%	2.1%	1.8%	NA ²

2019 \$M

Interest rate swaps	628	774	660	2,062
Average fixed interest rate ¹	2.2%	2.1%	2.7%	NA ²

1. Based on average fixed rate of interest rate swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.

TIL

2020 \$M	Less than 12 months	1-5 years	Over 5 years	Total nominal amount
Interest rate swaps	-	-	328	328
Average fixed interest rate ¹	-	-	4.0%	NA ²

2019 \$M

Interest rate swaps	-	-	320	320
Average fixed interest rate ¹	-	-	4.0%	NA ²

1. Based on average fixed rate of interest rate swap contracts, which does not include any margins that may be applicable on the hedged debt instrument.

2. NA—Not applicable

D11 Derivatives and financial risk management (continued)

Interest rate risk (continued)

Effectiveness of hedging relationships designated are as follows:

THT

2020 \$M	Hedge gain recognised in OCI	Hedge ineffectiveness recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from OCI to profit and loss	Line item in profit and loss for reclassification
Interest rate risk	155	-	Net finance costs	-	Net finance costs

2019 \$M

Interest rate risk	92	-	Net finance costs	-	Net finance costs
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TIL

2020 \$M	Hedge gain recognised in OCI	Hedge ineffectiveness recognised in profit and loss	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from OCI to profit and loss	Line item in profit and loss for reclassification
Interest rate risk	86	2	Net finance costs	-	Net finance costs

2019 \$M

Interest rate risk	67	2	Net finance costs	-	Net finance costs
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THT and TIL are not materially impacted by movements in interest rates. As at the reporting date, THT and TIL had the following variable rate borrowings and interest rate swap contracts outstanding:

	2020 \$M	THT 2019 \$M	2020 \$M	TIL 2019 \$M
Cash and cash equivalents	128	119	599	512
Floating rate borrowings	(2,500)	(2,062)	(722)	(727)
Interest rate swaps (notional principal amount)	2,267	2,062	722	727
Net exposure to interest rate risk	(105)	119	599	512

Sensitivity to interest rate movements based on variable rate obligations is as follows:

	2020 \$M	THT 2019 \$M	2020 \$M	TIL 2019 \$M
Interest rates +100bps	(1)	1	6	5
Interest rates -100bps	1	(1)	(6)	(5)

D11 Derivatives and financial risk management (continued)

Liquidity risk

Contractual maturities of financial liabilities

The amounts disclosed in the following table are the contractual undiscounted cash flows of THT and TIL's financial liabilities. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period. For further information refer to Note B15.

THT

2020 \$M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	63	-	-	-	-	-	63	63
Borrowings	496	912	830	443	810	6,330	9,821	7,599
Related party loans	1,214	371	127	127	1,108	2,854	5,801	5,090
Interest rate swaps ¹	38	34	28	24	17	25	166	155
Cross-currency swaps ¹	40	40	40	30	30	56	236	(299)
Concession notes	-	-	-	-	-	228	228	60
Total	1,851	1,357	1,025	624	1,965	9,493	16,315	12,668

2019 \$M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	74	-	-	-	-	-	74	74
Borrowings	843	700	650	901	388	5,579	9,061	7,074
Related party loans	649	1,148	311	73	73	2,795	5,049	5,038
Interest rate swaps ¹	22	21	18	12	10	18	101	92
Cross-currency swaps ¹	44	43	43	43	33	101	307	3
Concession notes	-	-	-	-	-	216	216	63
Trade payables	1,632	1,912	1,022	1,029	504	8,709	14,808	12,344

1. The carrying value of the interest rate and cross-currency swaps are presented on a net basis. The gross position is disclosed in the first table of Note D11.

TIL

2020 \$M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	92	-	-	-	-	-	92	92
Borrowings	156	141	733	87	150	4,133	5,400	3,463
Related party loans	1,045	83	83	83	83	3,038	4,415	2,593
Interest rate swaps	28	28	27	25	24	128	260	245
Lease liability	1	1	1	1	1	4	9	8
Other liabilities	-	-	338	-	-	-	338	305
Total	1,322	253	1,182	196	258	7,303	10,514	6,706

2019 \$M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	110	-	-	-	-	-	110	110
Borrowings	141	133	134	736	78	4,847	6,069	2,963
Related party loans	1,757	52	52	52	52	2,206	4,171	2,534
Interest rate swaps	19	21	21	20	20	122	223	194
Other liabilities	78	-	331	-	-	-	409	363
Total	2,105	206	538	808	150	7,175	10,982	6,164

Concession summary

Refer to the Concession summary section of the Group financial statements for the intangible assets, concession note and promissory note accounting policies.

D12 Other intangible assets

2020 \$M	Concession assets		Assets under construction		Total	
	THT	TIL	THT	TIL	THT	TIL
Cost	12,151	4,861	355	629	12,506	5,490
Accumulated amortisation	(2,870)	(357)	-	-	(2,870)	(357)
Net book amount	9,281	4,504	355	629	9,636	5,133

2019 \$M	Concession assets		Assets under construction		Total	
	THT	TIL	THT	TIL	THT	TIL
Cost	11,595	4,297	818	860	12,413	5,157
Accumulated amortisation	(2,543)	(252)	-	-	(2,543)	(252)
Net book amount	9,052	4,045	818	860	9,870	4,905

Movement in other intangible assets

	Concession assets		Assets under constructions		Total	
	THT \$M	TIL \$M	THT \$M	TIL \$M	THT \$M	TIL \$M
Opening balance at 1 July 2019	9,052	4,045	818	860	9,870	4,905
Additions	-	-	93	275	93	275
Foreign exchange movements and other adjustments	-	42	-	16	-	58
Transfer	541	522	(541)	(522)	-	-
Amortisation charge	(312)	(105)	(15)	-	(327)	(105)
Net carrying amount at 30 June 2020	9,281	4,504	355	629	9,636	5,133

Opening balance at 1 July 2018	9,358	3,917	243	165	9,601	4,082
Additions	2	-	576	686	578	686
Foreign exchange movements and other adjustments	-	225	-	9	-	234
Transfer	1	-	(1)	-	-	-
Amortisation charge	(309)	(97)	-	-	(309)	(97)
Net carrying amount at 30 June 2019	9,052	4,045	818	860	9,870	4,905

D13 Concession financial asset

TIL's financial assets relate only to A25 as at 30 June 2020 and 30 June 2019. Refer to Note B18 for a reconciliation of movements in the A25 Concession financial asset.

