2025
2026
Annual Report



Contents

3	Foreword	
4	**About the North East Link State Tolling Corporation**	
6	STC's role in delivery of the North East Link	
7	Organisational structure and corporate governance	
11	Legislative environment	
12	**Year in review**	
13	Toll Collection Capability	
14	Progress of the North East Link	
15	Financial Performance	
16	Board Governance	
16	Committees	
17	Corporate and risk management	
18	**Financial Statements**	
19	Accountable Officer's, Chairperson's and Chief Financial Officer's declaration	
20	Independent Auditor's Report	
22	Comprehensive operating statement	
23	Balance sheet	
24	Cash flow statement	
25	Statement of changes in equity	
26	Notes to the financial statements	
26	01	About this Report
27	02	The cost of delivering services
30	03	Key assets available to support service delivery
33	04	Other Assets and Liabilities
36	05	Financing operations
44	06	Risks
46	07	Fair value determination
49	08	Contingent assets and contingent liabilities
49	09	Other disclosures
57	**Appendices**	
58	Appendix 01 People and workplace	
60	Appendix 02 Local Jobs First & Social Procurement	
61	Appendix 03 Corporate Information	
65	Appendix 04 Acronyms	
67	Appendix 05 Disclosure index	

Acknowledgement of Country

The North East Link State Tolling Corporation acknowledges the Traditional Owners of the land, water and sky across Victoria and their Elders past and present. We recognise their continued connection to the land and waters on which the Victorian Transport and Planning systems operate. We are committed to supporting genuine partnerships with Traditional Owners and First Peoples communities to progress and achieve their aspirations and meet their expectations.

Foreword

The 2025-26 financial year saw the North East Link State Tolling Corporation (STC) complete major milestones towards building its capability as a transport asset operator. STC achieved successful procurement of both the Roadside Systems and Back Office Systems, and made significant progress towards third party services procurement completion that will enable tolling operations on the North East Link (NEL). Through the delivery of the Roadside and Back Office Systems, STC is establishing an integrated and first of its kind toll road operation capability for the Victorian Government that will support seamless journeys for NEL road users and facilitate future policy and infrastructure development objectives of the State.

The delivery of all necessary tolling infrastructure and systems is progressing as planned, with STC anticipating roadside gantry and equipment installation, systems build and integration, and comprehensive testing to be completed in the next two years. In parallel, during 2025-26 STC has developed and continued to implement a comprehensive programme of activities to achieve operational readiness and Day 1 opening for the NEL.

At the same time, construction of the NEL has advanced at pace. 2025-26 saw major tunnelling works substantially completed and significant structural and road network construction milestones achieved across the project, marking the beginning of major construction transitioning into commissioning and completion phase. As we continue to work closely with our delivery partners, these achievements give us momentum to forge ahead and reinforce our commitment to delivering a high-quality asset that will serve Victorians for generations to come.

We look ahead with confidence to another year of strong delivery as we progress towards the opening of the NEL and continue to expand our contribution to Victoria's transport network.

Responsible Body Declaration

In accordance with the *Financial Management Act 1994*, we are pleased to present the North East Link State Tolling Corporation's Annual Report for the year ended 30 June 2026.



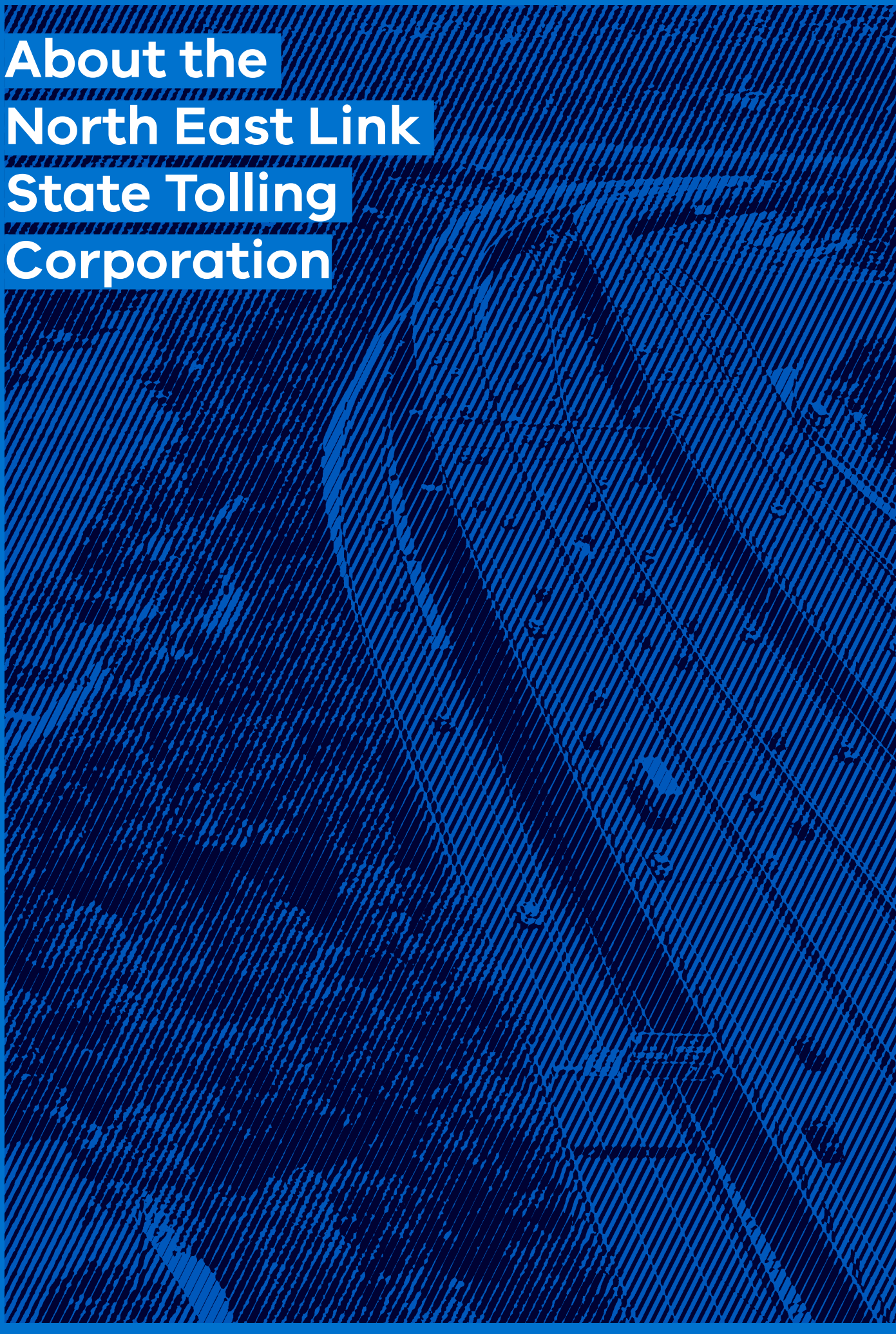
Brad Vann
Chair, Board of Directors



An Nguyen
Chief Executive Officer

01

About the North East Link State Tolling Corporation



01

About the North East Link State Tolling Corporation

STC is Victoria's government-owned toll road operator. Our toll collection capability and commercial mandate will enable us to support the delivery and operation of the NEL. While governed by an independent Board of Directors, STC contributes to the overall objectives of Victoria's transport and planning portfolio, which is led by the Department of Transport and Planning (DTP).

