Official Notice to SIX Swiss Exchange

15 September 2023

Title:	Transurban Queensland Finance Pty Limited
Valor Symbol:	TQF161, TQF17 and TQF2
Valor No:	34091216, 40960636 and 110870483
ISIN:	CH0340912168, CH0409606362, CH1108704839

Transurban Queensland Group FY23 Annual Report

Attached is the Annual report of Transurban Queensland Holdings 1 Pty Limited and controlled entities for the year ended 30 June 2023 which is provided for the information of Transurban Queensland Finance Pty Limited (**Transurban Queensland**) noteholders.

Transurban Queensland has notes listed on the SIX Swiss Exchange.

Notices by Transurban Queensland to the SIX Swiss Exchange are also available at the following website: www.transurban.com/tqfinstatements

Investor enquiries

Hannah Higgins
Head of Investor Relations
+61 419 246 502

Media enquiries

James Richards
Corporate Manager Media
+61 459 812 770

Classification Public

Transurban

Transurban Queensland Finance Pty Limited
ABN 16 169 093 850
corporate@transurban.com
www.transurban.com

Level 39
300 George Street
Brisbane
Queensland 4000 Australia
Telephone +617 3323 0100
Facsimile +617 3423 3209

Transurban Queensland Holdings 1 Pty Limited and controlled entities

ABN 64 169 090 804

(Including Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and Transurban Queensland Invest Pty Limited)

Annual report

for the year ended 30 June 2023

Commercial in confidence

Contents

Directors' report

The Directors of Transurban Queensland Holdings 1 Pty Limited (TQH1, the Parent or the Company) and its controlled entities (Transurban Queensland or the Group), Transurban Queensland Holdings 2 Pty Limited and its controlled entities (TQH2), Transurban Queensland Invest Pty Limited (TQI) and Transurban Queensland Invest Trust and its controlled entities (TQIT), present their report on Transurban Queensland for the year ended 30 June 2023. The controlled entities of TQH1 include the other members of the stapled group being TQH2, TQI and TQIT.

Directors

The following persons were Directors of the Group during the financial year and up to the date of this report:

D Clements
N Ficca
S Johnson
D O'Toole
E Rubin
H Wehby
N Kemp (alternate Director) (resigned 1 March 2023)
M Cameron (alternate Director) (appointed 1 March 2023)

Financial results

Statutory toll and fee revenue from ordinary activities increased by 15.8% to $832.7 million.

Statutory net profit/(loss) after tax increased from a loss of $21.2 million to a profit of $49.9 million.

Non-statutory earnings before net finance costs, income taxes and depreciation and amortisation[1] (Non-Statutory EBITDA) increased by 19.7% to $607.8 million.

1. Refer to Note B4 for reconciliation of Non-statutory EBITDA to Statutory profit before tax

Distributions

Quarter Ended	2023 $M	2022 $M
30 September	**27.0**	28.3
30 December[1]	**93.0**	65.3
31 March	**39.9**	30.2
30 June[1]	**75.0**	70.0
Total distributions for the financial year	**234.9**	193.8

1. In addition to the above distributions, $103.1 million of shareholder loan note principal was repaid to shareholders in FY23 (FY22: $66.5 million).

Principal activities

The principal activities of the Group during the financial year were the development, operation, maintenance and financing of toll road assets and tolling as a service for roads in South-East Queensland as well as management of the associated customer and client relationships.

Operating and financial review

Our business

Transurban Queensland operates, manages and develops urban road assets in South-East Queensland.

The Group operates six toll road assets across five concession agreements including the Logan and Gateway Motorways, Clem7, Go Between Bridge, Legacy Way and AirportlinkM7.

The Group was established in 2014 by a consortium of investors including the Transurban Group (62.5%), Australian Super (25%) and Tawreed Investments Limited (12.5%).

Concession asset timelines

The concession asset end dates are listed below:

	Concession end date
Gateway and Logan Motorways	**2051**
Clem7	**2051**
AirportlinkM7	**2053**
Go Between Bridge	**2063**
Legacy Way	**2065**

Strategy

By understanding what matters to our stakeholders, we create road transport solutions that make us a partner of choice.

The Group provides effective road transportation solutions to support the growth and development of South-East Queensland, through developing and operating urban road assets.

This strategy is achieved through providing sustainable transport solutions that offer choice, reliability, safety, transparency and value for South-East Queensland.

In delivering the strategy, the Group strives to create value for all our stakeholders including customers, communities, our people, government and industry, business partners and suppliers, and investors.

Value proposition

The Group has an interest in six operating assets across South-East Queensland. The investment proposition for high quality toll road assets lies in providing investors with access to long dated, predictable, growing cash flows generated over the life of the concession.

Organic growth is derived from traffic growth and inflation protected toll escalation. It is supported by the Group’s ability to provide efficient corporate and operational services at scale across its portfolio. The Group has a track record of leveraging its core competencies to drive cost efficiencies and margin uplift.

In addition, value is added through using an integrated network approach to the operation, development and investment in the portfolio of underlying assets.

Operating and financial review (continued)

Group financial performance

Financial performance indicators

The Board and management assess the performance of the Group based on a measure of earnings before net finance costs, income tax, depreciation and amortisation expenses.

Year ended 30 June 2023 highlights

	FY23 $M	FY22 Restated[1] $M
Statutory toll revenue	**832.7**	718.9
Statutory net profit/(loss)	**49.9**	(21.2)
Non-statutory EBITDA[2]	**607.8**	508.0

1. Refer to Note B3 for details regarding restatement.
2. Refer to Note B4 for reconciliation of Non-statutory EBITDA to Statutory profit before tax

Concession asset performance

Asset	Toll revenue contribution[1]	Traffic growth (ADT[2])	Toll revenue growth
Gateway	33.6%	10.2%	15.5%
Logan	32.6%	6.2%	11.6%
AirportlinkM7	16.8%	16.6%	21.7%
Clem7	8.2%	11.9%	17.1%
Legacy Way	7.2%	14.3%	19.7%
Go Between Bridge	1.6 %	4.5%	10.9%
	100.0%		

1 Calculated based on toll revenue for the period ended 30 June 2023.

2 Average Daily Traffic.

Operating and financial review (continued)

Health, Safety and Environment (HSE)

TQ continues to focus on supporting its people through proactive HSE education and training programs and enhancing contractor performance through its robust HSE assurance framework.

TQ delivered outstanding FY23 performance in relation to contractor and employee injuries. More specifically, TQ achieved a contractor recordable injury reduction of 40% from the prior year. TQ has not sustained an employee recordable injury in the last two years.

With respect to lead indicators, TQ achieved 100% completion of personal HSE Action Plans for FY23, which underpins continual improvement of HSE culture and leadership at all levels of the business.

In terms of road safety outcomes, changes in driver patterns and risky behaviours have been observed across the TQ roads and broader road networks post COVID-19. Whilst performance was below the Group target, the recently received crash analysis by Monash University on TQ's road safety performance (2017 to 2022) shows a 63% lower serious injury and fatal crash rate compared to like roads. Ongoing engagement with Queensland Police, along with continued in-depth review of crash data and insights gained through operations and access to new data sets, such as 'near misses', will inform initiatives to support improved road safety performance.

Supporting our customers and communities

During the financial year 2023, Transurban Queensland continued to support its customers and communities.

To assist with ongoing cost of living pressures, Transurban's dedicated Linkt Assist hardship program and Linkt fuel rewards program were proactively promoted to communities across our road corridors.

With the increased prevalence of SMS scams related to toll road accounts, Transurban ran a national "Stop the scams" campaign encouraging motorists to report scams received. More than 130,000 scams were reported over the 6 week campaign period with 3,500 phone numbers and 150 fraudulent URLs reported to telecommunications companies.

In August 2022, TQ supported the Sunday Mail Transurban Bridge to Brisbane fun run event, which saw 21,000 participants run for charities of South East Queensland raising more than $1 million. As part of the event, Transurban Queensland raised $350,000 for long-term charity partner Ronald McDonald House Charities SEQ, funding in-hospital emergency accommodation for families of seriously ill children.

In March 2023, TQ sponsored the Tour de Brisbane cycling event to raise brand awareness and showcase key Transurban Queensland assets including Legacy Way and the Inner City Bypass. 7,500 cyclists took part raising money for charity "The Common Good".

TQ also commenced a partnership with the Achieving Results Through Indigenous Education (ARTIE) Academy launching a driving school for First Nations students to assist them reach the 100 hours of supervised driving required to obtain their licence. Over the past 12 months, the Transurban ARTIE #1 Driving School has supported more than 100 students complete over 2,000 logbook hours, and seen 26 students successfully obtain their licence.

Operations

The below is a summary of the key operational highlights during the year:

- → Record traffic days recorded in November 2022 with more than 572,000 trips taken on 25 November 2022.
- → The transition of all Brisbane operations to a new, centralised Network Operations Centre at Kedron, which consolidated all of TQ's traffic control rooms in Brisbane into a single state-of-the-art facility, is now substantially completed. This centre is monitoring Transurban Queensland's entire 81-kilometre road, tunnel and bridge network from a single facility. During the year, the Clem7 and AirportlinkM7 tunnel control centres were brought into this centralised facility, which will use predictive analytics and machine learning technology to identify incidents and congestion and alert operators.
- → TQ embarked on a project to move to a new network wide approach to incident response and maintenance with Ventia appointed as the single provider across all assets, consistent with TQ's consolidation of control room strategy. Ventia took over as the single provider in August 2023.

Operating and financial review (continued)

Operations (continued)

→ The renewable Power Purchase Agreement continued in 2023 providing renewable energy to meet 80% of the energy needed to run its road and tunnel network, saving over 40,000 tonnes of CO2 emissions each year.

→ Portal ventilation optimisation initiatives were advanced across Legacy Way, Clem7 and AirportlinkM7 tunnel assets to reduce energy consumption.

Financing activities

During FY23, and in the interval between the end of FY23 and the date of this report, the Group executed the following financing activities:

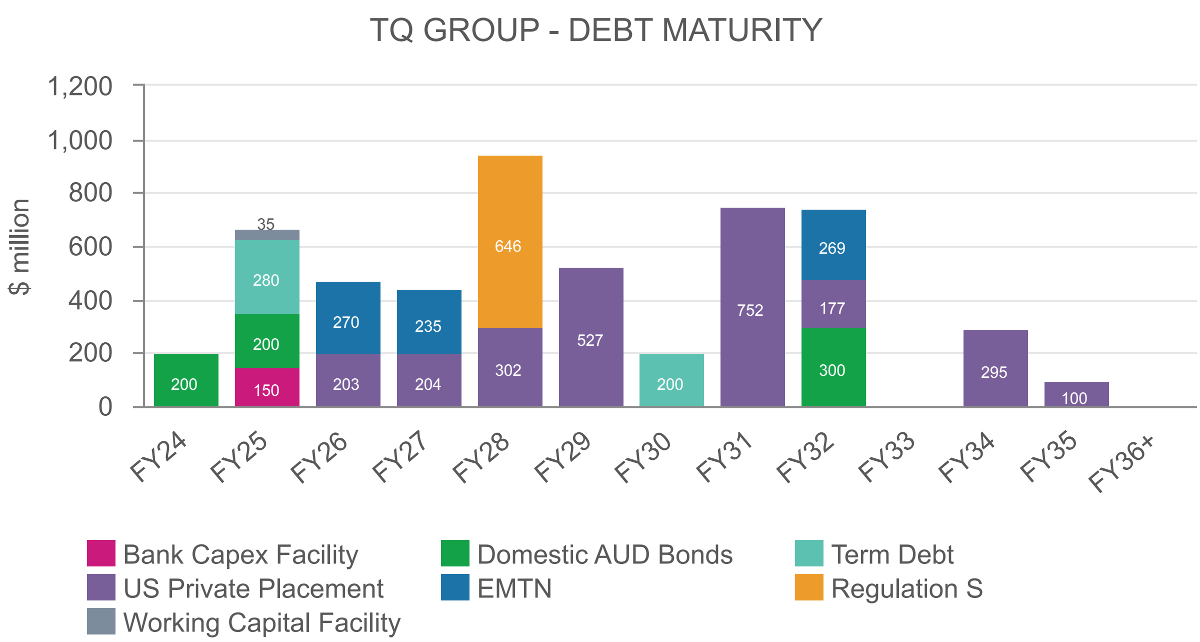
→ In December 2022, the Group reached financial close on a $480.0 million syndicated bank facility with a tenor of 2 years.