D14 Other liabilities—concession liabilities

Refer to Note B21 for further information on these concession liabilities.

M2 Motorway (THT)

The face value of promissory notes on issue as at 30 June 2020 is \$228 million (2019: \$216 million). The net present value as at 30 June 2020 of the redemption payments relating to these promissory notes is \$60 million (2019: \$63 million).

Fredericksburg Extension Project (TIL)

The nominal value of payables to VDOT relating to the Fredericksburg Extension as at 30 June 2020 is \$338 million (2019: \$408 million). As at 30 June 2020, a current liability of \$nil million (2019: \$78 million) and a non-current liability of \$305 million (2019: \$285 million) has been recorded.

Group structure

D15 Equity accounted investments

Set out below is the summarised financial information for the THT Group's investments accounted for using the equity method. The summarised financial information presented below is on a 100 per cent basis. Refer to Note B25 for the details of the STP JV, NWRG and details on impairment testing.

	THT STP JV		THT NorthWestern Roads Trust		THT Total		TIL	
	2020 \$M	2019 ¹ \$M	2020 \$M	2019 \$M	2020 \$M	2019 \$M	2020 \$M	2019 \$M
Summarised balance sheet—100%								
Current assets	862	1,349	1	159	863	1,508	5	1
Non-current assets	16,128	15,430	2,238	2,304	18,366	17,734	-	-
Current liabilities	(130)	(233)	(20)	(19)	(150)	(252)	(1)	(1)
Non-current liabilities	(8,196)	(7,870)	(2,002)	(1,841)	(10,198)	(9,711)	-	(2)
Net assets/(liabilities)	8,664	8,676	217	603	8,881	9,279	4	(2)
Summarised statement of comprehensive income—100%								
Revenue	206	39	139	136	345	175	2	1
Construction revenue	1,081	1,201	-	-	1,081	1,201	-	-
Construction costs	(1,081)	(1,201)	-	-	(1,081)	(1,201)	-	-
Depreciation and amortisation	(86)	(11)	(35)	(34)	(121)	(45)	(9)	-
Other expenses	(1)	(309)	-	(2)	(1)	(311)	-	(5)
Net finance cost	(157)	(87)	(16)	(22)	(173)	(109)	-	-
Income tax expense	-	-	(5)	(1)	(5)	(1)	-	-
(Loss)/profit for the year	(38)	(368)	83	77	45	(291)	(7)	(4)
Other comprehensive (loss)/income	(87)	(285)	(13)	9	(100)	(276)	-	-
Total comprehensive (loss)/income	(125)	(653)	70	86	(55)	(567)	(7)	(4)

The following table reconciles the above summarised financial information presented on a 100 per cent basis to the proportional amounts recognised by the Group:

	50%	50%	50%	50%		4.2%	20%
Ownership interest	50%	50%	50%	50%		4.2%	20%
Proportional total comprehensive (loss)/income	(32)	(263)	35	43	3	(220)	(1)
Amortisation of fair value uplift and other adjustments	-	-	-	-	-	(4)	-
Profits not recognised	-	-	-	-	-	-	-
Group's share of comprehensive (loss)/income	(32)	(263)	35	43	3	(4)	(1)

1. The summarised statement of comprehensive income for STP JV is presented above from the date of acquisition which is 27 September 2018.

Reconciliation of summarised financial information

Set out below is the reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in associates.

	THT STP JV		THT NorthWestern Roads Trust		THT Total		TIL	
	2020 \$M	2019 \$M	2020 \$M	2019 \$M	2020 \$M	2019 \$M	2020 \$M	2019 \$M
Opening carrying amount at 1 July	2,274	-	265	364	2,539	364	4	5
Acquisition	-	2,425	-	-	-	2,425	-	-
Group's share of (loss)/profit, inclusive of impairments	(10)	(191)	42	38	32	(153)	(4)	(1)
Acquisition of and capital contributions to STP JV	48	68	-	-	48	68	-	-
Fair value adjustment on issuance of shareholder loan notes to STP JV	-	62	-	-	-	62	-	-
Group's recognised share of other comprehensive (loss)/income	(22)	(72)	(7)	5	(29)	(67)	-	-
Distributions received	(22)	(18)	(149)	(142)	(171)	(160)	-	-
Closing carrying amount at 30 June	2,268	2,274	151	265	2,419	2,539	-	4

D16 Non-controlling interests

Set out below is summarised financial information for each material subsidiary that has non-controlling interests that are material to THT. The amounts disclosed for each subsidiary are before inter-company eliminations.