DTP and its entities share responsibility for Victoria's transport and planning systems. Our common aim is to create thriving places and connected communities that underpin an inclusive, successful and sustainable state. STC and its initiatives serve to achieve this common aim.

Vision

STC's vision statement enables us to fulfil our mandate as the commercial owner and operator of the NEL, while also supporting the overall strategy and objectives for the broader transport network.

STC is a* commercially oriented government-owned *toll road operator that supports DTP's wider network vision of 'thriving places, connected communities' and contributes to the Government's vision of ongoing sustainable investment in the Victorian transport network.

Purpose

STC's purpose captures the State's overall policy intent in creating STC. By enabling the development and delivery of the NEL and creating value and legacy, STC supports the creation of sustainable, safe, and connected transport journeys.

Protect and enhance the value and legacy of the North East Link while exploring ways to unlock shared value with the State.

Values

As a statutory corporation, STC acknowledges and abides by the core values outlined in the *Public Administration Act 2004*. In addition, STC has adopted four values that reflect STC's culture, purpose and responsibilities.

Excellence: STC is determined to excel by pursuing high standards in our work, effectively using our capabilities and learning from each other

Innovation: STC embraces change, values new ideas, challenges the status quo and seeks innovative solutions that shape STC's future

Respect: By upholding respect in all we do, we create a foundation for trust, collaboration, and making STC a great place to work

Collaboration: Collaboration is about leveraging the strengths, perspectives, and expertise of our people so we can cultivate a stronger, more cohesive STC.

01

STC's role in the delivery of the North East Link

The NEL is the largest investment in a road project in Victoria's history. It will complete the missing link in Melbourne's orbital freeway network between an upgraded Eastern Freeway and the M80 Ring Road. The project includes twin 3-lane tunnels, freeway upgrades, interchanges, and dedicated bus infrastructure. The investment will improve traffic flow, reduce travel times, remove non-local traffic from local roads and increase reliability for road users with up to 135,000 vehicles using the road daily and removing up to 15,000 trucks from local roads.

Along with the State and Spark North East Link Pty Ltd, (Project Co), STC is a signatory to the public–private partnership (PPP) contracts that govern the NEL Central Package (tunnel package). Under the North East Link Act 2020 (NEL Act) STC is the owner of the NEL tolling rights and designated road authority for the NEL upon road opening. STC funds all costs (capital and operating) associated with the PPP contracts, including delivery costs incurred by the State, from toll revenue it will collect from vehicles using the NEL in the future. Under the PPP contracts, the Victorian Infrastructure Delivery Authority (VIDA) Roads represents the State and is engaged by STC to manage its interest during construction. When the NEL opens to traffic, STC will assume its primary role as contract owner and administrator of the PPP.

STC's functions and competencies

- Own, operate and maintain the NEL for a period of 50 years from opening.
- Set and collect tolls for use of the NEL tollway.
- Procure, deliver and operate the NEL's toll collection assets and technologies.
- Oversee delivery of the NEL, including PPP contracts, during the construction phase of the tunnels package.
- Manage the PPP with Project Co for a period of 25 years after the road opens.

STC's core competencies are:

1. Tolling and revenue collection systems and technologies
2. Transport asset development and management
3. Commercial transport infrastructure financing



The largest investment in a road project in Victoria's history.

Organisational structure and corporate governance

STC is a statutory corporation established under the NEL Act. It is a transport body within the meaning of the *Transport Integration Act 2010* (TIA) and therefore part of the transport portfolio with specific accountabilities to the Victorian Government. While STC is separate to DTP, it cooperates with other transport agencies to ensure an integrated and sustainable transport system.

Responsible Ministers

During the 2025-26 financial year, STC was accountable to the following Ministers.

The Hon. Gabrielle Williams MP
Minister for Transport Infrastructure

Ms Jaclyn Symes MP
Treasurer

During 2025-26, the Minister for Transport Infrastructure was primarily responsible for STC's role in NEL delivery and was one of two shareholder ministers who hold the shareholding of STC on behalf of the Crown. The Treasurer is the other shareholder minister and is responsible for the financial performance of STC.

01

Board of Directors

STC's Board of Directors holds ultimate accountability for the governance and performance of STC. This includes corporate governance and risk, financial performance, appointment of the Chief Executive Officer (CEO) and overseeing compliance with regulatory and contractual obligations. The Board is also supported by two sub-committees: the Audit and Risk and People Committees.

BRAD VANN — **CHAIR** — APPOINTED 15 AUGUST 2022

Mr Vann's career has been focussed on the delivery and long-term management of infrastructure, working with governments and businesses on Australia's largest projects. Mr Vann also has international experience on infrastructure projects. He was the inaugural Chair of the IFM Australian Infrastructure Fund Investor Advisory Committee. IFM is a world leader in infrastructure, investing on behalf of institutional investors globally. Mr Vann was a partner at Clayton Utz before retiring in 2020.

ANEETHA DE SILVA — **DEPUTY CHAIR** — APPOINTED 15 AUGUST 2022

Ms de Silva is a senior executive with 25 years of infrastructure experience across the government and private sectors in Australia, South Africa and the Asia Pacific. She has expertise as an advisor, developer and manager of large infrastructure assets and services, especially in road and rail transport, telecommunications and property. Ms de Silva is a member of the boards of LaunchVic, MAP Co, the National Heavy Vehicle Regulator and the Chair of Transport Australia

LEILANI FREW — **DIRECTOR** — APPOINTED 15 AUGUST 2022

Ms Frew has over 30 years of commercial and financial experience in the infrastructure, energy and utilities sectors, including 20 years in governance of major infrastructure investments. She is CEO of Housing Choices Australia. Ms Frew's senior executive roles, in both the public and private sectors, have covered all aspects of operational and major projects, particularly finance, capital markets, strategy, risk, mergers and acquisitions. Ms Frew is Chair of STC's Audit and Risk Committee and a director of Newcastle Airport Pty Ltd, with past directorships including the Sydney Motorway Corporation and Chair of the WestConnex sale

JANICE MORRIS — **INDEPENDENT MEMBER (AUDIT AND RISK COMMITTEE)** — APPOINTED OCTOBER 2024

Ms Morris has more than 20 years of global infrastructure and investment management experience. She is a non-executive director of Aboriginal Housing Victoria and chair of the finance, audit and risk committee. Ms Morris has also previously held roles as an independent investment committee member of Aboriginal Investment NT, board director for Brisbane Airport and public private partnerships and advisory board member of Cassinia Environmental. Ms Morris is currently the Portfolio Manager (Infrastructure) at Hostplus and has held senior roles across investment management and advisory.