→ In May 2023, the $480.0 million syndicated bank facility was drawn to repay CHF200.0 million EMTN which was due in June 2023.

→ In July 2023, a further $200.0 million was drawn on the syndicated bank facility to repay $200.0 million AMTN. The syndicated bank facility was subsequently repaid via the proceeds from a new $500.0 million institutional term loan (ITL) with tenors of 10 and 12 years which reached financial close in July 2023.

Debt maturity profiles

The following chart shows the Group's current debt maturity profile based on the total facilities available. The full value of available debt facilities is shown. Debt is shown in the financial year in which it matures. Debt values are shown in AUD as at 30 June 2023. CHF and USD debt is converted at the hedged rate where cross currency interest rate swaps are in place, to remove the risk of unfavourable exchange rate movements – refer to Note B12 of the financial statements.



Financial risk management

The Group's exposure to financial risk and its policies for managing that risk can be found in Note B12 of the financial statements. This section outlines the Group's hedging policies, credit risk, interest rate risk and liquidity and funding policies.

Operating and financial review (continued)

Sustainability

The Group’s Sustainability Strategy aligns with the following nine United Nations Sustainable Development Goals most relevant to the Group and its stakeholders. This approach reinforces the Group's commitment to the UN Global Compact and contribution to global sustainability.

This strategy is supported by a set of objectives and work programs which is broken into four themes:

People, Planet, Places and Partnerships

During the period, Transurban Queensland delivered a range of sustainability initiatives under these themes, including:

People

- → Launched a new Reconciliation Action Plan (RAP) which included committing to the implementation of a First Nations employment strategy, expressing support for the Uluru Statement from the Heart and committing to developing a cultural learning strategy.
- → Released third annual Modern Slavery Statement, outlining how Transurban works to identify and address risks of modern slavery in the company's operations and supply chain.
- → Commenced an office waste initiative in the Brisbane office to minimise waste being sent to landfill, which included education sessions on recycling.

Planet

- → Maintained leadership across ESG global benchmarks including:
  - → Global Real Estate Sustainability Benchmark for Infrastructure (2022) - achieved the highest-rated Australian company in our sector (motorway network, maintenance and operations)
  - → The Dow Jones Sustainability Indices (DJSI) achieved top 10% rating in DJSI World Index, and 6th place ranking globally in the transport and transport infrastructure sector
  - → CDP benchmark - achieved an A rating (2022).
- → Completed an LED lighting project on the open roads which salvaged and reused 30 of 185 light lamps and recycled 95% of the remaining lamps.
- → Engaged the Queensland Government Low Carbon Accelerator initiative by completing a proof-of-concept trial with CTECK, a startup company seeking to increase energy efficiency in electrical equipment.
- → Transurban is on track to achieve the 10 in 10 energy efficiency target (10% energy efficiency savings by the end of 2023 from a 2013 base year). TQ contributed towards the total energy efficiency savings through tunnel ventilation optimisation and portal ventilation initiatives.

Operating and financial review (continued)

Places

- Commenced work to establish and test a method for assessing the direct and indirect financial impacts from severe climate change impacts, using the Queensland flood event experienced during the La Niña period during 2021/22.
- Upskilled senior asset managers and operational staff through participation in climate change risk and adaptation workshops for assets and the development of asset specific climate change risks and adaptation pathways.
- Reviewed suitability of climate resilience training and commenced development of climate change and resilience training program for additional internal stakeholders throughout the business.

Partnerships

- Offset koala habitat impacted by the Logan Enhancement Project through a joint initiative with Brisbane City Council (BCC) to enhance areas of bushland and protect koala habitat. 128,808 non-juvenile koala habitat trees will be planted by 30 June 2024, enhancing and protecting 146.63 hectares of land across 17 different sites.
- Engaged Circonomy an Australian based social enterprise specialising in circular economy outcomes, to recycle or refurbish an expected 300 items comprising of computers, servers and monitors which prevented the release of 40 tonnes of greenhouse house gas emissions into the atmosphere by avoiding waste being disposed in landfill.
- Continued our partnership with Kidsafe Queensland providing more than 1,650 free car seat fittings and safety checks for families throughout Brisbane and Logan over the past 12 months, including two car seat blitz fitting weeks in December and May. Since the partnership launched in FY21, more than 5,500 car seats have been fitted for free for families across SEQ.
- Ongoing partnerships in place with the Queensland Aboriginal and Torres Strait Islander Foundation to provide scholarships for First Nations students with an interest in STEM subjects, and SSi's Women at the Wheel program, providing funding and driver training support to help refugee and migrant women living in Logan obtain their Queensland driver's licence.

Business risks, threats and opportunities

The Group is exposed to a variety of risks due to the nature of the environment in which it operates. These risks include consideration of financial and non-financial risk themes including economic conditions, geopolitical issues, environmental considerations, including climate related impacts, regulatory risk and social sustainability risk themes.

The risks outlined below reflect the key business risk themes, threats and opportunities, that have the potential to impact on the Group's operations and its financial performance if not managed effectively.

The following are key opportunities that may impact the Group's financial and operating results in future periods:

- Identification of new business opportunities in the Queensland market; and
- Application of sustainability initiatives towards carbon neutrality.

The following are key threats that may impact the Group's financial and operating results in future periods:

- Potential impacts of an emerging recession;
- Change in government policies or regulatory interpretations;
- Technical infrastructure failure or an inability to respond effectively to a disruption;
- Maintaining our social licence to operate;
- Treasury management of debt liquidity and balance sheet;
- Inability to attract and retain the workforce capability required for critical roles;
- Maintaining the safety and well being of employees and contractors;

Operating and financial review (continued)

Business risks, threats and opportunities (continued)

- Dependency on third parties and critical suppliers; and
- Cyber security and information protection, reflecting global geopolitical uplift in the cyber threat landscape.

Under the Group's Enterprise Risk Management (ERM) Framework, any risks identified as material are escalated to the appropriate Senior Executive for management and monitoring in accordance with the ERM Framework and reported to the Audit and Risk Review Committee (ARRC).

Risk management

An organisation-wide, integrated, proactive and practical approach to identifying and managing risks is essential for an organisation’s resilience, sustainability, and creating value for its customers. By anticipating and understanding the current and future uncertainties associated with its operating environment, the Group can mitigate threats and pursue business opportunities to benefit all its stakeholders.

Proactive agile risk management is embedded into the Group’s strategic activities, decision-making processes and daily operations to ensure the Group is delivering upon its strategic objectives, as well as continuing to create and maintain stakeholder value.

The Group’s ERM Framework is a fundamental tool within the business, providing governing principles and guidance to inform the early identification of risks (both threats and opportunities) and proactive implementation of considered risk mitigation or adoption strategies. Overseen by the Board and the ARRC, and actively managed by the CEO, Executive Committee and Senior Managers, the ERM Framework also provides a structured approach so that the key risks and issues are escalated appropriately, ensuring the Group responds to those with the potential to materially impact the business.

The Group’s Risk Appetite Statement, which covers both financial and non-financial measures, outlines the level of risk the Group is prepared to accept, tolerate, or avoid in the pursuit of our business strategy. The statement is critical in guiding the attitudes and behaviours towards risk and is reviewed by the Board. It provides an integrated, proactive, practical approach to identifying and managing risks essential for the Group’s resilience, sustainability, and social licence. By anticipating and understanding the current and future uncertainties associated with the Group’s operating environment, threats can be mitigated and business opportunities pursued to benefit all of our stakeholders.

To ensure the Group is operating within its risk appetite thresholds it has linked its Risk Appetite Statement to Key Risk Indicators (KRIs) and Key Performance Indicators (KPIs). Using these KRIs and KPIs, the Group can measure its business and risk management performance against financial and non-financial risk metrics. Performance is tracked and presented to the Board to provide early insights into its risk exposures and in order to make informed decisions.

Across the business, teams regularly review the business activities and the local and global operating environment to identify risks with the potential to impact the business.

Operating and financial review (continued)

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

During the year the following fees were paid or payable for audit and non-audit services provided by the auditor of the Group and its related practices:

	2023 $	2022 $
Amounts received or due and receivable by PricewaterhouseCoopers		
Audit and other assurance services:		
Audit and review of financial reports	**650,000**	766,000
Other assurance services	**35,700**	—
Total remuneration for PricewaterhouseCoopers	**685,700**	766,000
Total auditor's remuneration	**685,700**	766,000

Indemnification

Each officer (including each Director) of the Group is indemnified, to the maximum extent permitted by law, against any liabilities incurred as an officer of the Group pursuant to agreements with 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 arranged a premium for a Directors and officers 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.

Rounding of amounts

Amounts in the Directors' report have been rounded off in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* to the nearest hundred thousand dollars, or in certain cases, to the nearest thousand dollars.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

D M O'Toole

D O'Toole

Director

S Johnson

S Johnson

Director

Brisbane

11 September 2023

Auditor's Independence Declaration

As lead auditor for the audit of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Pty Limited and Transurban Queensland Invest Trust for the year ended 30 June 2023, 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 Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Pty Limited and Transurban Queensland Invest Trust and the entities they controlled during the period.

E A Barron
Partner
PricewaterhouseCoopers

Melbourne
11 September 2023

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Transurban Queensland Holdings 1 Pty Limited

ABN 64 169 090 804

Contents

Section A: Group financial statements

Consolidated statement of comprehensive income for the year ended 30 June 2023

	Note	2023 $M	2022 Restated[1] $M
Revenue	B5	**841.1**	724.9
Expenses			
Employee benefits expense		**(31.8)**	(30.3)
Management fees		**(40.1)**	(35.0)
Administrative expenses		**(11.3)**	(12.5)
Construction costs		**(2.5)**	(0.6)
Road operating costs		**(147.6)**	(138.5)
Total expenses		**(233.3)**	(216.9)
Depreciation		**(20.2)**	(7.6)
Amortisation	B14	**(238.6)**	(238.6)
Total depreciation and amortisation		**(258.8)**	(246.2)
Net finance costs	B10	**(293.3)**	(285.1)
Profit/(loss) before income tax		**55.7**	(23.3)
Income tax (expense)/benefit	B6	**(5.8)**	2.1
Profit/(loss) for the year		**49.9**	(21.2)
Profit/(loss) attributable to:			
Ordinary securities holders of the stapled group			
- Attributable to TQH1		**17.6**	(19.5)
- Attributable to TQH2/TQI/TQIT		**32.3**	(1.7)
		49.9	(21.2)
Other comprehensive income			
Items that may be reclassified to the profit and loss in the future			
Changes in the fair value of cash flow hedges, net of tax		**(79.3)**	195.4
Changes in the fair value of cost of hedging, net of tax		**0.2**	6.2
Other comprehensive (loss)/income for the year, net of tax		**(79.1)**	201.6
Total comprehensive (loss)/income for the year		**(29.2)**	180.4
Total comprehensive income/(loss) for the year is attributable to:			
Ordinary security holders of the stapled group			
- Attributable to TQH1		**17.6**	(19.5)
- Attributable to TQH2/TQI/TQIT		**(46.8)**	199.9
Total comprehensive (loss)/income for the year		**(29.2)**	180.4

1. Refer to Note B3 for details regarding restatement.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet as at 30 June 2023