THT

	Transurban Queensland Trust		Airport Motorway Trust		Total	
	37.5%	37.5%	24.9%	24.9%	2020	2019
	2020	2019	2020	2019	2020	2019
	\$M	\$M	\$M	\$M	\$M	\$M
Summarised balance sheet						
Current assets	188	81	20	20	208	101
Non-current assets	7,448	7,346	797	819	8,245	8,165
Current liabilities	(41)	(56)	(475)	(175)	(516)	(231)
Non-current liabilities	(5,494)	(5,186)	(171)	(490)	(5,665)	(5,676)
Net assets	2,101	2,185	171	174	2,272	2,359
Carrying amount of NCI	788	819	43	43	831	862
Summarised statement of comprehensive income						
Revenue	362	337	23	23	385	360
Loss for the year	(12)	(38)	(3)	(1)	(15)	(39)
Other comprehensive income/(loss)	114	(62)	-	(5)	114	(67)
Total comprehensive income/(loss)	102	(100)	(3)	(6)	99	(106)
Loss allocated to NCI	(4)	(15)	(1)	-	(5)	(15)
Other comprehensive income/(loss) allocated to NCI	43	(24)	-	(1)	43	(25)
Summarised cash flows						
Cash flows from operating activities	172	168	-	(1)	172	167
Cash flows from investing activities	(102)	(216)	-	-	(102)	(216)
Cash flows from financing activities	(55)	57	-	1	(55)	58
Net increase in cash and cash equivalents	15	9	-	-	15	9

Other

D17 Related party transactions

THT

	THT ¹		Joint ventures	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Transactions with related parties				
Rental income	843,044	796,177	-	-
Concession fee income	241,375	39,602	-	-
Interest income	571,612	588,927	-	-
Finance income on financial assets at amortised cost	-	-	26,872	28,933
Interest expense	249,471	300,731	-	-
Other expenses	4,597	4,525	-	-
Outstanding balances with related parties				
Current receivables	1,493,427	1,508,346	-	-
Current concession notes	-	106,254	-	-
Non-current receivables	9,169,686	8,871,221	-	-
Financial assets at amortised cost	-	-	646,497	642,805
Non-current concession notes	786,467	923,105	-	-
Current liabilities	1,294,214	453,161	-	-
Non-current liabilities	3,796,171	4,585,156	-	-

1. Transactions and outstanding balances between THT and THL.

Expected credit loss

Management have assessed the impacts arising from COVID-19 and do not consider there to be evidence of a significant increase in credit risk since initial recognition of the financial assets at amortised cost by THT. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. As at 30 June 2020 the loss allowance has been updated for management's estimate of the collectability of these balances and is \$39 million (2019: \$24 million).

TIL	THL ¹	
	2020 \$'000	2019 \$'000
Transactions with related parties		
Interest expense	67,704	72,284
Other expenses	8,444	8,362
Outstanding balances with related parties		
Current liabilities	966,228	1,657,674
Non-current liabilities	1,627,181	876,065

1. Transactions and outstanding balances between TIL and THL.

D18 Parent entity financial information

Summary financial information

The individual financial statements for the parent entities (THT and TIL) show the following aggregate amounts:

	2020 \$M	THT 2019 \$M	2020 \$M	TIL 2019 \$M
Balance sheet				
Current assets	1,895	2,214	559	545
Total assets	17,948	18,296	1,141	1,041
Current liabilities	2,364	1,763	14	6
Total liabilities	4,271	4,570	454	428
Net assets	13,677	13,726	687	613
Issued units/contributed equity	16,504	15,954	595	522
Reserves	4	6	118	103
Accumulated losses	(2,831)	(2,234)	(26)	(12)
Shareholders' equity	13,677	13,726	687	613
Profit/(loss) for the year	632	818	(14)	(19)
Exchange differences on translation of USD balances, net of tax	-	-	14	29
Movement in share based payments reserve	-	1	-	1
Total comprehensive income	632	819	-	11

Expected credit loss

Management have assessed the impacts arising from COVID-19 and do not consider there to be evidence of a significant increase in credit risk since initial recognition of the financial assets at amortised cost in each respective parent entity. This is mainly due to there being no significant change in the nature of or the collectability of these balances. The loss allowance for these financial assets at amortised cost continues to be limited to 12 months of expected losses. These balances continue to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. As at 30 June 2020 the loss allowance has been updated for management's estimate of the collectability of these balances and is \$20 million for THT (2019: \$14 million) and \$2 million for TIL (2019: \$nil).

SECTION E: SIGNED REPORTS

In the opinion of the Directors of Transurban Holdings Limited, Transurban Infrastructure Management Limited (as the responsible entity of Transurban Holding Trust) and Transurban International Limited (collectively referred to as 'the Directors'):

- a. the financial statements and notes of Transurban Holdings Limited and its controlled entities, including Transurban Holding Trust and its controlled entities and Transurban International Limited and its controlled entities set out on pages 102 to 193 are in accordance with the Corporations Act 2001, including:
 - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - ii. giving a true and fair view of the Transurban Holdings Limited Group's, Transurban Holding Trust Group's and Transurban International Limited Group's financial position as at 30 June 2020 and of its performance for the year ended on that date, and
- b. there are reasonable grounds to believe that the Transurban Holdings Limited Group, Transurban Holding Trust Group and Transurban International Limited Group will be able to pay their debts as and when they become due and payable, and
- c. at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note B27 will be able to meet any obligations or liabilities to which they are, or may become liable, subject by virtue of the deed of cross guarantee described in Note B27.

Note B3 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.



Lindsay Maxsted
Director



Scott Charlton
Director

Melbourne
12 August 2020



Independent auditor's report

To the stapled security holders of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial reports of Transurban Holdings Limited (THL or the Company) and its controlled entities (together the Transurban Group or the Group), Transurban Holding Trust (the Trust) and its controlled entities (together THT) and Transurban International Limited (the International Company) and its controlled entities (together TIL) are in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Transurban Group, THT and TIL's financial positions as at 30 June 2020 and of their financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Transurban Group, THT and TIL financial reports (the financial report) comprise:

- the consolidated balance sheets as at 30 June 2020
- the consolidated statements of comprehensive income for the year then ended
- the consolidated statements of changes in equity for the year then ended
- the consolidated statements of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Transurban Group, THT and TIL in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Transurban Group, THT and TIL, their accounting processes and controls and the industry in which they operate.

Group materiality

- For the purpose of our audit we used overall Group materiality of \$45.9 million, which represents approximately 2.5% of the Group's earnings before interest, tax, depreciation and amortisation expenses (EBITDA).
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose EBITDA as the benchmark because, in our view, it is the metric against which the performance of the Transurban Group is most commonly measured and is a generally accepted benchmark in the infrastructure industry. We chose 2.5% based on our professional judgement, noting that it is within the common range relative to EBITDA benchmarks.

Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We conducted an audit of the financial report for each of the Transurban Group, THT and TIL, including substantive audit procedures in respect of the operation of each of the toll road concessions and equity accounted investments. Specific audit procedures were also performed for interest, tax, depreciation and amortisation expenses.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.



Recording of toll revenue

Group – Note B5	THT	TIL – Note D4
Toll revenue: \$2,510m	Toll revenue – not applicable	Toll Revenue: \$266m

Key audit matter

The Transurban Group operates toll roads in 4 geographic segments: Melbourne, Sydney and Brisbane in Australia and North America. Each toll road records and recognises revenue through the use of technology, specifically, road side equipment supported by tolling and billing systems.

Tolling equipment and systems are customised complex systems that are built with the purpose of correctly identifying vehicle type, calculating correct fare and linking the vehicle to the customer's account for billing purposes or obtaining information from local transport authorities for vehicles that have not made a valid billing arrangement.

Every toll road operates under a different concession deed which governs the means by which customers are charged.

We considered this to be a key audit matter for the Group and TIL due to the large volume of transactions that were processed in the year, the unique nature of each toll road and the reliance on bespoke information technology systems and controls.

How our audit addressed the key audit matter

Our procedures included, amongst others:

- Testing a selection of Information Technology General Controls (ITGCs) supporting the integrity of the tolling systems' operation, including access, operations and change management controls.
- Performing tests of the design and operation of relevant controls over revenue adjustments, write offs, image processing and exception reporting.
- Performing testing of the review and approval of a selection of toll price increases for each toll road during the year.
- Performing data analysis of manual journals and adjustments to revenue to test a sample of material postings to revenue and checking that they were generated by the tolling systems.
- Using data analytics to recalculate the toll revenue for each toll road in Australia and Canada for the full 12 month period.
- Testing a selection of cash collected by the North America toll roads.
- For all contracts, obtaining an understanding of the key terms of the arrangements, term dates, performance obligations and payments made in regard to AASB 15 Revenue from Contracts with Customers.
- Assessing the Group's identification of performance obligations and allocation of prices to the performance obligations for a sample of contracts.



Borrowings

Group – Note B14	THT – Note D10	TIL – Note D10
Current borrowings: \$1,553m	Current borrowings: \$320m	Current borrowings: \$4m
<u>Non-Current borrowings: \$19,525m</u>	<u>Non-Current borrowings: \$7,279m</u>	<u>Non-Current borrowings: \$3,459m</u>

Key audit matter

Borrowings are an integral part of the Transurban Group's business model as it is the key source of funds used by the business to fund new projects and upgrades to existing concession assets. Borrowings represent the largest liability on the balance sheets.

During the year the Transurban Group continued to refinance borrowings through bond issuances and new bank facilities.

Each of the borrowing agreements has its own set of terms and conditions and therefore audit work was required to assess the treatment of the agreements and their impact on the financial statements.

We considered this to be a key audit matter for the Group, THT and TIL given the size of the borrowings balances, the number of borrowing agreements in place and the importance of the funding structure for continued growth.

How our audit addressed the key audit matter

Our procedures included, amongst others:

- Obtaining confirmations from banks to confirm a selection of borrowings.
- Reading the most up-to-date borrowing agreements with the financiers to develop an understanding of the terms associated with the facilities and the amount of facility available for drawdown.
- Where debt is regarded as non-current, considering the Group's assessment whether there is an unconditional right to defer payment such that there were no repayments required within 12 months from the balance date.
- Assessing accounting treatment of the capitalised borrowing costs arising from new arrangements and borrowing costs related to terminated facilities.
- Evaluating the debt maturity profile and funding plan in light of our understanding of the debt agreements in place.
- Performing tests of the design and operation of relevant controls over the treasury function including funding plan and board review and approval of debt agreements and financial institutions used.



Service concession arrangements

timing and quantum of future cash flows generated by the toll road, specifically assumptions such as future traffic expectations, operating costs, maintenance cash outflows and finance cost forecasts. The COVID-19 pandemic resulted in a number of these assets showing indicators of impairment at 30 June 2020.

We considered this to be a key audit matter for the Group, THT and TIL due to the accounting complexity of the arrangements and judgement required to interpret the accounting requirements and calculate their impact on the financial statements.

- Assessing the adequacy of the disclosures in the financial report in respect of contractual arrangements having regard to the requirements of Australian Accounting Standards.

Income taxes

Group – Note B7	THT	TIL – Note D5
Income tax benefit: \$167m	Income taxes – not applicable	Income tax benefit: \$47m
Deferred tax assets: \$1,098m		Deferred tax assets: \$291m
Deferred tax liabilities: \$1,213m		Deferred tax liabilities: \$326m

Key audit matter	How our audit addressed the key audit matter
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The Transurban Group is subject to income taxes in Australia and North America. Judgement is required in determining the provision for income taxes, specifically those industry specific tax rules and provisions which require significant judgement and detailed understanding of the legislation and relevant case law.

Some of the tax provisions are subject to interpretation and therefore for some transactions the ultimate tax determination is uncertain.

Deferred tax assets relating to carried forward tax losses are recognised to the extent there are sufficient taxable profits relating to the same taxation authority against which the unused tax losses can be utilised. The assumptions supporting this position are dependent on future cash flows generated from the toll roads operating in each tax group. Future taxable profits will need to be generated in order to support the recognition of the deferred tax assets.

Due to the stapled structure of the Group, tax calculations are complex and require the Group to make judgements and assumptions. Furthermore, as described in Note B7 the Transurban Group consists of six different tax consolidated groups with their own Tax Sharing and Tax Funding agreements, each of which creates additional complexities in the calculations.