Chief Executive Officer

The CEO is accountable to the Board of Directors and is responsible for the day-to-day operation and management of STC.

AN NGUYEN	CHIEF EXECUTIVE OFFICER	APPOINTED 19 JUNE 2023

Ms Nguyen is an experienced infrastructure leader, with two decades of broad experience in strategic leadership and innovation, major project structuring and delivery, complex commercial and funding models, and a strong policy focus gained within the Victorian Department of Treasury and Finance (DTF).

She has been widely recognised for her contribution and achievement within the global infrastructure industry and Victorian public service: she was awarded the Infrastructure Partnerships Australia's National Woman in Infrastructure in 2017, the Partnerships Bulletin's Individual Contribution of the Year PPP Award 2018 and the prestigious Public Service Medal in the Australia Day Honours List 2021 for outstanding public service in infrastructure delivery.

Organisational Structure

STC's organisational structure supports its core functions and enables its core competencies. As at 30 June 2026, STC's structure comprises five functional areas.

Chief Executive Officer	Tolling Systems and Operations	Revenue, Commercial and Legal	Strategy, Planning and Development	People and Organisational Development	Finance and Corporate Services

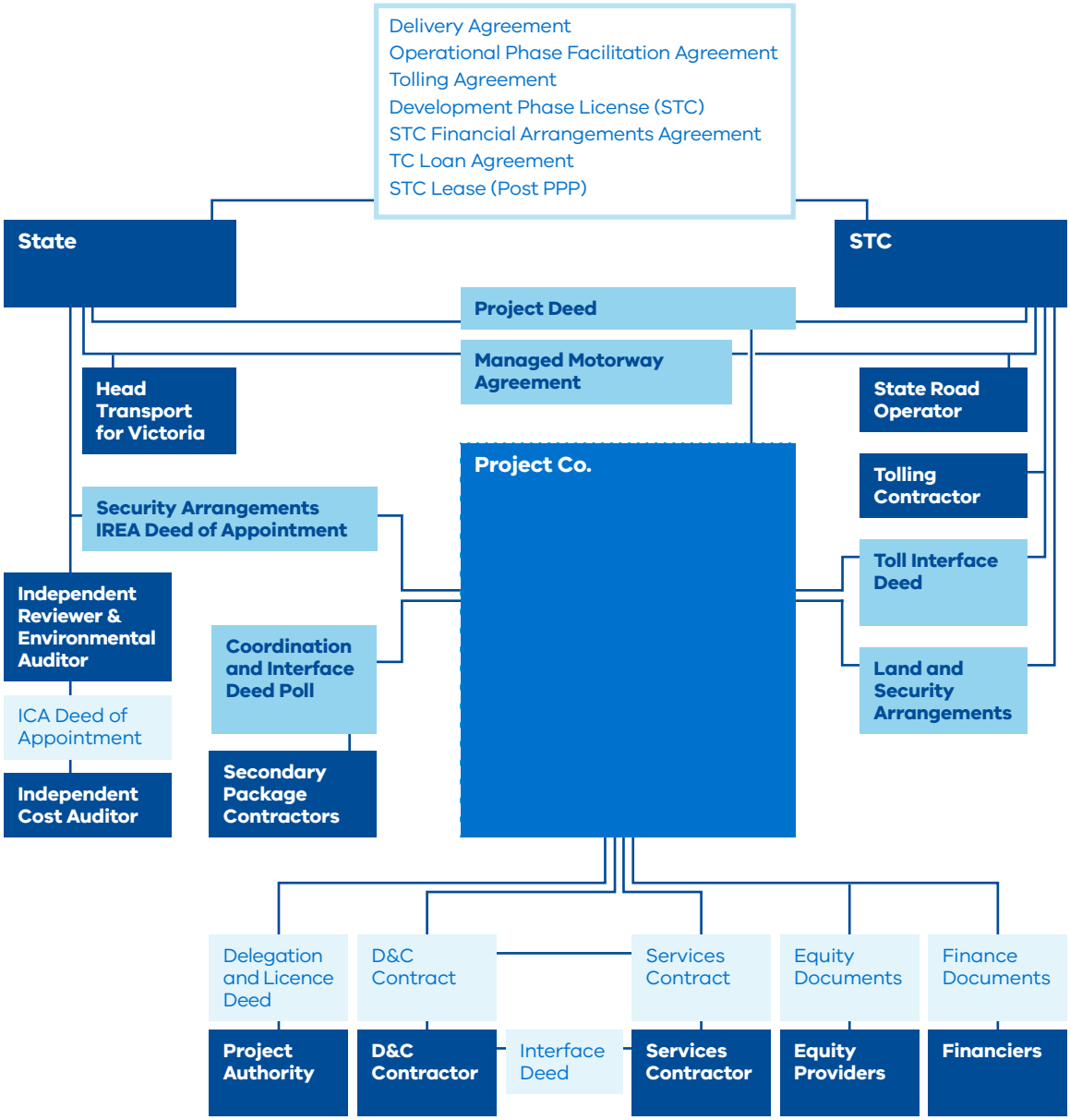
Corporate Plan

STC is required to submit a Corporate Plan to its shareholders annually. The Corporate Plan forms the basis for all STC's activities and gives effect to STC's vision, purpose and values.

STC's Corporate Plan outlines STC's strategic priorities and focus areas over the planning period and is reviewed annually to reflect changes in STC's operating environment.

Contractual Structure

To exercise its core functions, STC has entered a series of contractual arrangements for the delivery of the NEL tunnels. This includes a PPP arrangement and agreements with other delivery partners. The following summarises these arrangements:



01

Legislative environment

North East Link Act 2020

The NEL Act covers a range of matters related to the delivery and operation of the NEL. Key features relevant to STC include:

- Establishing STC as a public entity that is separate from the State.
- Providing STC's functions and powers to:
  - Manage access as well as operate and maintain the NEL toll road;
  - Fix and collect tolls for the use of the NEL toll road (in accordance with the NEL Act and the North East Link Tolling Agreement);
  - Optimise the value of, or return from, its infrastructure and other assets;
  - Procure, deliver, and operate the NEL tolling system;
  - Be the primary funding entity for the delivery, operation, and maintenance of the NEL toll road;
  - Engage in activities in relation to the delivery of the NEL; and
  - Engage in other activities connected with the NEL toll road, and charge fees for those activities.
- Providing requirements for STC's Board of Directors, appointment of a CEO and employment of key personnel.
- Providing STC's initial equity capital.
- Providing for the tabling and amendment of the North East Link Tolling Agreement.