	Note	2023 $M	2022 Restated[1] $M
ASSETS			
Current assets			
Cash and cash equivalents	B7	**106.4**	106.9
Trade and other receivables	B7	**61.8**	44.2
Derivative financial instruments	B12	**—**	22.3
Total current assets		**168.2**	173.4
Non-current assets			
Derivative financial instruments	B12	**536.6**	448.3
Property, plant and equipment		**102.3**	103.5
Deferred tax assets	B6	**771.9**	743.7
Goodwill	B13	**204.7**	204.7
Other intangible assets	B14	**7,089.1**	7,318.7
Total non-current assets		**8,704.6**	8,818.9
Total assets		**8,872.8**	8,992.3
LIABILITIES			
Current liabilities			
Trade and other payables	B7	**91.0**	86.0
Borrowings	B11	**200.0**	303.9
Maintenance provision	B15	**60.6**	75.1
Other provisions		**5.5**	4.9
Other liabilities	B8	**60.4**	58.8
Total current liabilities		**417.5**	528.7
Non-current liabilities			
Borrowings	B11	**5,556.9**	5,238.8
Maintenance provision	B15	**624.4**	582.6
Other provisions		**0.3**	0.3
Other liabilities	B8	**21.1**	22.1
Shareholder loans	B24	**580.4**	683.5
Total non-current liabilities		**6,783.1**	6,527.3
Total liabilities		**7,200.6**	7,056.0
Net assets		**1,672.2**	1,936.3
EQUITY			
Contributed equity		**568.9**	568.9
Accumulated losses		**(434.6)**	(452.2)
Equity attributable to other members of the stapled group (TQH2/TQI/TQIT)		**1,537.9**	1,819.6
Total equity		**1,672.2**	1,936.3

1. Refer to Note B3 for details regarding restatement.

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

Consolidated statement of changes in equity for the year ended 30 June 2023

	No. of securities M	Contributed equity $M	Reserves $M	Accumulated losses $M	Equity attributable to other members – TQH2, TQI & TQIT $M	Total equity $M
Balance at 1 July 2022 as originally presented	**4,546.0**	**568.9**	**—**	**(448.0)**	**1,819.6**	**1,940.5**
Restatement (net of tax)[2]	—	—	—	(4.2)	—	(4.2)
Restated balance at 1 July 2022[2]	**4,546.0**	**568.9**	**—**	**(452.2)**	**1,819.6**	**1,936.3**
Comprehensive income						
Profit for the year	—	—	—	17.6	32.3	49.9
Other comprehensive loss	—	—	—	—	(79.1)	(79.1)
Total comprehensive income/ (loss)	—	—	—	17.6	(46.8)	(29.2)
Transactions with owners in their capacity as owners:						
Dividends/distributions provided for or paid[1]	—	—	—	—	(234.9)	(234.9)
	—	—	—	—	(234.9)	(234.9)
Balance at 30 June 2023	**4,546.0**	**568.9**	**—**	**(434.6)**	**1,537.9**	**1,672.2**
Balance at 1 July 2021 as originally presented	4,546.0	568.9	—	(429.9)	1,813.5	1,952.5
Restatement (net of tax)[2]	—	—	—	(2.8)	—	(2.8)
Restated balance at 1 July 2021[2]	4,546.0	568.9	—	(432.7)	1,813.5	1,949.7
Comprehensive income						
Loss for the year (restated)[2]	—	—	—	(19.5)	(1.7)	(21.2)
Other comprehensive income	—	—	—	—	201.6	201.6
Total comprehensive income/ (loss)	—	—	—	(19.5)	199.9	180.4
Transactions with owners in their capacity as owners:						
Dividends/distributions provided for or paid[1]	—	—	—	—	(193.8)	(193.8)
	—	—	—	—	(193.8)	(193.8)
Balance at 30 June 2022 (restated)	4,546.0	568.9	—	(452.2)	1,819.6	1,936.3

1. Refer to Note B9 for further details of dividends and distributions provided for or paid.
2. Refer to Note B3 for details regarding restatement.

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

Consolidated statement of cash flows for the year ended 30 June 2023

	Note	2023 $M	2022 $M
Cash flows from operating activities			
Receipts from customers		**912.0**	784.9
Payments to suppliers and employees		**(250.6)**	(231.2)
Payments for maintenance of intangible assets		**(61.2)**	(39.0)
Other cash receipts		**7.1**	6.0
Interest received		**5.8**	1.0
Interest/debt fees paid		**(243.6)**	(245.0)
Shareholder loan note interest paid		**(33.2)**	(37.4)
Income taxes refunded		**—**	0.1
Net cash inflow from operating activities	(a)	**336.3**	239.4
Cash flows from investing activities			
Payments for intangible assets		**(9.1)**	(0.7)
Payments for property, plant and equipment		**(18.7)**	(17.3)
Net cash outflow from investing activities		**(27.8)**	(18.0)
Cash flows from financing activities			
Proceeds from borrowings (net of costs)	(b)	**308.2**	39.6
Repayment of borrowings	(b)	**(278.6)**	(264.2)
Principal repayment of leases		**(0.6)**	(1.0)
Redemption of shareholder loan notes	(b)	**(103.1)**	(66.5)
Dividends and distributions paid	B9	**(234.9)**	(193.8)
Net cash outflow from financing activities		**(309.0)**	(485.9)
Net decrease in cash and cash equivalents		**(0.5)**	(264.5)
Cash and cash equivalents at the beginning of the year		**106.9**	371.4
Cash and cash equivalents at end of the year	B7	**106.4**	106.9

(a) Reconciliation of loss after income tax to net cash inflow from operating activities

	2023 $M	2022 Restated[1] $M
Profit for the year	**49.9**	(21.2)
Depreciation and amortisation	**258.8**	246.2
Non-cash net finance costs	**19.6**	4.3
Change in operating assets and liabilities:		
Increase in trade and other receivables	**(17.6)**	(8.8)
Increase in operating creditors and accruals	**5.0**	2.5
Increase in provisions	**13.9**	18.1
Decrease/(increase) in deferred and current taxes	**5.7**	(1.6)
Increase/(decrease) in other liabilities	**1.0**	(0.1)
Net cash inflow from operating activities	**336.3**	239.4

1. Refer to Note B3 for details regarding restatement.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows for the year ended 30 June 2023 (continued)

(b) Reconciliation of liabilities arising from financing activities

	Borrowings current $M	Borrowings non-current $M	Shareholder loan notes $M	Debt principal related derivatives (included in assets / liabilities)[1] $M	Total debt related financial instruments $M
Balance at 1 July 2022	**303.9**	**5,238.8**	**683.5**	**(562.9)**	**5,663.3**
Proceeds from borrowings (net of costs)	**—**	**308.2**	**—**	**—**	**308.2**
Repayment of borrowings	**(278.6)**	**—**	**—**	**—**	**(278.6)**
Redemption of shareholder loan notes	**—**	**—**	**(103.1)**	**—**	**(103.1)**
Total cash flows	**(278.6)**	**308.2**	**(103.1)**	**—**	**(73.5)**
Non-cash changes					
Foreign exchange movements	**(25.3)**	**209.1**	**—**	**(72.6)**	**111.2**
Transfer	**200.0**	**(200.0)**	**—**	**—**	**—**
Amortisation of borrowing costs	**—**	**0.8**	**—**	**—**	**0.8**
Total non-cash changes	**174.7**	**9.9**	**—**	**(72.6)**	**112.0**
Balance at 30 June 2023	**200.0**	**5,556.9**	**580.4**	**(635.5)**	**5,701.8**
Balance at 1 July 2021	250.0	5,191.6	750.0	205.2	6,396.8
Proceeds from borrowings (net of costs)	—	39.6	—	—	39.6
Repayment of borrowings	(250.0)	(14.2)	—	—	(264.2)
Redemption of shareholder loan notes	—	—	(66.5)	—	(66.5)
Total cash flows	(250.0)	25.4	(66.5)	—	(291.1)
Non-cash changes					
Foreign exchange movements	—	322.6	—	(768.1)	(445.5)
Transfer	303.9	(303.9)	—	—	—
Amortisation of borrowing costs	—	3.1	—	—	3.1
Total non-cash changes	303.9	21.8	—	(768.1)	(442.4)
Balance at 30 June 2022	303.9	5,238.8	683.5	(562.9)	5,663.3

1. Total derivatives balance at 30 June 2023 is an asset of $536.6 million (2022: $470.6 million asset). The difference in carrying value to the table above relates to interest rate swap 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 as they do not relate to financing activities.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Section B: Notes to the consolidated financial statements

Basis of preparation and significant changes

B1 Corporate information

These financial statements have been prepared as a consolidation of the financial statements of Transurban Queensland Holdings 1 Pty Limited (TQH1, the Parent or the Company) and its controlled entities (the Group). TQH1 is a company limited by shares, incorporated and domiciled in Australia.

The controlled entities of TQH1 include the other members of the stapled group being Transurban Queensland Holdings 2 Pty Limited and its controlled entities (TQH2), and Transurban Queensland Invest Pty Limited (TQI) as trustee for the Transurban Queensland Invest Trust and its controlled entities (TQIT). The equity securities of TQH1, TQH2, TQI and TQIT are stapled and cannot be dealt separately. Each of the companies is controlled by the Transurban Group (a stapled group) listed on the Australian Stock Exchange (ASX).

The principal activities of the Group for the financial year were the development, operation, maintenance and financing of toll road assets and tolling as a service for roads in South-East Queensland as well as management of the associated customer and client relationships. The Group is a for-profit entity.

Entities within the Group have their registered office at Level 39, 300 George Street, Brisbane QLD 4000. The ABN for Transurban Queensland Holdings 1 Pty Limited is 64 169 090 804.

The consolidated financial statements of the Group for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 11 September 2023. Directors have the power to amend and reissue the financial statements.

B2 Summary of significant changes in the current reporting period

There have been no significant changes in the state of affairs of the Group during the year.

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 (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Have applied all accounting policies in accordance with AAS and, where a standard permits a choice in accounting policy, the policy adopted by the Group has been disclosed in these financial statements;
- 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 certain 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 hundred thousand dollars, unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*; and
- Have restated the presentation of comparative amounts, where applicable, to conform to the current year presentation.

B3 Basis of preparation (continued)

Prior period restatement

During the year ended 30 June 2023, the Group conducted a review of GST treatment which found that GST had been underpaid (and revenue had been overstated) by an estimated $6.0 million over a three-year period to 30 June 2022. The review identified an overstatement of revenue (due to the GST amount being included in revenue) recognised for the year ended 30 June 2022 of $2.0 million ($1.4 million net of income tax benefit), and an overstatement of revenue for the two years to 30 June 2021 of $4.0 million ($2.8 million net of income tax benefit). A reclassification between trade and other payables and trade and other receivables was also identified as at 30 June 2022 of $9.9 million (30 June 2021: $6.4 million).

The errors have been corrected by restating each of the affected financial statement line items for the prior periods as shown in the tables below.

	30 June 2021	Restatement	1 July 2021 Restated	30 June 2022	Restatement	30 June 2022 Restated
	$M	$M	$M	$M	$M	$M
Assets						
Trade and other receivables	41.8	(6.4)	35.4	54.1	(9.9)	44.2
Deferred tax assets	826.6	1.2	827.8	741.9	1.8	743.7
Total assets	**9,111.3**	**(5.2)**	**9,106.1**	**9,000.4**	**(8.1)**	**8,992.3**
Liabilities						
Trade and other payables	85.6	(2.4)	83.2	89.9	(3.9)	86.0
Total liabilities	**7,158.8**	**(2.4)**	**7,156.4**	**7,059.9**	**(3.9)**	**7,056.0**
Net assets	**1,952.5**	**(2.8)**	**1,949.7**	**1,940.5**	**(4.2)**	**1,936.3**
Equity						
Accumulated losses	(429.9)	(2.8)	(432.7)	(448.0)	(4.2)	(452.2)
Total equity	**1,952.5**	**(2.8)**	**1,949.7**	**1,940.5**	**(4.2)**	**1,936.3**

	30 June 2022	Restatement	30 June 2022 Restated
	$M	$M	$M
Revenue	726.9	(2.0)	724.9
Income tax benefit	1.5	0.6	2.1
Loss for the year	**(19.8)**	**(1.4)**	**(21.2)**
Loss attributable to:			
Ordinary securities holders of the stapled group			
- Attributable to TQH1	(18.1)	(1.4)	(19.5)
- Attributable to TQH2/TQI/ TQIT	(1.7)	—	(1.7)

B3 Basis of preparation (continued)

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes the continuity of normal operations, in particular over the next 12 months from the date of this report. This is notwithstanding that the consolidated balance sheet of the Group indicates an excess of current liabilities over current assets of $249.3 million (2022: $355.3 million).