We considered this to be a key audit matter for the Group and TIL due to the accounting complexity of the calculations, judgmental nature and expertise required to estimate the tax positions recorded.

- Our procedures included, amongst others:
- Assessing the processes for identifying uncertain tax positions and the related accounting policy of provisioning for tax exposures.
 - Using Australian and US tax specialists to gain an understanding of the current status of tax assessments and investigations and assessing the impact of selected new tax laws and guidance on the tax balances recognised.
 - Reading recent rulings and selected correspondence with local tax authorities, as well as external advice provided to the Group and TIL where relevant, to assess the associated tax provisions.
 - Testing a sample of deferred and income tax calculations for each tax group.
 - Assessing the key assumptions used to support the recognition of tax losses and their future utilisation in light of COVID-19 impacts, specifically forecast taxable profits. The key assumptions included judgements over forecast traffic performance including the impacts of COVID-19 and pricing assumptions.



**Recoverability of equity accounted investments –
Sydney Transport Partners Group (STP)**

Group – Note B25	THT – Note D15	TIL
Equity accounted investment: \$3,061m	Equity accounted investment: \$2,268m	Equity accounted investment - not applicable

Key audit matter	How our audit addressed the key audit matter
<p>In September 2018 the Sydney Transport Partners Group (STP) acquired a stake (51%) in the WestConnex Project. The Transurban Group holds a 50% share in the STP joint venture and equity account for its investment.</p> <p>The Group makes certain assumptions in assessing impairment for its investment. These include assumptions around expected traffic flows, forecast operational costs, construction completion timing and budget construction costs.</p> <p>The COVID-19 pandemic's direct impact on traffic performance is considered an indicator of impairment of the Group's investment in STP.</p> <p>We considered this to be a key audit matter for the Group and THT, due to the size of the investment and the complexity and judgement involved in the impairment assessment.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Performing tests of the design and operation of controls over a selection of the forecast and budgeting processes impacting the models in the COVID-19 environment. • Assessing the mathematical accuracy of the models and agreeing key data to the latest approved budgets and forecasts. • Evaluating the appropriateness of the impairment assessment methodology and reasonableness of key assumptions, including future traffic performance, recovery of traffic from the COVID-19 pandemic, and discount rate. • Involving valuation specialists to assess the reasonableness of selected key assumptions used within the models. • Assessing the adequacy of the disclosures in the financial report having regard to the requirements of Australian Accounting Standards.

- 1 INTRODUCTION AND OVERVIEW
- 2 BUSINESS PERFORMANCE
- 3 GOVERNANCE AND RISK
- 4 DIRECTORS' REPORT
- 5 REMUNERATION REPORT
- 6 FINANCIAL STATEMENTS
- 7 SECURITY HOLDER INFORMATION



Other information

The directors of Transurban Holdings Limited, Transurban Infrastructure Management Limited (as the responsible entity of Transurban Holding Trust) and Transurban International Limited (collectively referred to as "the directors") are responsible for the other information. The other information comprises the information included in the Group's Corporate Report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the FY20 Corporate Report, FY20 Results Presentation, FY20 Sustainability Supplement, Corporate Governance Statement and Security Holder Information. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Transurban Group, THT and TIL to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Transurban Group, THT or TIL or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.aasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 79 to 100 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the remuneration report of Transurban Holdings Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