Transport Integration Act 2010

The TIA is the overarching transport legislation in Victoria and sets a vision for an integrated and sustainable transport system that contributes to an inclusive, prosperous and environmentally responsible State. To achieve this vision, the TIA requires that decisions affecting the transport system be made within the same integrated decision-making framework, consisting of six transport system objectives and seven decision-making principles.

Road Management Act 2004

The *Road Management Act 2004* (RMA) establishes a coordinated management system for public roads, promoting safe and efficient State and local road networks and responsible road use. Before the road opens, STC will be designated as the Responsible (Prescribed) Road Authority under the RMA for the NEL with powers, rights and obligations as specified under the RMA.

Major Transport Projects Facilitation Act 2009 and Environment Effects Act 1978

The *Major Transport Projects Facilitation Act 2009* (MTPFA) provides a single process for assessment, approvals, and delivery of major transport projects in Victoria. However, the NEL is declared under the MTPFA for use of delivery powers only.

Planning approvals for the delivery of the NEL were obtained through an *Environment Effects Statement Process* under the *Environment Effects Act 1978* (EEA). The approvals are conditional on compliance with Environmental Performance Requirements (EPRs) as part of the review process.

Other legislative reporting and governance requirements

In addition, as a Government Business Enterprise and, in particular a Public Non-Financial Corporation, STC is subject to various legislative instruments which form the basis of activities required to be carried out by STC, including the:

- *Public Administration Act 2004* (PAA) – establishes the general governance framework for the Victorian Public Service, including public entities. As a "public entity" for the purposes of the PAA, STC and its Board of Directors are subject to various duties under Part 5 of the PAA;
- *Financial Management Act 1994* (FMA) – establishes the financial accountability framework for STC. As a "public body" for the purposes of the FMA, STC is bound by directions of the Minister for Finance given under the FMA (Standing Directions 2018); and
- *Borrowing and Investment Powers Act 1987* (BIP Act) – provides for the borrowing and investment powers of certain statutory bodies. By virtue of amendments effected to the BIP Act by the NEL Act, certain borrowing and investment powers under the BIP Act are conferred on STC.

02

Year in Review



02

Year in review

Toll Collection Capability

The Toll Collection Capability (TCC) Project will procure, deliver and establish STC's capability for the reliable and efficient collection of NEL tolls.

The TCC Project procures new technologies, builds new systems and establishes supporting interfaces that allow the:

- Identification and detection of vehicle travel on the NEL toll road,
- Calculation of tolls and charges for those vehicles, and
- Seamless road user travel experience, compatible to any other toll road in Australia.

Prior to the opening of the NEL, STC will deliver:

- A Roadside System (RSS) which comprises the physical infrastructure that allows for the detection of vehicles and capture of tag or licence plate details; and
- A Back Office System (BOS) which receives data from the RSS and calculates trips and processes payments through other tolling operators and other payment channels.

Following contract award in 2025-26, the RSS contractor's delivery is on schedule with successful completion of the required delivery milestones.

The Network Communications and Cyber Security work packages have progressed to plan, with the signing of the Network Communications contract in August 2025 and continuing planning works on Cyber Security.

In June 2026, the BOS contract was awarded following a competitive procurement process. The BOS delivery will be over the next 18 months, in time for NEL opening.

2026-27 will see significant progress in the delivery program for the TCC Project, with toll gantry installation commencing on the roadside, completion of design and development of the BOS, and readying for a full-scale testing program before the opening of the road.

02

Progress of the North East Link

During the year, tunnelling and major construction activities progressed strongly across the NEL project. In May 2026, Zelda, the Tunnel Boring Machine achieved breakthrough into the Manningham cut-and-cover structure, completing a tunnelling journey of more than five kilometres. This milestone marked the completion of mined tunnelling excavation works between the Manningham and Bulleen sites. July 2026 saw the completion of all tunnelling and the transition to the final phase of construction.

Significant progress was also made across surface and structural works. Diaphragm wall construction and main box excavations were completed across all sites, representing an important step towards the delivery of key project structures. Construction of the northern ventilation structure and the Motorway Control Centre reached their final heights during the year, with major structural elements now in place.

Important road network milestones were also delivered. Manningham Road was returned to its original alignment, with upgraded signalised intersections at Bridge Street and Bulleen Road improving safety and connectivity. The Silk Street Bridge replacement over Lower Plenty Road was successfully installed, along with completion of the Bulleen Road realignment.

STC continues to work with our delivery partners, in particular, VIDA Roads to see completion of important project milestones.

02

Financial Performance

For the financial year ended 30 June 2026, STC's financial performance was as follows:

- STC reported a comprehensive loss of $31.92 million (30 June 2025: $23.73 million loss);
- Total equity was $4,574.28 million (30 June 2025: $2,589.21 million);
- Net cash outflows from operating activities were $27.42 million (30 June 2025: $25.65 million).

YEAR ENDED	30 JUNE 2026 ($'000)	30 JUNE 2025 ($'000)
Operating results		
Other income	3,031	3,797
Total operating income	**3,031**	**3,797**
Employee benefit expenses	(15,499)	(8,567)
Depreciation	(835)	(706)
Interest expense	(164)	(176)
Other operating expenses	(18,769)	(18,012)
Total operating expenses	**(35,267)**	**(27,461)**
Other gain/(loss) from other economic flows	**318**	**(67)**
Comprehensive result (loss)	**(31,918)**	**(23,731)**
Financial status		
Total assets	11,217,182	7,853,120
Total liabilities	(6,642,903)	(5,263,912)
Total equity	**4,574,279**	**2,589,208**

02

Board Governance

Under section 21 of the NEL Act, STC must have a Board of Directors comprising no fewer than three and no more than nine Directors. The STC Board Charter outlines how the Board leads STC's governance, sets strategic direction and objectives, oversees key strategic and operational activities, and establishes committees as required. As at 30 June 2026, the STC Board is comprised of three Directors. Attendance by Directors at Board meetings held during the reporting period is detailed below.

BOARD MEMBER	ELIGIBLE TO ATTEND	ATTENDED
Brad Vann, Chair	6	6
Aneetha de Silva, Deputy Chair	6	6
Leilani Frew, Director	6	6

Directors' fees are fully disclosed in Note 9.2. There have been no related party transactions with Directors and their related entities.

Committees

The STC Board has established the Audit and Risk Committee and People Committee. Their purpose and responsibilities are listed below.