In determining the appropriateness of the going concern basis of preparation, the Directors have considered the uncertainties related to the macroeconomic environment on the Group's liquidity and operations. The Directors consider near-term interest rate fluctuations to be primarily limited to new debt facilities due to the Group's hedging policy and profile. In addition, the Group's toll roads have annual toll escalations by Brisbane CPI and cannot be lowered as a result of deflation, which provides revenue protection in an inflationary environment.

Directors have assessed cash flow forecasts and the Group's ability to fund its net current liability position as at 30 June 2023. The assessment indicates that the Group is expected to be able to continue to operate within available liquidity levels and the terms of its debt facilities, and to fund the Group's net current liability position as at 30 June 2023, for the 12 months from the date of this report.

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 $106.4 million as at 30 June 2023;
- The Group generated positive operating cash flows of $336.3 million for the year ended 30 June 2023;
- In July 2023, the Group refinanced the $200.0 million debt that was due to mature in October 2023;
- The Group has $111.3 million of undrawn borrowing facilities (excluding the syndicated bank facility) with a maturity beyond 12 months available. The undrawn capital expenditure facility of $87.9 million is available to fund major capital expenditure projects or for general corporate purposes. The Group has an undrawn working capital facility of $23.4 million to provide additional liquidity;
- The Group has the ability to fund the net current liability position through the generation of cash in the next 12 months and the use of undrawn facilities; and
- The Group has paid $234.9 million of distributions and $103.1 million of shareholder loan note redemptions for the year ended 30 June 2023. Payment of future distributions is at the discretion of the Board.

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 profit or 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 or loss are recognised in profit or 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.

B3 Basis of preparation (continued)

New and amended accounting 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 2022. The Group's assessment of the impact of these new and amended accounting standards and interpretations is set out below.

Reference	Description and impact on the Group
AASB 2020-3 *Amendments to Australian Accounting Standards—Annual Improvements 2018-2020 and Other Amendments*	The following minor amendments were made to accounting standards: • Annual Improvements 2018-2020 Cycle makes minor amendments to AASB 1 *First-time Adoption of Australian Accounting Standards*, AASB 9 *Financial Instruments* and the Illustrative Examples accompanying AASB 16 *Leases* to clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards; • Amendments to AASB 3 *Business Combinations* 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 *Property, Plant and Equipment* 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 *Provisions, Contingent Liabilities and Contingent Assets* clarify which costs a company includes when assessing whether a contract will be onerous. Application of the above amendments has been applied prospectively and has not materially impacted the Group.

B3 Basis of preparation (continued)

Accounting standards and interpretations issued but not yet effective

Certain new and amended accounting standards and interpretations have been published but are not mandatory for the year ended 30 June 2023. The Group's expected assessment of the impact of these new and amended 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 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* **AASB 2021-7** *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	The AASB has made limited scope amendments to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. 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 *Business Combinations*). 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. AASB 2021-7 mainly defers application date of AASB 2024-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2022. Application of the amendments is prospective and is not expected to materially impact the Group.	1 January 2025	1 July 2025
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* **AASB 2020-6** *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* **AASB 2022-6** *Amendments to Australian Accounting Standards—Non-current Liabilities with Covenants*	AASB 2020-1 amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. AASB 2020-6 defers the application date of AASB 2020-1 by one year to 1 January 2023. AASB 2022-6 further defers the application date of AASB 2020-1 by another year to 1 January 2024. AASB 2022-6 also amends AASB 101 *Presentation of Financial Statements* and AASB Practice Statement 2 *Making Materiality Judgements.* The amendments specify that covenants to be complied with after reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the entity is required to disclose information about these covenants in the notes to the financial statements. All of these amendments are applicable to the Group on a retrospective basis from 1 July 2024. They are not expected to have a material impact and may result in additional disclosures in the financial statements.	1 January 2024	1 July 2024

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 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	The standard amends AASB 7 *Financial Instruments: Disclosures,* AASB 101 *Presentation of Financial Statements,* AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors,* AASB 134 *Interim Financial Reporting* and AASB Practice Statement 2 *Making Materiality Judgements* to: • improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and • distinguish changes in accounting estimates from changes in accounting policies. Application of the amendments is not expected to materially impact the Group.	1 January 2023	1 July 2023
AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	AASB 2021-5 has made amendments to AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 112 *Income Taxes* which require companies in specified circumstances to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Transactions that are expected to be captured by the amendments include leases where the entity is a lessee and decommissioning obligations. Application of the amendments is not expected to materially impact the Group as the Group has already recognised deferred tax on lease arrangements where the Group is a lessee and there are no other transactions expected to be captured within the amendments.	1 January 2023	1 July 2023
AASB 2022-5 *Amendments to Australian Accounting Standards—Lease Liability in a Sale and Leaseback*	The standard amends AASB 16 *Leases* which changes the manner in which the seller-lessee measures its gain or loss based on their proportionate share transferred to the buyer-lessor in the right of use asset from a sale and leaseback transaction. The seller-lessee will be required to further remeasure their lease liability, so that any gain or loss previously recognised will now be removed by way of the lease liability adjustment. Application of the amendments is not expected to have a material impact as the Group has not had any sale and leaseback transactions.	1 January 2024	1 July 2024

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 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*	This standard makes editorial corrections to various Australian Accounting Standards (AAS) and AASB Practice Statement 2 *Making Materiality Judgements*. The corrections include corrections made by the IASB to IFRS Standards since June 2021. This Standard also repeals AAS that: • have been superseded by either subsequent principal versions of the Standard or by other Standards without being formally repealed at the time; and • that made amendments to other Standards, being amending Standards that have passed their Parliamentary disallowance period and their legal commencement date but have not been formally repealed. The application of the amendments is not expected to materially impact the Group.	1 January 2023	1 July 2023
AASB 2023-1 *Amendments to Australian Accounting Standards—Supplier Finance Arrangements*	This Standard amends AASB 107 *Statement of Cash Flows* and AASB 7 *Financial Instruments: Disclosures* and requires additional disclosures addressing supplier finance arrangements. The additional information will enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities, cash flows and exposure to liquidity risk. Application of the amendments is not expected to have a material impact on the Group.	1 January 2024	1 July 2024

B3 Basis of preparation (continued)

Key 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 judgements 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 the utilisation of tax losses	*Note B6*
Fair value of derivatives and other financial instruments	*Note B12*
Recoverability of goodwill and other intangible assets	*Note B13 and Note B14*
Provision for maintenance expenditure	*Note B15*
Contingencies	*Note B20*

Key estimate and judgement

The Group has made a number of estimates and judgements as at 30 June 2023 as a result of the uncertainties related to the macroeconomic environment. These estimates and judgements are included in the notes to the financial statements as applicable.

Key estimate and judgement

The Group continues to progress its assessment of the potential impacts of climate-related risks on its business. As part of this assessment, the Group has considered the potential financial reporting implications of the climate-related risks (threats and opportunities) identified at the date of this report. To date this assessment has been largely qualitative.

Consistent with the Group's strategic climate-related risk themes, while threats and opportunities have been identified, the focus of the financial reporting implications has been on acute and chronic physical risks (threats and opportunities) which may be more impactful over time. Physical climate-related threats include increased incidence of severe weather events, such as extended rainfall and higher temperatures, which may disrupt operations and increase operating and maintenance costs.

In FY23, we commenced development of a methodology to measure the potential quantitative, or financial, impacts of climate-related risks. The first phase involved analysing the actual direct financial impacts of a recent acute weather event, the La Nina flood event, in Queensland. This analysis indicated that the direct net costs of the event itself were not material to the Group's financial performance or position or cash flows. However, the analysis highlighted that the financial impacts were asset and event specific and therefore do not provide a reliable measure of the potential financial impacts of future events or of chronic impacts on the Group's assets more broadly.

Our assessment to date has indicated that climate-related risks may have a financial impact on the Group particularly over the long-term. Certain assets and liabilities (in particular, service concession intangible assets and maintenance provisions) are supported by cash flows that extend into the medium and long-term. With respect to the carrying amount of concession intangible assets, the impacts of climate-related risks on future cash flows are not expected to be significant enough to erode the excess in recoverable amount due to the existing headroom over carrying amount (which is also reducing over time through amortisation).

With respect to the maintenance provision and expense, while the actual financial impacts analysis performed in FY23 did not identify material net impacts, without further quantitative data, and given the uncertainty over insurance cover into the future, it is possible that climate-related risks could impact the maintenance expense or maintenance provision particularly in the medium to long term.

From FY24, this methodology will be progressively applied across the Group's assets to determine the potential financial impacts of climate-related risks. Qualitative risk data from Climate Change Adaptation Plans (CCAPs), potential asset specific financial impacts and science-based climate assumptions relating to the incidence and severity of acute and chronic climate related events will be applied in this analysis.

As the Group continues to progress its assessment of the potential financial impacts of climate-related risks, the identification of additional risks (threats and opportunities), the detailed development of the Group's response, and changes to the Group's climate change strategy may impact the Group's significant judgements and key estimates and result in material changes to financial results and the carrying amounts of certain assets and liabilities in future reporting periods.

Operating performance

B4 Segment Information

The Group's chief operating decision maker (the Board of Directors) applies an integrated network approach to operate, develop and invest in the portfolio of underlying assets, as the operating activities, tolling services, regulatory environment and customer and client relationships are shared across each of the concession assets managed by the Group. Hence the Group is viewed as a single operating segment, which is aligned to the information reported to the Board of Directors.

The Board assesses the performance of the network based on a measure of earnings before net finance costs, income tax, depreciation and amortisation expenses (Non-statutory EBITDA).

	2023 $M	2022 Restated[1] $M
Statutory revenue	**841.1**	724.9
Statutory expenses	**(233.3)**	(216.9)
Non-Statutory EBITDA	**607.8**	508.0
Statutory depreciation and amortisation	**(258.8)**	(246.2)
Statutory net finance cost	**(293.3)**	(285.1)
Profit/(loss) before income tax	**55.7**	(23.3)

1. Refer to Note B3 for details regarding restatement.

B5 Revenue

	2023 $M	2022 Restated[1] $M
Toll revenue	**832.7**	718.9
Construction revenue	**2.5**	0.6
Other revenue	**5.9**	5.4
Total revenue	**841.1**	724.9

1. Refer to Note B3 for details regarding restatement.

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*. These 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.

B5 Revenue (continued)

Service concession arrangements – intangible asset model

The Group's service concession arrangements fall into the intangible asset model. The revenue streams covered by this model are toll revenue and construction revenue. Revenue of the Group includes toll revenue and construction revenue. The revenue recognition principles for these revenue streams are discussed below:

Revenue type	Recognition
Toll revenue	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.
Construction revenue	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.

Toll revenue for the year ended 30 June 2022 includes compensation received from the Brisbane City Council and Department of Transport and Main Roads for customers who used the motorways during the government imposed toll suspension period due to flooding events from the period of 2 March 2022 to 6 March 2022.

Other revenue

Other revenue includes management fee revenue, roaming fee revenue, advertising revenue, and tolling services revenue and is recognised at the point in time the service is provided. It also includes compensation received from third parties for a loss of toll revenue, which is recognised when it is reasonably assured it will be collected.