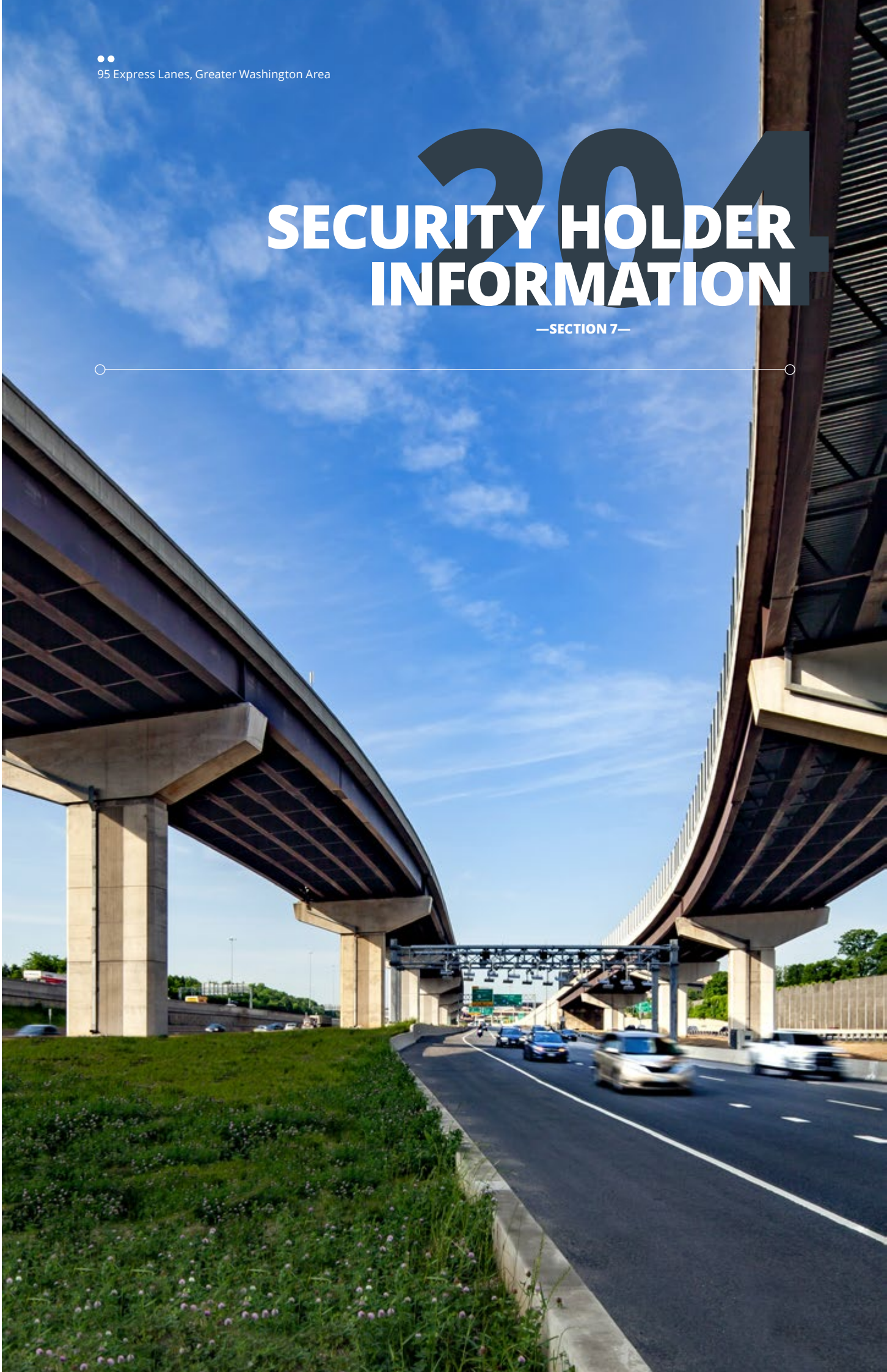
PricewaterhouseCoopers

Marcus Laithwaite
Partner

Melbourne
12 August 2020

2024 SECURITY HOLDER INFORMATION

—SECTION 7—



THE SECURITY HOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 6 JULY 2020

Distribution of stapled securities

The total number of holders of stapled securities, which comprise one share in Transurban Holdings Limited, one share in Transurban International Limited and one unit in Transurban Holding Trust, was 131,082. The voting rights are one vote per stapled security. There were 2,735,102,808 stapled securities on issue. The distribution of security holders was as follows:

Security grouping	Total holders	Stapled securities	Percentage of issued stapled securities
1-1,000	52,993	21,627,977	0.79
1,001-5,000	55,195	135,582,295	4.96
5,001-10,000	13,851	96,876,188	3.54
10,001-100,000	8,772	183,105,061	6.69
100,001 over	271	2,297,911,287	84.02
Total	131,082	2,735,102,808	100.00

There were 2,955 security holders holding less than a marketable parcel of \$500 worth of stapled securities, based on the closing market price on 6 July 2020 of \$14.27 per share.

Twenty largest holders of stapled securities

Name	Number of stapled securities held	Percentage of issued stapled securities
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	932,173,310	34.08
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	494,595,056	18.08
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	364,729,374	13.34
CITICORP NOMINEES PTY LIMITED	161,667,993	5.91
NATIONAL NOMINEES LIMITED	93,631,920	3.42
BNP PARIBAS NOMS PTY LTD <DRP>	29,110,183	1.06
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	20,359,237	0.74
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	14,478,184	0.53
CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	14,223,159	0.52
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	13,980,193	0.51
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	9,189,149	0.34
ARGO INVESTMENTS LIMITED	8,273,736	0.30
MILTON CORPORATION LIMITED	5,815,153	0.21
AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED	4,670,000	0.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	4,351,144	0.16
AMP LIFE LIMITED	4,242,985	0.16
WARBONT NOMINEES PTY LTD <SETTLEMENT ENTREPOT A/C>	4,230,000	0.15
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	4,052,886	0.15
BKI INVESTMENT COMPANY LIMITED	4,031,534	0.15
BNP PARIBAS NOMS (NZ) LTD <DRP>	3,478,058	0.13
Total	2,191,283,254	80.11

Substantial holders

Substantial security holders as at 6 July 2020 were as follows:

Name	Number of stapled securities held	Percentage of issued stapled securities
UNISUPER (BNP PARIBAS NOMINEES PTY LTD)	333,423,165	12.48
BLACKROCK GROUP	193,550,348	7.07
THE VANGUARD GROUP	164,200,454	6.00