AUDIT AND RISK COMMITTEE	PEOPLE COMMITTEE
→ Oversee and advise on matters of risk, accountability and internal controls affecting the operations of STC → Oversee implementation of STC's risk, compliance and financial management frameworks, including endorsement of relevant policies → Provide oversight over STC's internal and external audit functions → Assess effectiveness of internal control measures, identified weaknesses and/or improvements and agreed treatment plans.	→ Monitor, review and make recommendations to the Board about people and organisational development matters → Oversee fair remuneration and succession planning of the STC Board → Prescribe the terms of employment for the CEO, including performance targets and succession planning → Progress implementation of STC's Enterprise Agreement → Ensure people policies and strategies are in place and compliant with regulatory requirements.

02

As at 30 June 2026, the Audit and Risk Committee comprises two Board Directors and an independent member. Attendance by Directors at the Audit and Risk Committee meetings held during the reporting period is detailed below.

AUDIT AND RISK COMMITTEE MEMBER	ELIGIBLE TO ATTEND	ATTENDED
Leilani Frew, Chair	5	5
Brad Vann, Member	5	4
Janice Morris, Independent Member	5	4

As at 30 June 2026, the People Committee comprises two Board Directors. Attendance by Directors at the People Committee meetings held during the reporting period is detailed below.

PEOPLE COMMITTEE MEMBER	ELIGIBLE TO ATTEND	ATTENDED
Aneetha de Silva, Chair	3	3
Brad Vann, Member	3	3

Corporate and risk management

Over the year, STC continued to strengthen corporate systems, governance arrangements and organisational capabilities required to support tolling operations upon the opening of the North East Link in 2028.

Key changes included:

- The continued implementation of an integrated enterprise risk management framework, providing a structured approach to identifying, monitoring and mitigating strategic, operational, financial, project delivery and compliance risks across the organisation. This includes STC's obligations in relation to the delivery of the NEL Central Package, its direct role in the procurement and delivery of the TCC Project, and broader corporate and financial risk management responsibilities.
- The establishment of a Risk and Compliance team to provide greater oversight of organisational risk, strengthen regulatory compliance, and embed risk management practices across all areas of the business.
- Continued investment in building a positive risk culture across the organisation, encouraging proactive identification, escalation and management of risks, while fostering accountability and informed decision-making at all levels.

03

Financial Statements



03 Financial Statements

Accountable Officer's, Chairperson's and Chief Financial Officer's declaration

The attached financial statements for the North East Link State Tolling Corporation have been prepared in accordance with Standing Direction 5.2 of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, cash flow statement, statement of changes in equity, and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2026 and the financial position of the North East Link State Tolling Corporation at 30 June 2026.

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

We authorise the attached financial statements for issue on 07 September 2026

An Nguyen
Chief Executive Officer
North East Link
State Tolling Corporation
7 September 2026



Brad Vann
Chair
North East Link
State Tolling Corporation
7 September 2026



Anthony Wicking
Chief Financial Officer
North East Link
State Tolling Corporation
7 September 2026

03

Independent Auditor's Report

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Directors of North East Link State Tolling Corporation

Opinion

I have audited the financial report of North East Link State Tolling Corporation (the corporation) which comprises the:

- balance sheet as at 30 June 2026
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including material accounting policy information
- accountable officer's, chairperson's and chief financial officer's declaration.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

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

My independence is established by the *Constitution Act 1975.* My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The Board of Directors of the corporation is responsible for the "other information" included in the corporation's Annual Report for the year ended 30 June 2026. The other information in the Annual Report does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the other information included in the Annual Report. Accordingly, I do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information when it becomes available 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 I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Board of Directors' responsibilities for the financial report

The Board of Directors of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994,* and for such internal control as the Board of Directors determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board of Directors is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

03

Independent Auditor's Report

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE
9 September 2026

Paul Martin
as delegate for the Auditor-General of Victoria

2

03

Comprehensive operating statement

FOR THE YEAR ENDED 30 JUNE 2026

	NOTES	30 JUNE 2026 ($'000)	30 JUNE 2025 ($'000)
Revenue and income from transactions			
Interest income		3,031	3,723
Fair value of assets and services received free of charge or for nominal consideration		-	74
Total revenue and income from transactions		**3,031**	**3,797**
Expenses from transactions			
Employee benefit expenses	2.1	(15,499)	(8,567)
Depreciation	3.1.2	(835)	(706)
Interest expense		(164)	(176)
Other operating expenses	2.3	(18,769)	(18,012)
Total expenses from transactions		**(35,267)**	**(27,461)**
Net results from transactions before income tax equivalent expense (net operating balance)		**(32,236)**	**(23,664)**
Net results from transactions after income tax equivalent expense (net operating balance)		**(32,236)**	**(23,664)**
Other economic flows included in net result			
Net gains/(losses) on non-financial assets		192	-
Net gains/(losses) arising from revaluation of long service leave liability		126	(67)
Total other economic flows included in net result		**318**	**(67)**
Net result		**(31,918)**	**(23,731)**
Comprehensive result		**(31,918)**	**(23,731)**

The accompanying notes form part of these financial statements.

03

Balance sheet

AS AT 30 JUNE 2026

	NOTES	30 JUNE 2026 ($'000)	30 JUNE 2025 ($'000)
Financial assets			
Cash and deposits		237,502	187,945
Receivables	4.1	16,198	17,714
Total financial assets		**253,700**	**205,659**
Non-financial assets			
Property, plant and equipment	3.1	10,963,300	7,647,441
Other non financial assets		181	20
Total non-financial assets		**10,963,481**	**7,647,461**
Total assets		**11,217,181**	**7,853,120**
Liabilities			
Payables	4.2	163,396	148,471
Other provisions	4.3	305,630	53,046
Employee benefits provisions	2.2	2,748	1,939
Borrowings	5.1	6,171,128	5,060,456
Total liabilities		**6,642,903**	**5,263,912**
Net assets		**4,574,279**	**2,589,208**
Equity			
Contributed capital		4,659,106	2,642,117
Accumulated deficit		(84,827)	(52,909)
Net worth		**4,574,279**	**2,589,208**

The accompanying notes form part of these financial statements.