B6 Income tax

Income tax expense/(benefit)

	2023 $M	2022 Restated[1] $M
Current tax	**18.4**	(4.4)
Deferred tax	**(12.6)**	2.3
	5.8	(2.1)
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:		
(Increase)/decrease in deferred tax assets	**(12.9)**	6.6
Increase/(decrease) in deferred tax liabilities	**0.3**	(4.3)
	(12.6)	2.3

Reconciliation of income tax expense/(benefit) to prima facie tax payable

	2023 $M	2022 Restated[1] $M
Profit/(loss) before income tax expense/(benefit)	**55.7**	(23.3)
Tax at the Australian tax rate of 30.0% (2022: 30.0%)	**16.7**	(7.0)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Trust (loss)/income not subject to tax	**(10.9)**	5.5
Sundry items	**—**	(0.6)
Income tax expense/(benefit)	**5.8**	(2.1)
Tax (benefit)/expense relating to items of other comprehensive income		
Cash flow hedges	**(34.0)**	83.7
Cost of hedging	**0.1**	2.6
	(33.9)	86.3

1. Refer to Note B3 for details regarding restatement.

B6 Income tax (continued)

Deferred tax assets and liabilities

	Assets		Liabilities	
	2023 $M	2022 Restated[1] $M	2023 $M	2022 Restated[1] $M
The balance comprises temporary differences attributable to:				
Provisions	**206.9**	264.6	**—**	—
Current and prior year losses	**165.5**	181.3	**—**	—
Fixed assets/intangibles	**541.2**	482.5	**(149.7)**	(156.5)
Lease liabilities	**2.6**	1.9	**—**	—
Accrued expenses	**1.0**	—	**—**	—
Derivatives and foreign exchange	**165.4**	111.0	**(161.0)**	(141.1)
Tax assets/(liabilities)	**1,082.6**	1,041.3	**(310.7)**	(297.6)
Set-off of tax	**(310.7)**	(297.6)	**310.7**	297.6
Net tax assets/(liabilities)	**771.9**	743.7	**—**	—
Movements:				
Opening balance at 1 July	**1,039.5**	990.1	**(297.6)**	(163.5)
Impact of restatement[1]	**1.8**	1.2	**—**	—
Restated opening balance at 1 July	**1,041.3**	991.3	**(297.6)**	(163.5)
Credited/(charged) to the statement of comprehensive income	**12.9**	(6.6)	**(0.3)**	4.3
Credited/(charged) to equity	**54.3**	51.6	**(20.4)**	(137.9)
Transfers DTA/DTL	**(7.8)**	—	**7.8**	—
Current year losses recognised/(prior year losses utilised) and under/(over) provision in prior years	**(18.1)**	5.0	**(0.2)**	(0.5)
Closing balance at 30 June	**1,082.6**	1,041.3	**(310.7)**	(297.6)
Deferred tax assets/(liabilities) to be recovered/(paid) after more than 12 months	**1,082.6**	1,041.3	**(310.7)**	(297.6)

1. Refer to Note B3 for details regarding restatement.

The Group has reviewed its deferred tax assets with reference to the potential impact of the macroeconomic environment on forecast taxable income. Management have determined that it is probable that future taxable income will be available to utilise against deferred tax assets recognised as at 30 June 2023.

Accounting policy

The income tax expense/(benefit) for the year is the tax payable or recoverable on the current year's taxable income or loss based on the Australian income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and 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. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and they establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Group operates as a stapled group comprising two corporate entities, TQH1 and TQH2 and a trust, TQIT. TQIT operates as a flow-through trust, and is not liable to pay tax. Security holders therefore pay tax on the distributions they receive from TQIT 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.

B6 Income tax (continued)

Accounting policy (continued)

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.

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.

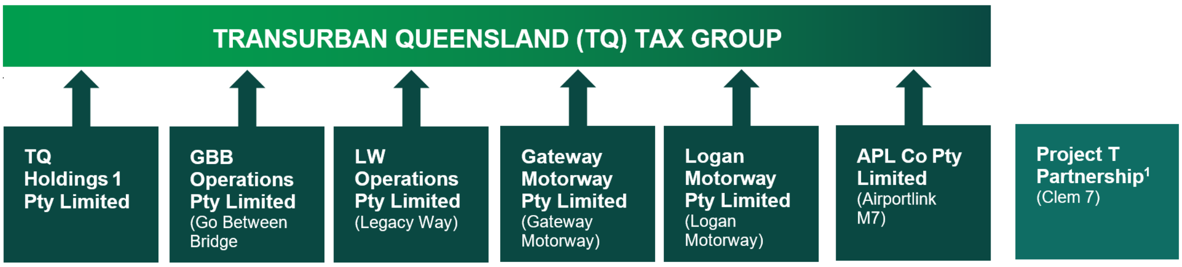
Current and deferred tax is recognised in the profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Tax consolidation legislation

Transurban Queensland has adopted the Australian tax consolidation legislation for TQH1 and its Australian entities from 2 July 2014.

All entities within the TQH1 tax consolidated group 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 TQH1 tax consolidated group is summarised as follows:



1. This is entity is classified as a partnership for tax purposes.

TQH1 tax consolidated group

The entities in the TQH1 tax consolidated group entered into a Tax Sharing Agreement (TSA) effective from 2 July 2014. The entities in the TQH1 tax consolidated group have also entered into a tax funding agreement (TFA) effective from 2 July 2014. APL Hold Co Pty Ltd (AirportlinkM7) and its controlled entities entered the TQH1 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.

Goods and Services Tax (GST)

Revenues, expenses and assets (other than receivables) 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.

B6 Income tax (continued)

Goods and Services Tax (GST) (continued)

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 within other receivables or other payables in the balance sheet.

Cash flows from operating activities 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

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. The utilisation of tax losses also depends on the ability of the Group to satisfy certain tests at the time the losses are recouped. Management have reviewed forecast taxable profits including the potential impact of the macroeconomic environment and have recognised deferred tax assets in relation to tax losses.

B7 Working capital

The Group's working capital balances are summarised as follows:

	2023 $M	2022 Restated[1] $M
Current assets		
Cash and cash equivalents	**106.4**	106.9
Total cash	**106.4**	106.9
Trade receivables	**36.0**	32.3
Other receivables	**25.8**	11.9
Total receivables	**61.8**	44.2
Total current assets	**168.2**	151.1
Current liabilities		
Trade and other payables	**(91.0)**	(86.0)
Net working capital	**77.2**	65.1

1. Refer to Note B3 for details regarding restatement.

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. Bank overdrafts are shown within borrowings in current liabilities. All cash balances are interest bearing.

The amount shown in cash and cash equivalents as at 30 June 2023 includes $nil million not available for general use (2022: $9.5 million).

B7 Working capital (continued)

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 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime 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.

As at 30 June 2023, the expected loss rates incorporate forward-looking information about the uncertainties related to the macroeconomic environment. Such forward-looking information reflects management's estimate based on the conditions existing as at 30 June 2023.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade receivables:

30 June 2023	Current	Up to 90 days past due	More than 90 days past due	Total
Expected loss rate	**1%**	**3%**	**50%**	**N/A** [1]
Gross carrying amount ($M)	**19.7**	**10.7**	**11.9**	**42.3**
Loss allowance ($M)	**(0.1)**	**(0.3)**	**(5.9)**	**(6.3)**

30 June 2022	Current	Up to 90 days past due	More than 90 days past due	Total
Expected loss rate	2%	3%	76%	N/A [1]
Gross carrying amount ($M)	19.9	9.5	14.6	44.0
Loss allowance ($M)	(0.3)	(0.3)	(11.1)	(11.7)

[1] N/A – Not applicable

The closing loss allowances for trade receivables reconciles to the opening loss allowance as follows:

	2023 $M	2022 $M
Opening loss allowance	**11.7**	10.8
Increase in loss allowance recognised in the profit and loss during the year	**1.1**	1.1
Receivables written off during the year as uncollectible	**(6.5)**	(0.2)
Closing loss allowance	**6.3**	11.7

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

In accordance with AASB 9 *Financial Instruments*, 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 other receivables recorded within trade and other receivables.

B7 Working capital (continued)

Other financial assets at amortised cost (continued)

As at 30 June 2023, having assessed the impacts from the economic uncertainties related to the macroeconomic environment, management 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 other financial assets is limited to 12 months expected credit 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 other financial assets is $nil (2022: $nil).

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are recognised initially at fair value, usually based on the transaction cost or face value and subsequently measured at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

B8 Other liabilities

	2023 $M	2022 $M
Current		
Prepaid tolls	**58.4**	58.0
Other liabilities	**0.2**	0.2
Leases (refer to Note B23)	**1.8**	0.6
Total other current liabilities	**60.4**	58.8
Non-current		
Leases (refer to Note B23)	**19.4**	20.2
Other liabilities	**1.7**	1.9
Total other non-current liabilities	**21.1**	22.1
Total other liabilities	**81.5**	80.9

Prepaid tolls

Prepaid tolls represent amounts received from customers and held on deposit until the charge is incurred by the toll road user, at which time the amount is recognised as toll revenue.

Security holder outcomes

B9 Dividends/distributions

Distributions paid by the Group

	Total $M	Paid in cash $M	cps	Date Paid
Distribution – TQIT				
2023				
Quarter ended 30 September 2022	27.0	27.0	0.6	30 September 2022
Quarter ended 31 December 2022	93.0	93.0	2.0	30 December 2022
Quarter ended 31 March 2023	39.9	39.9	0.9	31 March 2023
Quarter ended 30 June 2023	75.0	75.0	1.7	30 June 2023
Total paid FY23	**234.9**	**234.9**	**5.2**	
2022				
Distribution – TQIT				
Quarter ended 30 September 2021	28.3	28.3	0.6	30 September 2021
Quarter ended 31 December 2021	65.3	65.3	1.4	31 December 2021
Quarter ended 31 March 2022	30.2	30.2	0.7	31 March 2022
Quarter ended 30 June 2022	70.0	70.0	1.5	30 June 2022
Total paid FY22	193.8	193.8	4.2	

Distribution policy

The Group's distribution policy is to align distributions with actual available cash from operations after the servicing of external debt interest. For this purpose, distributions are in addition to the redemption of shareholder loan note principal (refer to Note B24).

Capital and borrowings

B10 Net finance costs

	2023 $M	2022 $M
Finance income		
Interest income on bank deposits	**6.2**	1.0
Net unrealised remeasurement gain attributable to derivative financial instruments	**—**	19.6
Total finance income	**6.2**	20.6
Finance costs		
Interest and finance charges paid/payable	**(246.8)**	(247.9)
Net unrealised remeasurement loss attributable to derivative financial instruments	**(5.4)**	—
Shareholder loan note interest and finance charges	**(33.2)**	(37.4)
Unwind of discount and remeasurement on provisions and other liabilities	**(14.1)**	(20.4)
Total finance costs	**(299.5)**	(305.7)
Net finance costs	**(293.3)**	(285.1)

Interest income on bank deposits

Interest income is recognised using the effective interest method under AASB 9 *Financial Instruments*.

Borrowing cost capitalised to assets under construction

In addition to the net finance costs (shown above) that are included in profit and loss, $0.3 million (2022: $0.2 million) financing costs have been capitalised and included in the carrying value of property, plant and equipment.

Unrealised remeasurement gain/loss attributable to derivative financial instruments

The Group uses derivative financial instruments in the normal course of business to hedge exposures to fluctuations in interest rates and foreign exchange rates in accordance with the Group's financial risk management policies. The Group has entered into cross-currency interest rate swaps that hedge 100% of its economic exposure to borrowings raised in foreign currencies. The cross-currency interest rate swap contracts hedge the risk of unfavourable foreign exchange rate movements on borrowings denominated in foreign currencies. Under the swap contracts, the Group receives foreign currency at fixed rates and pays AUD at fixed rates.

At the end of each reporting period, the Group remeasures the cross-currency interest rate swap contracts at fair value and applies hedge accounting. The periodic remeasurement of the cross-currency interest rate swap contracts to fair value includes an element of foreign currency basis spread. For those cross-currency interest rate swap contracts that designate the entire fair value of the cross-currency interest swap contract as the hedging instrument (including the foreign currency basis spread component), this can result in ineffectiveness in the hedging relationship that is recognised in the profit and loss.

In the year ended 30 June 2023 the Group observed a downwards shift in the AUD basis curve relative to other foreign currencies, which resulted in a change in the fair value of these cross-currency interest rate swaps, as outlined at Note B12. While the Group has removed the cash flow risk of unfavourable exchange rate movements through the use of these swaps, hedge accounting ineffectiveness is the primary driver of the net unrealised remeasurement loss attributable to derivative financial instruments for the year ended 30 June 2023.

B11 Borrowings

	2023 $M	2022 $M
Current		
Capital markets debt	**200.0**	303.9
Non-current		
Capital markets debt	**2,194.6**	2,278.3
U.S. private placement	**2,821.9**	2,728.4
Term debt	**540.4**	232.1
Total non-current borrowings	**5,556.9**	5,238.8
Total borrowings	**5,756.9**	5,542.7

Accounting policy

Borrowings

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 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 drawdown 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.