Glossary

95	95 Express Lanes	FIAP	Financial Inclusion Action Plan
395	395 Express Lanes	FREDEX	Fredericksburg Extension project
495	495 Express Lanes	FREE CASH/FCF	Free Cash is the primary measure used to assess the cash performance of the Group. It represents the cash available for distribution to security holders. Free Cash is calculated as cash flows from operating activities from 100% owned entities (adjusted to include the allowance for maintenance of intangible assets, exclude cash payments for maintenance of intangible assets and exclude transaction and integration costs related to acquisitions), plus Capital Releases from 100% owned entities, less debt amortisation of 100% owned entities, plus returns from non-100% owned entities
1H/2H	First or second half of a financial year	FX	Foreign Exchange
A25	A25 toll road	FY	Financial year 1 July to 30 June
ABN	Australian Business Number	GHG	Greenhouse Gas
ACN	Australian Company Number	GLIDE	Transurban's tolling back-office system
ADT	Average Daily Traffic. ADT is calculated by dividing the total number of trips on each asset (transactions on CityLink) by the number of days in the period	GRESB	Global Real Estate Sustainability Benchmark
AFSL	Australian Financial Services Licence	GRI	Global Reporting Initiative
AMTN	Australian Medium Term Note	GROUP	Transurban Group
ARC	Audit and Risk Committee	GWA	Greater Washington Area meaning northern Virginia, Washington D.C., areas of Maryland and the surrounding metropolitan area
ARSN	Australian Registered Scheme Number	HCV	Heavy Commercial Vehicle
ASIC	Australian Securities and Investments Commission	HOT	High Occupancy Toll
ASX	Australian Securities Exchange	HPFV	High Productivity Freight Vehicle
ATO	Australian Taxation Office	HSE	Health, Safety and Environment
AUD	Australian Dollars	ICB	Inner City Bypass
AWE	Average Weekly Earnings	IIRF	International Integrated Reporting Framework
CAD	Canadian Dollars	ISCA	Infrastructure Sustainability Council of Australia
CAPITAL RELEASES	Capital Releases refer to the injection of debt into Transurban assets as assets mature, optimising balance sheets.	ITS	Intelligent Transport Systems
CAVs	Connected and Automated Vehicles	KMP	Key Management Personnel
CDP	Carbon Disclosure Project	KPI	Key Performance Indicator
CCT	Cross City Tunnel	KRI	Key Risk Indicator
CHF	Swiss Franc	LCT	Lane Cove Tunnel
COVID-19	Coronavirus-19	LCV	Light Commercial Vehicle
CPI	Consumer Price Index. Refers to Australian CPI unless otherwise stated	LEP	Logan Enhancement Project
CPS	Cents per security	LINKT	Transurban's retail tolling brand
CTW	CityLink Tulla Widening	LinktGO	LinktGO is a GPS mobile tolling app
D&A	Depreciation and Amortisation	LTI	Long Term Incentive
D&C	Design and Construct	M2	Hills M2
DJSI	Dow Jones Sustainability Index	M4	New M4
DOT	Department of Transport	M4-M5	M4-M5 Link
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation	M5 WEST	M5 West motorway
ED	Eastern Distributor	M7	Westlink M7
EIS	Environmental Impact Statement	M8	M8 (previously the New M5)
EMTN	Euro Medium Term Note	MTQ	Ministère des Transports du Québec
EOI	Expressions of interest	N/A	Not applicable
ERM	Enterprise Risk Management	NCX	NorthConnex
ESG	Environmental, Social and Governance	NEURA	Neuroscience Research Australia
EUR	Euros	NOK	Norwegian Krone
E-WAY	M5 West retail tolling brand	NPAT AND NPBT	Net Profit After Tax and Net Profit Before Tax
FFO	Funds From Operations	NSW	New South Wales, Australia
FFO/DEBT	Based on S&P methodology. FFO is calculated as statutory EBITDA (where EBITDA equals revenue minus operating expenses net of maintenance provision) plus dividends from investments; minus net interest expense, tax paid, and stock compensation expense. Debt is calculated as statutory drawn debt net of cash, foreign currency hedging and other liquid investments. FFO/Debt calculation methodology may be subject to adjustments in future periods	NWRG	NorthWestern Roads Group
		O&M	Operations and Maintenance
		OTHER REVENUE	Other revenue includes interoperability charges, development and construction performance fees

OUR VOICE	Internal staff survey
PAB	Private Activity Bond
PFAS	Per and polyfluorinated alkyl substances
PP	Private Placement
PPA	Power Purchasing Agreement
PPP	Public-Private Partnership
PROP/ PROPORTIONAL RESULTS	The proportional results are the aggregation of the results from each asset multiplied by Transurban's percentage ownership as well as the contribution from central Group functions. Proportional EBITDA is one of the primary measures used to assess the operating performance of Transurban, with an aim to maintain a focus on operating results and associated cash generation. The EBITDA calculation from the statutory accounts does not include the EBITDA contribution of M5 (until 18 September 2018), M7 and WCX and includes the non-controlling interests in TQ, M5 (from 18 September 2018) and ED.
QC	Quebec, Canada
QLD	Queensland, Australia
RAP	Reconciliation Action Plan
RICI	Road Injury Crash Index. Serious road injury (an individual transported from, or receives medical treatment, at scene) crashes per 100 million vehicle km travelled
RIFR	Recordable Injury Frequency Rate
S&P	Standard and Poor's
SASB	Sustainability Accounting Standards Board
SBTI	Science Based Target Initiative
SERVICE AND FEE REVENUE	Service and fee revenue includes customer administration charges and enforcement recoveries
STI	Short Term Incentive
SLN	Shareholder Loan Note. An interest bearing shareholder loan. Currently Transurban has SLNs on TQ and STP
STATE WORKS CONTRIBUTION	The capital contribution for WestConnex Stage 3A to be provided by RMS. This is separate to the NSW Government's 49% share of the equity funding commitment for WestConnex Stage 3A.
STEM	Science, technology, engineering and mathematics
STP/STP JV	Sydney Transport Partners Joint Venture
TCFD	Task Force on Climate-related Financial Disclosures

TFNSW	Transport for New South Wales is the government agency responsible for transport infrastructure and transport services in New South Wales. Roads and Maritime Services (RMS) was dissolved in December 2019 with all functions transferring to TfNSW
THL	Transurban Holdings Limited
THT	Transurban Holding Trust
TIL	Transurban International Limited
TIFIA	Transportation Infrastructure Finance and Innovation Act
TLN	Term Loan Note. An interest bearing shareholder loan. Currently Transurban has TLNs in place on NWRG and M5
TOLL REVENUE	Toll revenue includes revenue from customers, specifically tolls, service and fee revenue
TOLLAUST	Service provider including O&M and retail services to NSW assets
TSR	Total Shareholder Return
TQ	Transurban Queensland. Name change post acquisition of Queensland Motorways (QM). Transurban has a 62.5% interest in TQ
UNDERLYING EBITDA	EBITDA excluding significant items
UN SDGS	United Nations Sustainable Development Goals
USA	United States of America
USD	US Dollars
USPP	US Private Placement
VA	Virginia, United States of America
VDOT	Virginia Department of Transportation
VIC	Victoria, Australia
VTIB	Virginia Transportation Infrastructure Bank
WCX	WestConnex
WEIGHTED AVERAGE COST OF DEBT	Calculated using proportional debt exclusive of issued letters of credit
WEIGHTED AVERAGE MATURITY	Calculated using proportional drawn debt
WGF	West Gate Freeway
WGT/WGTP	West Gate Tunnel/West Gate Tunnel Project
WHT	Western Harbour Tunnel
ZEVs	Zero Emission Vehicles

FORWARD-LOOKING STATEMENTS

The words "anticipate", "expect", "forecast", "estimate", "intend", "will", "outlook", "may", "target", "plan", "schedule" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position, distributions, capex requirements and performance are also forward-looking statements as are statements regarding internal management estimates and assessments of traffic expectations and market outlook.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Transurban, its officers, employees, agents and advisors that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material.