03

Cash flow statement

FOR THE YEAR ENDED 30 JUNE 2026

	NOTES	30 JUNE 2026 ($'000)	30 JUNE 2025 ($'000)
Cash flows from operating activities			
Receipts			
Interest received		3,031	3,723
Total receipts		**3,031**	**3,723**
Payments			
Payments to suppliers and employees		(31,804)	(25,377)
GST payment to ATO		1,517	(3,820)
Interest paid		(164)	(176)
Total payments		**(30,451)**	**(29,373)**
Net cash flows from operating activities	5.2	**(27,420)**	**(25,650)**
Net cash flows from investing activities			
Payments for property, plant and equipment		(1,939,307)	(2,130,919)
Net cash flows from investing activities		**(1,939,307)**	**(2,130,919)**
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		(704)	(623)
Proceeds from principal portion of lease liabilities		-	69
Capital contribution from the State (via the Department of Transport and Planning (DTP))		2,016,989	2,072,943
Net cash flows from financing activities		**2,016,285**	**2,072,389**
Net increase/(decrease) in cash and cash equivalents		**49,558**	**(84,180)**
Cash and cash equivalents at beginning of financial year		187,945	272,125
Cash and cash equivalents at end of financial year		**237,502**	**187,945**

The accompanying notes form part of these financial statements

03

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2026

($'000)	NOTES	ACCUMULATED LOSSES	CONTRIBUTED BY OWNERS	TOTAL EQUITY
Balance at 1 July 2024		**(29,178)**	**569,174**	**539,996**
Capital contributions by owners (via DTP)		-	2,072,943	2,072,943
Net result for the year		(23,731)	-	(23,731)
Balance at 30 June 2025		**(52,909)**	**2,642,117**	**2,589,208**
Balance at 1 July 2025		**(52,909)**	**2,642,117**	**2,589,208**
Capital contributions by owners (via DTP)		-	2,016,989	2,016,989
Net result for the year		(31,918)	-	(31,918)
Balance at 30 June 2026		**(84,827)**	**4,659,106**	**4,574,279**

The accompanying notes form part of these financial statements.

03

Notes to the financial statements

01 About this Report

The North East Link State Tolling Corporation (STC) is a public entity but does not represent the Crown.

Its principal address is:

Level 45, 80 Collins Street (North Tower),
Melbourne VIC 3000
ABN: 86 585 150 837

Basis of preparation

These financial statements are in Australian dollars, and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of *AASB 1004 Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of STC.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

These financial statements cover STC as an individual reporting entity. STC is a for-profit organisation. All amounts in the financial statements have been rounded to the nearest $1,000 unless otherwise stated.

Going Concern

STC is operating on a going concern basis.

The Central Package of the North East Link (NEL) project is being delivered as an Availability Public Private Partnership (PPP) under an Incentivised Target Cost (ITC) model, with STC as the asset owner and responsible for all payment obligations under the contract. Victorian Infrastructure Delivery Authority (VIDA), an administrative office within the Department of Transport and Planning (DTP), acts as STC's agent and delivery agency. As part of this arrangement, the Treasurer has provided a guarantee to the PPP contractor (Project Co) for STC's financial obligations relating to the delivery and operation of the NEL Central Package.

STC has been established with State funding to meet its current and planned contractual obligations, including payments under the NEL Central Package PPP contract and the Toll Collection Capability contracts. The funding model anticipates that future toll revenue from the NEL will contribute to recovering the costs of funding, building and operating the NEL Central Package. Under the North East Link Act 2020 and the NEL Tolling Agreement, tolls are intended to be set at a level that supports this cost recovery over time.

In addition, the State has committed to providing contingent funding support to STC through pre-agreed additional equity contributions, if and when required.

These funding arrangements, together with the Treasurer's guarantee, support STC's ability to meet its obligations as they fall due and continue operating as a going concern.

Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994 (Vic)* (FMA) and applicable Australian Accounting Standards (AASs), which include Interpretations issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting*. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Details of the material accounting policy information are disclosed in the applicable notes in the financial statements.

02 The cost of delivering services

This section provides an account of the expenses incurred by STC in delivering services.

2.1 Employee benefit expenses in the comprehensive operating statement

	2026 ($'000)	2025 ($'000)
Salaries	11,687	6,418
Annual leave	1,139	612
Parental leave	54	27
Payroll tax	793	449
Long service leave expense	403	183
Employer contribution to superannuation	1,292	690
Termination benefits	-	115
Staff expenses	131	75
Total employee benefits expenses	**15,499**	**8,567**

03

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. As STC is an establishing organisation, employee costs have risen in line with STC's growing workforce and the enhanced skill sets required to support STC's development.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. STC does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the Victorian Government as the sponsoring employer).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment or expiry of the contract.

2.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave and long service leave for services rendered to the reporting date.

	2026 ($'000)	2025 ($'000)
Current provisions		
Annual Leave		
Unconditional and expected to wholly settle within 12 months[(a)]	753	405
Unconditional and expected to wholly settle after 12 months[(b)]	323	330
Long service leave		
Unconditional and expected to wholly settle within 12 months[(a)]	67	52
Unconditional and expected to wholly settle after 12 months[(b)]	808	630
Provisions for on-costs		
Unconditional and expected to wholly settle within 12 months[(a)]	167	91
Unconditional and expected to wholly settle after 12 months[(b)]	230	191
Total current provisions	**2,348**	**1,699**
Non-current provisions		
Long service leave[(b)]	332	200
Provisions for on-costs[(b)]	68	40
Total non-current provisions	**400**	**240**
Total provisions for employee benefits	**2,748**	**1,939**

[(a)] Nominal amounts are disclosed.
[(b)] The amounts disclosed are discounted to present value.

In prior years, STC engaged DTP to manage all aspects of resource engagements, encompassing both directly employed and seconded staff. Effective 1 December 2024, STC assumed full responsibility for these functions. As a result, STC now recognises and administers all employee benefit provisions for its workforce directly, rather than held by DTP.

Liabilities for salaries and wages and annual leave are all recognised in the provision for employee benefits as current liabilities, as STC does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for salaries and wages and annual leave are measured at nominal value if STC expects to wholly settle within 12 months or present value if STC does not expect to wholly settle within 12 months.

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

The components of this current LSL liability are measured at:

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

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

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

2.3 Other operating expenses

	2026 ($'000)	2025 ($'000)
Professional services	13,909	13,660
Contractors - agency staff	1,048	1,751
Office accommodation	315	253
Computer services and equipment	1,708	872
Staff related expenses	341	352
Other operating expenses	1,448	1,124
Total other operating expenses	**18,769**	**18,012**

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and are recognised as an expense in the reporting period in which they are incurred. Professional services relate to those services provided by professional service firms.

03

03 Key assets available to support service delivery

STC controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to STC for delivery of those services.

3.1 Property, plant and equipment (including Right-of-Use (RoU))

($'000)

	GROSS CARRYING AMOUNT		ACCUMULATED DEPRECIATION		NET CARRYING AMOUNT	
	2026	2025	2026	2025	2026	2025
RoU buildings	4,834	2,930	(161)	(635)	4,673	2,295
RoU vehicles	273	273	(105)	(59)	168	215
Leasehold improvements at fair value	195	437	-	(50)	195	388
Plant, and equipment at fair value	112	276	-	(26)	112	250
Service Concession Assets (Work in progress)	10,949,454	7,644,294	-	-	10,949,454	7,644,294
Other road assets (Work in progress)	8,698	-	-	-	8,698	-
Net carrying amount	**10,963,566**	**7,648,210**	**(266)**	**(769)**	**10,963,300**	**7,647,441**

Initial recognition

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

The initial cost includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads that are attributable to the design and delivery of project infrastructure other than SCAs.

Leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

STC recognises a RoU asset and a corresponding lease liability at the commencement date of a lease. The RoU asset is initially measured at cost, comprising the initial amount of the lease liability, adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Service concession assets (Under AASB 1059 – *Service Concession Arrangements: Grantors*)

A service concession asset (SCA) under AASB 1059 Service Concession Assets: Grantors (AASB 1059) is an asset to which a private operator has right of access to provide public services on behalf of the Grantor (STC) in a service concession arrangement.

STC initially recognises a SCA at the commencement of construction at current replacement cost (CRC), calculated in accordance with the 'cost approach' to fair value measurement. The CRC represents the current cost required to replace the service potential of the asset.

Assets recognised during the construction phase are classified as assets under construction until the project reaches commercial acceptance.

The CRC for the SCA includes costs that are directly attributable to its design and construction of the SCA by the operator. STC applies AASB 116 Property, Plant and Equipment (AASB 116) to determine the CRC, which provides guidance on the elements of costs including: the purchase price and costs directly attributable to bringing the asset to its location or condition necessary.

Fair value proxy for SCA construction in progress (significant judgement)

The financing cost implicit in the SCA contract during the construction of an SCA is used as a proxy of the financing cost incurred by the private sector constructing the asset. This financing cost is capitalised as part of the asset's carrying value to support determination of the CRC.

Subsequent measurement

RoU assets are subsequently measured at cost less accumulated depreciation, impairment and are adjusted for any remeasurement of the associated lease liability. STC depreciates the RoU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the RoU asset or the end of the lease term.

Impairment of the RoU asset is determined and accounted for in accordance with AASB 136 *Impairment of Assets*.

Impairment of property, plant and equipment

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

3.1.1 Reconciliation of movements in carrying amount of property, plant and equipment

($'000)

	ROU BUILDINGS		ROU VEHICLES		LEASEHOLD IMPROVEMENTS		PLANT, AND EQUIPMENT		SCA ROAD ASSETS		ROAD ASSETS	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Opening balance	**2,295**	**2,881**	**215**	**179**	**388**	**633**	**250**	**-**	**7,644,294**	**4,354,907**	**-**	**-**
Fair value of assets received free of charge or for nominal considerations	-	-	-	80	-	-	-	-	-	-	-	-
Additions	4,834	-	-	-	195	81	-	-	3,305,160	3,289,387	8,698	-
Disposals	(1,807)	-	-	-	(288)	-	(98)	-	-	-	-	-
Depreciation	(649)	(586)	(47)	(44)	(91)	(50)	(48)	(26)				
Transfer between classes	-	-	-	-	(9)	(276)	9	276	-	-	-	-
Closing balance	**4,673**	**2,295**	**168**	**215**	**195**	**388**	**112**	**250**	**10,949,454**	**7,644,294**	**8,698**	**-**

For disclosures in connection with fair value determination for non-financial physical assets refer to Note 7.2

3.1.2 Depreciation and amortisation

Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for Buildings, Plant and Equipment range from 5 to 10 years.

Right-of-Use (RoU) assets are generally depreciated over the shorter of the asset's useful life and the lease term (3 to 5 years). Where STC obtains ownership of the underlying leased asset or if the cost of the RoU asset reflects that STC will exercise a purchase option, STC depreciates the RoU asset over its useful life.

Leasehold improvements are depreciated over the lease term and their useful life (5 years).

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

04. Other Assets and Liabilities

Introduction

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

4.1 Receivables

	2026 ($'000)	2025 ($'000)
Statutory		
GST input tax credit	16,198	17,714
Total receivables	**16,198**	**17,714**
Represented by		
Current receivables	16,198	17,714

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. STC applies *AASB 9 Financial Instruments* for initial measurement of the statutory receivables and, as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

All receivables are due within 30 days.

4.2 Payables

	2026 ($'000)	2025 ($'000)
Contractual		
Capital payments for road assets	162,948	148,355
Other payables	448	116
Total payables	**163,396**	**148,471**
Represented by		
Current payables	163,396	148,471

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

Payables for supplies and services are due within an average credit period of 30 days.

4.3 Other Provisions

	2026 ($'000)	2025 ($'000)
Capital payments for road assets payable within 12 months	226,333	-
Key Results Area (KRA) payable after 12 months [(a)]	79,297	53,046
Total other provisions	**305,630**	**53,046**
Represented by		
Current provisions	226,333	-
Non current provisions	79,297	53,046

[(a)] *The amounts disclosed are discounted to present value.*

Other provisions are recognised when STC has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

Capital payments for road assets payable: The provision represents amounts payable for works completed under the service concession arrangement as at 30 June 2026. The provision reflects management's estimate of the amount payable as the final settlement of payment remains subject to the certification process as per the contract and may differ from the amount recognised at reporting date.

Key Results Area (KRA): is a performance regime to monitor and measure the Project Co's performance in relation to specified Key Performance Indicators (KPIs). The provision recognised is in relation to anticipated payments to Project Co in lieu of achieving the predetermined project KPIs. The KRA provision is measured at present value.

These provisions represent 50 per cent of the total KRA achieved and mature on commercial acceptance as part of an acquittal process. This provision is measured at net present value.

Reconciliation of movements in other provisions

	2026 ($'000)	2025 ($'000)
Other provisions - opening balance	**53,046**	**29,362**
Capital payments for road assets recognised	226,333	-
KRA provision recognised	26,251	23,684
Other provisions - closing balance	**305,630**	**53,046**

03

05 Financing operations

Introduction

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

5.1 Borrowings

	2026 ($'000)	2025 ($'000)
Current borrowings		
Lease liabilities[(a)]	882	696
Total current borrowings	**882**	**696**
Non current borrowings		
State loan	2,517,841	2,415,195
Service concession financial liability	3,648,404	2,642,124
Lease liabilities[(a)]	4,001	2,441
Total non current borrowings	**6,170,246**	**5,059,760**
Total borrowings	**6,171,128**	**5,060,456**

Notes:
[(a)] Secured by the assets leased. Leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

'Borrowings' refer to interest bearing state loan, lease liabilities and service concession arrangement liabilities.

The State loan is provided by the Minister for Transport Infrastructure (now Minister for Roads and Roads Safety) for and on behalf of the Crown in right of the State of Victoria and has a term of 39 years following Financial Close of the Central Package PPP on 27 October 2021. The loan is subject to a fixed interest of 4.25 per cent per annum.