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

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.

Capitalisation of borrowing costs to the carrying amount of property, plant and equipment is undertaken where a direct relationship can be established between the borrowings and the relevant projects giving rise to qualifying assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is net of any interest earned on those borrowings (refer to Note B10).

Financing arrangements and credit facilities

During FY23, and in the interval between the end of FY23 and the date of this report, the Group executed the following financing activities:

- In December 2022, the Group reached financial close on a $480.0 million syndicated bank facility with a tenor of 2 years.
- In May 2023, the $480.0 million syndicated bank facility was partially drawn to repay CHF200.0 million EMTN which was due in June 2023.
- In July 2023, a further $200.0 million was drawn on the syndicated bank facility to repay $200.0 million AMTN. The syndicated bank facility was subsequently repaid via the proceeds from a new $500.0 million institutional term loan (ITL) with tenors of 10 and 12 years which reached financial close in July 2023.

B11 Borrowings (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 2023 $M	Carrying value 2022 $M
Capital markets debt			
EMTN CHF 200m	Jun 2023	**—**	303.9
AMTN AUD 200m	Oct 2023	**200.0**	200.0
AMTN AUD 200m	Dec 2024	**200.0**	200.0
EMTN CHF 200m	Dec 2025	**335.6**	303.9
EMTN CHF 175m	Nov 2026	**293.6**	265.9
EMTN Reg S USD 500m	Apr 2028	**754.4**	726.4
AMTN AUD 300m	Aug 2031	**300.0**	300.0
EMTN CHF 190m	Nov 2031	**318.8**	288.7
US Private Placement			
Sep 2015 - Tranche A USD 155m	Sep 2025	**233.9**	225.2
Dec 2016 - Tranche A USD 130m	Dec 2026	**196.2**	188.9
Dec 2016 - Tranche D AUD 35m	Dec 2026	**35.0**	35.0
Sep 2015 - Tranche B USD 230m	Sep 2027	**347.0**	334.1
Dec 2016 - Tranche B USD 225m	Dec 2028	**339.5**	326.9
May 2019 - Tranche A AUD 30m	May 2029	**30.0**	30.0
May 2019 - Tranche C USD 144m	May 2029	**217.3**	209.2
Sep 2015 - Tranche C USD 256m	Sep 2030	**386.3**	371.9
Sep 2015 - Tranche D AUD 70m	Sep 2030	**70.0**	70.0
May 2019 - Tranche D USD 245m	May 2031	**369.7**	355.9
Dec 2016 - Tranche C USD 78m	Dec 2031	**117.7**	113.3
Dec 2016 - Tranche E AUD 75m	Dec 2031	**75.0**	75.0
May 2019 - Tranche B AUD 40m	May 2034	**40.0**	40.0
May 2019 - Tranche E USD 180m	May 2034	**271.6**	261.5
Jan 2017 - Tranche F AUD 100m	Jan 2035	**100.0**	100.0
Term debt			
Syndicated bank facility AUD 480m	Dec 2024	**279.3**	—
Capex facility AUD 150m	Apr 2025	**62.1**	32.8
Term debt AUD 200m	Apr 2030	**200.0**	200.0
Working capital facilities			
AUD 35 million facility	Apr 2025	**—**	—
Net capitalised borrowing costs		**(16.1)**	(15.8)
Total non-recourse debt, net of capitalised borrowing costs		**5,756.9**	5,542.7

B11 Borrowings (continued)

Working capital facilities

The Transurban Queensland Finance working capital facility is secured against the respective rights of TQH1, TQH2, TQIT and their assets. At 30 June 2023 the facility was undrawn.

	2023 $M			2022 $M	
	Maturity date	Facility amount	Amount issued	Facility amount	Amount issued
Working capital facility[1]	Apr 2025	**11.6**	**11.6**	11.6	11.6

1. The $11.6 million drawn amount reflects the letters of credit issued as these are not available to be drawn for working capital purposes.

Capital markets debt

A Transurban Queensland Finance EMTN program was established in March 2016 with a program limit of US$2.0 billion. Under the program, Transurban Queensland Finance may from time to time issue notes denominated in any currency. These notes are secured against the respective rights of TQH1, TQH2, TQIT and their assets.

A Transurban Queensland Finance AMTN program was established in November 2014 with a program limit of $2.0 billion. These notes are secured against the respective rights of TQH1, TQH2, TQIT and their assets.

US private placement

The Transurban Queensland Finance U.S private placement facilities are secured against the respective rights of TQH1, TQH2, TQIT and their assets.

Term debt

The Transurban Queensland Finance facilities are secured against the respective rights of TQH1, TQH2, TQIT and their assets.

Shareholder loan notes

The loans to Transurban Queensland from the acquisition consortium partners are unsecured. Refer to Note B24 for further details on shareholder loan notes.

Covenants

The Group's consolidated borrowings include a financial covenant, which is listed below. There have been no breaches of this covenant 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 (including distributions) and considers any management actions that can be undertaken should actual cash flows not perform to budget.

The Group's financial covenant is calculated on a trailing 12-month basis. A trailing 12-month metric also enables management action to be taken swiftly to mitigate the risks of any covenants breaches.

Non-Recourse Debt

Covenant	Covenant breach threshold
Transurban Queensland Finance Interest Coverage Ratio	Less than 1.20 times

B12 Derivatives and financial risk management

Derivatives

	2023 $M Current	2023 $M Non-current	2022 $M Current	2022 $M Non-current
Assets				
Interest rate swap contracts	**—**	**25.8**	—	21.8
Cross-currency interest rate swap contracts	**—**	**510.8**	22.3	426.5
Total derivative financial instrument assets	**—**	**536.6**	22.3	448.3

Accounting policy

Initial recognition and subsequent measurement
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at 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); or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow 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.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The entire 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 from the reporting date.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in the cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

Amounts accumulated in equity are reclassified to profit and loss in the periods when the hedged item affects profit and loss.

When a hedging instrument expires or is sold or terminated, or when a hedging relationship 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 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 profit and loss.

The Group excludes currency basis spread from its cash flow hedge relationships where the designated hedging instrument is a cross-currency interest rate swap entered into on or after 1 July 2020. Changes in currency basis spread on swaps entered into from 1 July 2020 are recognised through other comprehensive income in a separate cost of hedging reserve.

B12 Derivatives and financial risk management (continued)

Accounting policy (continued)

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 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. 94% (2022: 99%) of debt held by the Group (excluding working capital facilities) is covered by interest rate swap contracts or is at a fixed interest rate.

Cross-currency interest rate swap 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 a fixed rate.

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 reporting date.

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 continuously monitors 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.

B12 Derivatives and financial risk management (continued)

Market risk

Foreign exchange risk

The Group 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 operating exposures. All known material operating exposures for the following 12 months are hedged either using hedging instruments or are offset by drawing on foreign currency funds.

The Group uses hedging instruments such as cross-currency interest rate swaps to manage these exposures. The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

	2023 $M	2022 $M
Cross-currency interest rate swaps		
Carrying amount	**510.8**	448.8
Notional amount	**3,630.0**	3,909.0
Maturity dates	**Sep 2025 to May 2034**	Jun 2023 to May 2034
Hedge ratio	1:1	1:1
Change in discounted value of outstanding hedging instruments	**122.6**	615.2
Change in value of hedged item used to determine hedge effectiveness	**(119.2)**	(635.7)

Maturity profile—notional value of cross-currency interest rate swaps are as follows:

	Less than 12 months	1-5 years	Over 5 years	Total notional amount
2023 $M				
Cross-currency swaps (AUD:USD)	**—**	**1,015.0**	**1,128.0**	**2,143.0**
Average AUD-USD exchange rate	—	0.77	0.74	—
Average fixed interest rate[1]	—	5.2 %	4.8 %	—
Cross-currency swaps (AUD:CHF)	**—**	**375.0**	**190.0**	**565.0**
Average AUD-CHF exchange rate	—	0.74	0.71	—
Average fixed interest rate[1]	—	4.5 %	3.3 %	—
2022 $M				
Cross-currency swaps (AUD:USD)	**—**	**285.0**	**1,858.0**	**2,143.0**
Average AUD-USD exchange rate	—	0.76	0.75	—
Average fixed interest rate[1]	—	5.2 %	4.9 %	—
Cross-currency swaps (AUD:CHF)	**200.0**	**375.0**	**190.0**	**765.0**
Average AUD-CHF exchange rate	0.72	0.74	0.71	—
Average fixed interest rate[1]	4.6 %	4.5 %	3.3 %	—

1. 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.

B12 Derivatives and financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)
Effectiveness of hedging relationships designated are as follows:

	Hedge (gains)/ losses recognised in other comprehensive income $M	Hedge ineffectiveness (gains)/losses recognised in profit and loss $M	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from other comprehensive income to profit and loss $M	Line item in profit and loss for reclassification
2023					
Foreign currency risk	**(64.0)**	**2.0**	**Net finance costs**	**3.4**	**Net finance costs**
2022					
Foreign currency risk	(544.7)	(19.6)	Net finance costs	—	Net finance costs

Exposure to foreign currency risk at the reporting date, denominated in the currency in which the risk arises are as follows:

	2023 $M USD	2023 $M CHF	2022 $M USD	2022 $M CHF
Borrowings	**(2,143.0)**	**(565.0)**	(2,143.0)	(765.0)
Cross-currency interest rate swaps	**2,143.0**	**565.0**	2,143.0	765.0
Net exposure	**—**	**—**	—	—

Sensitivity to exchange rate movements based on the translation of financial instruments held at the end of the period is as follows:

	2023 $M Movement in post-tax profit	2023 $M Increase / (decrease) in equity	2022 $M Movement in post-tax profit	2022 $M Increase / (decrease) in equity
AUD/USD				
+ 10 cents	**—**	**(6.1)**	—	(18.4)
- 10 cents	**—**	**8.3**	—	24.6
AUD/CHF				
+ 10 cents	**—**	**1.4**	—	(8.7)
- 10 cents	**—**	**(2.0)**	—	11.8

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 as well as movements in market interest rates.

B12 Derivatives and financial risk management (continued)

Market risk (continued)

Interest rate risk

The Group's main exposure to interest rate risk arises from borrowings and cash and cash equivalents. The Group manages interest rate risk on 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.

Capital expenditure facilities are also utilised for shorter term funding requirements such as project capital expenditure. These are drawn down periodically from available variable rate facilities, the balance drawn at 30 June 2023 was $62.1 million (2022: $32.8 million). Upon completion of a capital expenditure project, these are refinanced with longer term funding which is then hedged in accordance with the Group's interest rate hedging policy.

The effects of the interest rate related hedging instruments on the Group's financial position and performance are as follows:

	2023 $M	2022 $M
Interest rate swaps		
Carrying amount	**25.8**	21.8
Notional amount	**440.0**	440.0
Maturity dates	**Dec 2024 to May 2034**	Dec 2024 to May 2034
Hedge ratio	**1:1**	1:1
Change in discounted value of outstanding hedging instruments	**3.4**	(5.2)
Change in value of hedged item used to determine hedge effectiveness	**(4.0)**	4.3

Maturity profile—notional value of interest rate swaps are as follows:

	Less than 12 months	1 – 5 years	Over 5 years	Total notional amount
2023 $M				
Interest rate swaps	**—**	**200.0**	**240.0**	**440.0**
Average fixed interest rate[1]	**—**	**3.4%**	**2.6%**	**—**
2022 $M				
Interest rate swaps	—	200.0	240.0	440.0
Average fixed interest rate[1]	—	3.4%	2.6%	—

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.