10-year history

Operational metrics		FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Number of operational assets	#	7	7	8	12	14	15	15	16	17	18 ¹
Number of markets	#	3	3	3	4	4	4	4	5	5	5
Average daily traffic											
Group	thousands	1,235	1,246	1,295	1,382	1,775	1,911	1,946	2,035	2,217	2,026
Sydney	thousands	474	471	477	543	581	622	644	663	814	761
Melbourne	thousands	747	761	780	793	816	820	813	824	851	750
Brisbane	thousands	-	-	-	-	303	383	394	403	405	383
North America	thousands	14	14	38	46	75	85	96	144	147	132

1 Since 30 June 2020 the M8 has opened and tolling commenced on the M5 East, taking the number of operational assets to 20

Statutory financials		FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Statutory revenue	\$ millions	1,037	1,154	1,195	1,150	1,860	2,210	2,732	3,298	4,166	3,616
Statutory NPAT	\$ millions	118	59	175	252	(373)	22	209	468	170	(153)
Statutory cash flows from operating activities	\$ millions	375	373	411	521	304	910	837	1,053	1,197	1,131

Proportional financials		FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Proportional Toll Revenue ²											
Group	\$ millions	891	944	991	1,117	1,657	1,946	2,153	2,340	2,581	2,492
Sydney	\$ millions	446	462	479	551	702	799	872	944	1,042	1,072
Melbourne	\$ millions	435	472	496	535	615	660	687	780	813	747
Brisbane	\$ millions	-	-	-	-	265	313	385	393	402	394
North America	\$ millions	11	11	16	31	75	174	209	223	324	279

Proportional EBITDA (excl. significant items)		FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Group	\$ millions	719	784	828	934	1,289	1,480	1,629	1,796	2,016	1,888
Sydney	\$ millions	360	369	392	466	558	637	702	763	856	879
Melbourne	\$ millions	382	412	441	483	523	564	594	688	716	634
Brisbane	\$ millions	-	-	-	(6)	185	218	268	279	293	286
North America	\$ millions	2	3	(3)	7	33	86	116	130	210	154
Corporate and other	\$ millions	(26)	0	(2)	(15)	(10)	(25)	(51)	(64)	(59)	(65)
Free Cash	\$ millions	390	433	443	572	768	926	1,220	1,215	1,527	1,476
Proportional drawn debt	\$ millions	6,327	6,754	7,471	8,015	12,236	12,484	13,639	14,971	19,394	22,118
Gross debt raised ³	\$ millions	1,925	1,948	1,507	2,122	7,814	4,707	4,518	5,865	15,112	7,968
Equity raised	\$ millions	-	-	100	2,742	-	1,025	-	1,900	4,818	812

2 Definition of Toll Revenue adjusted in FY16 (including restatement of FY15) to include fee revenue. Prior to this was disclosed as toll revenue only, and fee and other revenue

3 Calculated on a full facility basis. Excludes acquired debt and letters of credit. Non-AUD denominated debt converted at the 30 June rate for that financial year

Ratios and rates		FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Group EBITDA margin ⁴	%	74.4	74.9	75.0	75.8	74.7	73.8	73.9	74.9	75.4	72.3
FFO/Debt	%	-	-	-	6.6	7.9	8.0	8.5	8.9	8.7	7.0
Corporate SICR	x	2.8	2.7	2.5	2.9	3.5	4.3	3.9	4.9	4.1	3.8
Gearing	%	46.0	44.9	42.8	36.4	40.2	33.3	35.3	35.2	32.0	35.8
Weighted average cost of debt											
AUD	%	7.0	6.9	6.6	6.3	5.3	5.2	4.9	4.9	4.6	4.4
USD	%	5.5	5.2	4.6	4.0	3.8	4.3	4.3	4.4	4.4	4.4
CAD	%	-	-	-	-	-	-	-	5.8	4.9	5.0
Weighted average debt maturity ⁵	years	8.9	9.6	9.7	7.5	7.8	8.7	9.0	8.6	8.3	8.4
Weighted average concession length ⁶	years	26.1	25.1	24.3	24.3	28.5	29.9	29.7	28.3	30.8	28.8

4 FY14 and FY15 EBITDA margins were restated in FY16. Not previously disclosed for FY11 to FY13

5 FY18 to FY20 has been calculated using proportional drawn debt. FY11 to FY17 was calculated on the full value of available debt facilities. Prior to FY19, the previously reported tenor did not reflect the amortisation profile that occurs in the latter years of the US asset debt facilities

6 Weighted using proportional Toll Revenue by asset

Corporate information		FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Market capitalisation	\$ billions	7.55	8.30	10.02	14.01	17.80	24.41	24.32	26.63	39.43	38.65
Gross distributions	\$ millions	389	429	456	594	764	901	1,055	1,174	1,577	1,284
Distributions per security	cps	27.0	29.5	31.0	35.0	40.0	45.5	51.5	56.0	59.0	47.0
Securities on issue	millions	1,444	1,458	1,482	1,896	1,914	2,036	2,052	2,225	2,675	2,735

Key contacts

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Stapled securities listing

Transurban Group is listed on the Australian Securities Exchange under the code "TCL".

Each stapled security comprises:

- a share in Transurban Holdings Limited ACN 098 143 429;
- a share in Transurban International Limited ACN 121 746 825; and
- a unit in Transurban Holding Trust (responsible entity Transurban Infrastructure Management Limited ACN 098 147 678).

Share registry

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●●
Lighting up Sydney

The new M8 motorway features more than 7,400 lights and is the first road tunnel in Australia with energy-efficient LED lighting in all main carriageways.

The LED lights can illuminate different colours and the community has the chance to choose colour schemes that help raise awareness of charities and causes.