B12 Derivatives and financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

Effectiveness of hedging relationships designated are as follows:

	Hedge (gains)/ losses recognised in other comprehensive income $M	Hedge ineffectiveness (gains)/losses recognised in profit and loss $M	Line item in profit and loss that includes hedge ineffectiveness	Amount reclassified from other comprehensive income to profit and loss $M	Line item in profit and loss for reclassification
2023					
Interest rate risk	**(4.0)**	**—**	**Net finance costs**	**—**	**Net finance costs**
2022					
Interest rate risk	(65.8)	—	Net finance costs	—	Net finance costs

As at the reporting date, the Group had the following cash balances, variable rate borrowings and interest rate swap contracts outstanding:

	2023 $M	2022 $M
Cash and cash equivalents	**106.4**	106.9
Floating rate borrowings	**(781.4)**	(472.8)
Interest rate swaps (notional principal amount)	**440.0**	440.0
Net exposure to interest rate risk	**(235.0)**	74.1

Sensitivity to interest rate movements based on variable rate cash balances, variable rate borrowings, and interest rate swap contracts is as follows:

	Increase / (decrease) in equity	
	2023 $M	2022 $M
Interest rates +100bps	**(2.4)**	0.7
Interest rates –100bps	**2.4**	(0.7)

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 through 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 creditworthy 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.

Credit exposures and compliance with internal credit limits are monitored daily. An International Swaps and Derivatives Association (ISDA) agreement must be in place between the Group and the counterparty prior to executing any derivatives and netting provisions are included.

B12 Derivatives and financial risk management (continued)

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 (one to five years) by maintaining rolling 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 liquidity reserve. This reserve is based on the Group's forecast annual operating costs and certain risk exposure scenarios and is maintained as cash and undrawn facilities. 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.

Existing cash reserves are sufficient to cover periods of negative cash flows.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2023 $M	2022 $M
Floating rate		
Expiring within one year	**—**	—
Expiring beyond one year	**312.0**	140.6
Total undrawn borrowing facilities	**312.0**	140.6

Contractual maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows of the Group's financial liabilities.

2023 $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	**91.0**	**—**	**—**	**—**	**—**	**—**	**91.0**	**91.0**
Borrowings	**371.0**	**669.0**	**731.8**	**686.9**	**1,250.1**	**3,160.8**	**6,869.6**	**5,756.9**
Interest rate swaps[2,3]	**(6.2)**	**(5.3)**	**(3.0)**	**(2.8)**	**(3.2)**	**(11.3)**	**(31.8)**	**(25.8)**
Cross-currency swaps[2,4]	**30.8**	**30.7**	**23.5**	**14.3**	**9.4**	**27.3**	**136.0**	**(510.8)**
Shareholder loans	**32.0**	**31.9**	**31.9**	**31.9**	**32.0**	**1,283.9**	**1,443.6**	**580.4**
Lease liabilities	**1.8**	**3.5**	**3.6**	**3.7**	**3.9**	**8.9**	**25.4**	**21.2**
Total	**520.4**	**729.8**	**787.8**	**734.0**	**1,292.2**	**4,469.6**	**8,533.8**	**5,912.9**

2022 $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 (restated)[1]	86.0	—	—	—	—	—	86.0	86.0
Borrowings	439.0	390.5	366.0	698.0	647.0	4,265.1	6,805.6	5,542.7
Interest rate swaps[2,3]	1.8	(3.9)	(3.2)	(3.0)	(3.3)	(14.9)	(26.5)	(21.8)
Cross-currency swaps[2,4]	46.8	36.5	36.4	29.0	19.2	48.9	216.8	(448.8)
Shareholder loans	34.1	34.2	34.1	34.1	34.1	1,417.5	1,588.1	683.5
Lease liabilities	0.6	1.8	3.5	3.6	3.7	12.8	26.0	20.8
Total	608.3	459.1	436.8	761.7	700.7	5,729.4	8,696.0	5,862.4

1. Refer to Note B3 for details regarding restatement.
2. The carrying amount of the interest rate and cross-currency swaps have been presented on a net basis. The gross position is disclosed in the first table of Note B12.
3. Cash flows have been estimated using forward interest rates at the end of the reporting period.
4. Cash flows have been estimated using spot translation rates at the end of the reporting period.

B12 Derivatives and financial risk management (continued)

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. For current borrowings, this is due to the interest payable being close to current market rates or the borrowings being short-term in 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)
- 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). There were no transfers between levels during the year and there has been no change in valuation techniques applied.

Key estimate and judgement

The fair value of financial instruments that are not traded in an active market 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.

Concession summary

B13 Goodwill

	2023 $M	2022 $M
Cost	**204.7**	204.7
Carrying amount	**204.7**	204.7

Goodwill relates to the Brisbane cash generating unit (CGU) and has arisen from the Group's acquisition of the Queensland Motorways Group.

Key estimate and judgement
The Group makes certain assumptions in calculating the recoverable amount of its goodwill (Note B13) and other intangible assets (Note B14). These include assumptions around expected traffic performance and forecast operational costs.

In performing the recoverable value calculations, the Group has applied the assumptions noted in the below table. Management do not consider that any reasonably possible change in the assumptions will result in the carrying value of the Group CGU to which goodwill has been allocated exceeding its recoverable amount.

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.

Impairment testing is undertaken by calculating the recoverable amount, which is the greater of fair value less costs of disposal 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 (CGUs).

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 four-year cash flow projections based on financial plans reviewed by the Board which include management's estimate of the impact to cash flows from macroeconomic factors. Cash flows beyond this period are modelled using a consistent set of long-term assumptions up to the end of the applicable concession period:

	2023	2022
Long term CPI (% annual growth)	**2.5 %**	**2.5%**
Long term average weekly earnings (% annual growth)	**3.5 %**	**3.5%**
Pre-tax discount rate (%)	**8.2 %**	**8.2%**

B13 Goodwill (continued)

Management have determined the values assigned to each of the above key assumptions as follows:

Assumption	**Approach used to determine values**
Traffic volume	Forecasts are developed based on historical trends and the Group's long-term forecasting models, inclusive of some expectation of industry changes.
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	Given the long term nature of the Group's concession intangible assets, a discount rate is determined, considering historical, current and forecast risk free rates. This results in a change to the discount rate when there is a change to long term trends in risk-free rates. A specific rate is selected for each CGU reflecting the term of the asset, the nature and risks inherent in the asset, and where appropriate, the implied discount rate on acquisition. In performing the value-in-use calculations for each CGU, the Group has applied pre-tax discount rates to discount the forecast pre-tax cash flows. The pre-tax discount rates are disclosed in the table above.

The impairment testing indicates the recoverable amount of the 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 2023.

Sensitivity analysis has been performed within the CGU valuation model to which goodwill has been allocated to determine whether 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.

B14 Other intangible assets

	2023 $M	2022 $M
Cost	**9,050.4**	9,041.4
Accumulated amortisation	**(1,961.3)**	(1,722.7)
Net carrying amount	**7,089.1**	7,318.7

Movement in intangible assets

	2023 $M	2022 $M
Net carrying amount at Additions	**7,318.7**	7,556.7
Additions	**9.0**	0.6
Amortisation charge	**(238.6)**	(238.6)
Net carrying amount at	**7,089.1**	7,318.7

Accounting policy

The Group recognises intangible assets only if it is probable that future economic benefits will flow to the Group and the cost of the asset can be measured reliably. In addition, for internally generated intangible assets, development costs are only capitalised when certain criteria are met. All research costs are expensed.

Concession assets

Concession assets represent the Group's rights to operate and maintain roads under Service Concession Arrangements. Service Concession Arrangements are accounted for in accordance with AASB Interpretation 12 *Service Concession Arrangements* (IFRIC 12). Assets under construction are accounted for as contract assets in accordance with AASB 15 *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

The Group's service concession arrangements fall under the intangible asset model and are amortised on a straight-line basis over the term of the concession arrangement.

B14 Other intangible assets (continued)

The Group has the right to toll the concession assets for the concession period. At the end of the concession period, all concession assets are returned to the respective Government. The remaining terms of the right to operate are reflected below:

	2023 Years	2022 Years
Gateway and Logan	**28**	29
Clem7 Tunnel	**28**	29
AirportlinkM7	**30**	31
The Go Between Bridge	**40**	41
Legacy Way Tunnel	**42**	43

Concession assets constructed by the Group are recorded at the fair value of consideration received or receivable for the construction services delivered, by reference to the stand-alone selling price of the construction services provided. Concession assets acquired by the Group are recorded at the fair value of the assets at the date of acquisition.

Construction costs
Construction costs include contracted construction payments, pre-construction development costs and any other project costs (including an appropriate allocation of overheads) that are directly attributable to the assets under construction. The costs are recognised as incurred.

Construction costs relating to completed works are transferred to the concession asset upon final completion of the project.

Impairment of non-financial assets

Intangible assets, other than goodwill
At each reporting period, the Group assesses whether there is an indication of impairment for each of the Group's service concession intangible assets. Where an indicator of impairment is identified, impairment testing is performed.

Impairment testing is undertaken by calculating the recoverable amount, based on the higher of fair value less costs of disposal and value in use estimated using discounted cash flows.

Where the carrying amount of an 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.

There were no indicators of impairment for the Group's service concession intangible assets as at 30 June 2023.

Assets under construction
For the purposes of impairment testing, these balances are classified as contract assets and subject to the impairment requirements in AASB 9 *Financial Instruments*.

B15 Maintenance provision

Accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are discounted to the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the discount unwinding over the passage of time is recognised as a finance cost.

Movement in maintenance provision

	Current $M	Non-current $M
Carrying value at 30 June 2022	**75.1**	**582.6**
Additional provision recognised	**13.9**	**62.4**
Amounts paid/utilised	**(62.1)**	**—**
Unwinding of discount	**—**	**13.1**
Transfer	**33.7**	**(33.7)**
Carrying value at 30 June 2023	**60.6**	**624.4**
Carrying value at 1 July 2021	77.1	542.7
Additional provision recognised	—	60.1
Amounts paid/utilised	(41.7)	—
Unwinding of discount	—	19.5
Transfer	39.7	(39.7)
Carrying value at 30 June 2022	75.1	582.6

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 roads 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.

Group structure

B16 Principles of consolidation

Subsidiaries

Subsidiaries are those entities that the Group controls. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to govern the financial and operating policies of the entity.

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.

B17 Material subsidiaries

The Group's material subsidiaries are outlined below.

			% Equity Interest[1]	
Name of entity[1]	Principal Activities	Country of incorporation	2023	2022
Transurban Queensland Finance Pty Limited	Financing entity	Australia	100	100
Project T Partnership	Road/operating entity	Australia	100	100
Gateway Motorway Pty Limited	Road/operating entity	Australia	100	100
Logan Motorways Pty Limited	Road/operating entity	Australia	100	100
Queensland Motorways Management Pty Limited	Road/operating entity	Australia	100	100
GBB Operations Pty Limited	Road/operating entity	Australia	100	100
LW Operations Pty Limited	Road/operating entity	Australia	100	100
Queensland Motorways Services Pty Limited	Service entity	Australia	100	100
Transurban Queensland Property Trust	Concession leasing	Australia	100	100
Transurban Queensland Property Pty Limited	Trustee	Australia	100	100
APL Co Pty Limited	Road/operating entity	Australia	100	100
TQ APL Finance Co Pty Limited	Financing entity	Australia	100	100
TQ APL Asset Co Pty Limited	Trustee	Australia	100	100
TQ APL Asset Trust	Concession leasing	Australia	100	100

1. There are no incorporated entities with non-controlling interests (Trust entities with non-controlling interests are detailed within Note B18).

Ultimate parent

The ultimate parent company of the Group is Transurban Holdings Limited which is domiciled and listed in Australia.

B18 Non-controlling interests

Set out below is summarised financial information for each material subsidiary that has non-controlling interests that are material to Transurban Queensland. The amounts disclosed are before inter-company eliminations.

	TQIT[1]	
	2023 $M	**2022 $M**
Summarised balance sheet		
Current assets	**74.9**	301.8
Non-current assets	**7,451.8**	7,257.5
Current liabilities	**(268.0)**	(359.0)
Non-current liabilities	**(5,723.3)**	(5,383.0)
Net assets	**1,535.4**	1,817.3
Carrying amount of non-controlling interests	**1,535.4**	1,817.3
Summarised statement of comprehensive income		
Revenue	**441.8**	392.5
Profit/(loss) for the year	**32.1**	(1.1)
Other comprehensive (loss)/income	**(79.1)**	201.5
Total comprehensive (loss)/income	**(47.0)**	200.4
Loss allocated to non-controlling interests	**32.1**	(1.1)
Other comprehensive (loss)/income allocated to non-controlling interests	**(79.1)**	201.5
Summarised cash flows		
Cash flows from operating activities	**251.2**	188.3
Cash flows from investing activities	**(9.5)**	(0.6)
Cash flows from financing activities	**(232.0)**	(189.1)
Net increase/(decrease) in cash and cash equivalents	**9.7**	(1.4)

1. The entities included in TQIT are TQ APL Asset Trust, TQ APL Finance Co Pty Limited, TQ APL Hold Trust, Transurban Queensland Finance Pty Limited, Transurban Queensland Invest Trust and Transurban Queensland Property Trust. The entities not included are Transurban Queensland Invest Pty Limited, Transurban Queensland Property Pty Limited, TQ APL Hold Co Pty Limited, TQ APL Asset Co Pty Limited, Transurban Queensland Holdings 2 Pty Limited, QM Assets Pty Limited, Project T Partner Hold Co 2 Pty Limited and Project T Partner Co 2 Pty Limited.

B19 Deed of cross guarantee

Deed of cross guarantee

TQH1 and Queensland Motorways Holding Pty Limited are party to a deed of cross guarantee under which each company guarantees the debts of the other. 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 TQH1, they also represent the 'extended closed group'.

Set out on the next page is the summary financial information of the closed group.

B19 Deed of cross guarantee (continued)

	2023 $M	2022 $M
Summarised statement of comprehensive income		
Revenue	**151.9**	120.7
Operating costs	**(0.5)**	(0.5)
Net finance costs	**(23.5)**	(34.0)
Profit before income tax	**127.9**	86.2
Income tax benefit	**13.7**	16.8
Profit for the year	**141.6**	103.0
Total comprehensive income for the year	**141.6**	103.0
Summarised movements in retained earnings		
Retained earnings at 1 July	**365.1**	262.1
Profit for the year	**141.6**	103.0
Retained earnings at the end of the year	**506.7**	365.1
Summarised balance sheet		
Current assets		
Cash and cash equivalents	**0.3**	0.2
Trade and other receivables	**208.3**	153.7
Total current assets	**208.6**	153.9
Non-current assets		
Other financial assets	**1,810.3**	1,810.3
Other receivables	**1,262.7**	1,238.5
Deferred tax assets	**166.5**	180.5
Total non-current assets	**3,239.5**	3,229.3
Total assets	**3,448.1**	3,383.2
Current liabilities		
Trade and other payables	**230.8**	369.8
Total current liabilities	**230.8**	369.8
Non-current liabilities		
Payables	**2,099.4**	2,039.6
Other liabilities	**42.3**	39.8
Total non-current liabilities	**2,141.7**	2,079.4
Total liabilities	**2,372.5**	2,449.2
Net assets	**1,075.6**	934.0
Equity		
Contributed equity	**568.9**	568.9
Retained earnings	**506.7**	365.1
Total equity	**1,075.6**	934.0

Expected credit loss

As at 30 June 2023, having assessed the impact from the economic uncertainties related to the macroeconomic environment, management do not consider there to be evidence of a significant increase in credit risk since the initial recognition of the 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 credit 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 its contractual cash flow obligations in the near-term.

As at 30 June 2023, the loss allowance has been updated for management's estimate of the collectability of these balances and is $6.3 million (2022: $11.7 million).

Items not recognised

B20 Contingencies

Contingent assets are possible recoveries whose existence will only be confirmed by uncertain future events not wholly within the 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 only be confirmed 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 but not remote.

Key estimate and judgement

The Group assesses each claim that it is party to for the purposes of preparing financial statements in accordance with accounting standards. Disclosures are made for these matters in accordance with accounting standards, or other legal disclosure obligations.

The Group has existing claims that it has initiated against other parties in connection with its construction projects. In other instances, the Group has received claims. Contingent assets and liabilities may exist in respect of actual or potential claims and recoveries and commercial payments arising from these matters. As at 30 June 2023, any inflow of economic resources associated with these matters is not considered virtually certain and any possible payments are not considered probable of being made and are remote.

Parent entity

The Parent entity does not have any contingent liabilities at reporting date (2022: $nil).

B21 Commitments

	Capital commitments	
	2023	**2022**
	$M	**$M**
Within one year	**3.0**	7.0
Later than one year but not later than five years	**—**	—
Total commitments	**3.0**	7.0

B22 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 future years.

Other

B23 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:

	2023 $M	2022 $M
Net carrying amount at 1 July	**15.6**	18.6
Depreciation charge for the year	**(1.8)**	(3.0)
Net carrying amount at 30 June	**13.8**	15.6

Lease Liability

Lease liabilities are included in other liabilities on the Group's consolidated balance sheet.

	2023 $M	2022 $M
Current	**(1.8)**	(0.6)
Non-current	**(19.4)**	(20.2)
Total lease liability	**(21.2)**	(20.8)

Refer to Note B12 for contractual maturities for lease liabilities.

Reconciliation of lease liabilities arising from financing activities

	2023 $M	2022 $M
Balance at 1 July	**20.8**	20.9
Principal repayment of leases	**(0.6)**	(1.0)
Total cash flows	**(0.6)**	(1.0)
Non-cash changes		
Unwind of discount	**1.0**	0.9
Total non-cash changes	**1.0**	0.9
Balance at 30 June	**21.2**	20.8

The total cash outflow for leases in the year ended 30 June 2023 was $0.6 million (2022: $1.0 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.

B23 Leases (continued)

Accounting policy

Third party office space leases

The Group leases one office. Rental contracts are typically made for fixed periods of 3 to 11 years but may have extension options. The extension options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. 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.

Lease terms are negotiated on an individual basis. Leased assets may not be used as security for borrowing purposes.

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.

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.

B24 Related party transactions

	2023 $'000	2022 $'000
Transactions with related parties		
Shareholder loan interest expense - Transurban Sun Holdings Trust	**(20,775.1)**	(23,390.6)
Shareholder loan interest expense - Entities with significant influence	**(12,465.1)**	(14,034.4)
Service fees - Transurban Limited	**(45,605.7)**	(40,525.0)
Roaming fee revenue - CityLink Melbourne Limited	**302.7**	223.7
Roaming fee revenue - Airport Motorway Pty Limited	**46.6**	36.8
Roaming fee revenue - LCT-MRE Pty Limited	**67.6**	51.8
Roaming fee revenue - Transurban CCT Pty Ltd	**28.6**	23.0
Roaming fee revenue - The Hills Motorway Limited	**199.4**	151.9
Roaming fee revenue - Interlink Roads Pty Ltd	**114.1**	84.4
Roaming fee revenue - Roam Tolling Pty Ltd	**400.4**	313.0
Roaming fee revenue - WCX M4 Project Trust	**120.2**	94.0
Roaming fee revenue - WCX M5 Project Trust	**77.8**	56.1
Roaming fee revenue - WCX M4-M5 Link Project Trust	**7.5**	—
Roaming fee expense - CityLink Melbourne Limited	**(2,064.0)**	(1,709.6)
Roaming fee expense - TollAust Pty Limited	**(1,311.5)**	(1,013.2)
Distributions paid to security holders		
Transurban Sun Holdings Trust	**(146,812.5)**	(121,150.0)
Other Security holders	**(88,087.5)**	(72,690.0)
	(234,900.0)	(193,840.0)
Outstanding balances with related parties		
Shareholder loan notes - Transurban Sun Holdings Trust	**(362,750.0)**	(427,187.5)
Shareholder loan notes - Entities with significant influence	**(217,650.0)**	(256,312.5)
Related party payables - Transurban Limited	**(3,287.1)**	(262.8)

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Transurban Limited
A Master Services Agreement is in place between the Group and Transurban Limited (Transurban) for services to be provided by Transurban to Transurban Queensland Group.

Shareholder loan notes

The shareholder loan notes comprise of $750,000 thousand of loan notes issued on July 2014, which are redeemable on 31 December 2048. $169,600 thousand (2022:$66,500 thousand) of these loan notes have been repaid to shareholders. Interest is payable on a quarterly basis, based on an interest rate equal to the Group's weighted average cost of debt plus a margin of 0.5%, which is re-set annually on 1 July.

The shareholder loan notes are unsecured.

B25 Key management personnel compensation

Key management personnel compensation

	2023 $	2022 $
Short-term employee benefits	**2,535,371**	2,360,106
Post-employment benefits	**110,753**	108,046
Long-term benefits	**(4,952)**	22,627
Share-based payments	**351,230**	177,039
Deferred short term incentives	**529,158**	477,227
	3,521,560	3,145,045

The amount of compensation paid by the Group to key management personnel during the year disclosed above does not include compensation that has been borne by related parties. Fees have been paid to related parties which include consideration for key management personnel services rendered (refer to note B24). It is not possible to separately identify the amount of key management personnel compensation within fees paid to related parties. Accordingly, this disclosure includes no remuneration details for key management personnel compensation that has been borne by related parties.

B26 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:

Amounts received or due and receivable by PricewaterhouseCoopers

	2023 $	2022 $
Audit and review of financial reports	**650,000**	766,000
Other assurance services	**35,700**	—
Total remuneration for PricewaterhouseCoopers	**685,700**	766,000
Total auditor's remuneration	**685,700**	766,000

B27 Parent entity disclosures

Parent entity information

The financial information for the parent entity, TQH1, has been prepared on the same basis as the consolidated financial statements, with the exception of investments in subsidiaries, which are accounted for at cost in the financial statements of the parent entity, and distributions, dividends or coupon payments from subsidiaries recognised in the parent entity's profit and loss, rather than being deducted from the carrying amount of these investments.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost and subsequently recognised at cost less allowance for impairment losses measured by reference to the recoverable amount of the investment, in the parent entity financial statements of TQH1. Investment acquisition costs are capitalised into the value of the investment at the time of purchase.

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.

Equity note coupons received from controlled entities are recognised in the profit and loss, rather than being deducted from the carrying amount of these investments.

B27 Parent entity disclosures (continued)

Tax consolidation legislation

In addition to its own current and deferred tax amounts, TQH1 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.

Guarantees entered into by the parent entity

There are cross guarantees given by TQH1 and Queensland Motorways Holding Pty Limited as described in Note B19.

Summary financial information

The individual financial statements for the parent entity report the following aggregate amounts:

	2023 $M	2022 $M
Balance sheet		
Current assets	**234.2**	184.4
Total assets	**1,831.9**	1,770.0
Current liabilities	**(229.7)**	(248.3)
Total liabilities	**(876.1)**	(960.1)
Net assets	**955.8**	809.9
Shareholders' equity		
Contributed equity	**568.9**	568.9
Retained earnings	**386.9**	241.0
Total equity	**955.8**	809.9
Profit for the year	**145.9**	100.2
Total comprehensive income	**145.9**	100.2

Expected credit loss

As at 30 June 2023, having assessed the impacts from the economic uncertainties related to the macroeconomic environment, management 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 2023 the loss allowance has been updated for management’s estimate of the collectability of these balances and is $3.4 million (2022: $3.3 million).

Section C: Signed reports

Directors' declaration

The Directors of Transurban Queensland Holdings 1 Pty Limited and its controlled entities (the 'Group') declare that:

1. In the opinion of the Directors:

    (a) the financial statements and notes of the Group set out on pages pages 14 to 62 ('Financial Statements') are in accordance with the *Corporations Act 2001* (Cth) including:

        (i) complying with the applicable Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and

        (ii) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

    (b) there are reasonable grounds to believe that the Group will be able to pay its 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 B19 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 B19.

2. Note B3 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

D O'Toole

Director

S Johnson

Director

Brisbane

11 September 2023

Independent auditor's report

To the security holders of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Pty Limited and unitholders of Transurban Queensland Invest Trust

Our opinion

In our opinion:

The accompanying financial report of Transurban Queensland Holdings 1 Pty Limited (TQH1, the Parent or the Company) and its controlled entities (together Transurban Queensland or the Group), is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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.

Other information

The directors of the Parent are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.
Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

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.

Responsibilities of the directors for the financial report

The directors of the Group 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 Group 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 Group 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: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

E A Barron
Partner

Melbourne
11 September 2023