Borrowings are classified as financial instruments. Interest bearing liabilities are recognised at amortised cost unless STC elects to irrevocably designate them at fair value through profit or loss at initial recognition. The election depends on the nature and purpose of the interest-bearing liabilities.

All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The service concession liability (SCL) relates to the service concession arrangements recognised when applying *AASB 1059 Service Concession Arrangements: Grantors*. Interest is charged on the liability and capitalised within road assets. The SCL is reduced over the term of the arrangement through cash payments to the operator.

The lease liabilities relate to the lease of office premise and vehicles. Non-lease component has not been included in the determination of lease liabilities.

Defaults and breaches: During the current year, there were no defaults and breaches of any of the loans.

Service concession arrangement liability

As outlined in Note 3.1 Property, plant and equipment – road assets, the accumulation of costs incurred during construction, results in a progressive build-up of the service concession asset (SCA). A corresponding liability is progressively recognised in line with the fair value of the SCA. The nature of the liability and the subsequent accounting depend on the consideration exchanged in reference to the contract arrangements between STC (on behalf of the Victorian Government) and the operator.

Initial recognition

STC recognises a service concession liability (SCL) commensurate with the SCA, adjusted by the amount of any other consideration from STC to the operator, or from the operator to STC. Therefore, any Victorian Government contributions made prior to the recognition of the liability will reduce this amount.

Subsequent measurement

After initial recognition, STC will determine if the liability represents a financial liability. Where STC has a contractual obligation to pay the operator for providing the SCA, it is measured as a liability in accordance with *AASB 9 Financial Instruments*. The liability will be increased by interest charges, based on the interest rate implicit in the arrangement. Where the interest rate is not specified in the arrangement, the prevailing market rate of interest for a similar instrument with similar credit ratings is used. Subsequently, the liability will also be reduced by any payments made by the Victorian Government to the operator if required by the contract.

STC has determined that the SCL represents a financial liability.

5.1.1 Maturity analysis of borrowings

							2026 ($'000)
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1–3 MONTHS	3 MONTHS – 1 YEAR	1–5 YEARS	5+ YEARS
State loan	2,517,841	2,517,841	-	-	-	79,466	2,438,375
Lease liabilities	4,883	5,556	92	266	759	4,439	-
Service concession financial liability	3,648,404	6,218,967	95,173	174,890	641,581	897,105	4,410,219
Total	**6,171,128**	**8,742,364**	**95,265**	**175,156**	**642,340**	**981,010**	**6,848,594**

							2025 ($'000)
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1–3 MONTHS	3 MONTHS – 1 YEAR	1–5 YEARS	5+ YEARS
State loan	2,415,195	2,415,195	-	-	-	1,401	2,413,794
Lease liabilities	3,138	3,460	70	139	629	2,622	-
Service concession financial liability	2,642,124	4,302,005	44,272	95,519	467,563	983,856	2,710,795
Total	**5,060,456**	**6,720,660**	**44,342**	**95,658**	**468,192**	**987,879**	**5,124,589**

03

5.1.2 Interest capitalised

	2026 ($'000)	2025 ($'000)
Interest on state loan	266,329	163,684
Interest on service concession financial liability	174,066	114,281
Total interest capitalised under road assets	**440,395**	**277,965**

Interest capitalised includes costs incurred in connection with the borrowing of funds and includes interest on the State loan and the service concession financial liability. Interest capitalised is recognised in the period in which it is incurred and is capitalised to the Service concession assets.

5.1.3 Leases

STC leasing activity

STC leases an office premise and vehicles. The lease contracts are typically made for fixed periods of 3-5 years with an option to renew the lease after that date. There is no option to renew the lease after the expiry date. Lease payments for the office premise follow fixed escalations per annum of 3.5% for 5 years.

Non-lease components have not been considered for the recognition of right-of-use assets and lease liabilities for the office premise lease. STC received a lease incentive of $4.41 million representing 47.5% of the net rent payable over the lease term.

03

5.2 Cash flow information

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less that are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include cash held in bank.

RECONCILIATION OF NET RESULT FOR THE YEAR TO CASH FLOW USED IN OPERATING ACTIVITIES	2026 ($'000)	2025 ($'000)
Net loss for the year	**(31,918)**	**(23,731)**
Non-cash movements		
Fair value of assets and services received free of charge or for nominal consideration recognised as income	-	(73)
Depreciation	835	706
Fair value of assets and services provided free of charge or for nominal consideration recognised as expenses	-	74
Net (gain)/loss on non-financial assets	(192)	-
Movements in assets and liabilities		
(Increase)/decrease in receivables	1,350	(3,825)
Increase/(decrease) in payables	1,696	(739)
Increase/(decrease) in provisions	809	1,939
Net cash flows used in operating activities	**(27,420)**	**(25,650)**

03

5.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of Goods and Services Tax (GST). Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

TOTAL COMMITMENTS PAYABLE				2026 ($'000)
	LESS THAN 1 YEAR	1–5 YEARS	5+ YEARS	TOTAL
Service concession commitments	746,376	920,031	6,779,214	8,445,622
Other commitments payable	10,483	37,843	7,838	56,163
Total commitments not recognised as a financial liability (inclusive of GST)	**756,859**	**957,874**	**6,787,052**	**8,501,785**
Less GST recoverable				(664,498)
Total commitments not recognised as a financial liability (exclusive of GST)				**7,837,287**

TOTAL COMMITMENTS PAYABLE				2025 ($'000)
	LESS THAN 1 YEAR	1–5 YEARS	5+ YEARS	TOTAL
Service concession commitments	1,251,956	2,140,874	9,022,383	12,415,214
Other commitments payable	3,096	17,115	5,224	25,435
Total commitments not recognised as a financial liability (inclusive of GST)	**1,255,052**	**2,157,989**	**9,027,607**	**12,440,649**
Less GST recoverable				(855,023)
Total commitments not recognised as a financial liability (exclusive of GST)				**11,585,626**

Service concession arrangements (SCA)

Uncommissioned SCAs: The commitments include the capital component not yet recognised on the balance sheet (i.e. the amount relating to the asset which hasn't been constructed as yet), STC's future capital contributions as well as the operating and maintenance commitments for the SCA contract.

STC has entered into arrangements with an operator which give the operator (Project Co) the rights to provide public services to users for a specified 'concession period' using the relevant SCAs.

The operator, based on the terms and conditions specified in the agreements, is:

- responsible for the design, construction, partial financing, operation and maintenance of the SCA during the concession period; and
- subject to KPIs and/or annual works programs which ensure a level of service delivery for users. The operator has the opportunity to rectify any performance issues where relevant.

STC has the contractual obligation to provide the operator access to the SCA for the performance of the required services.

STC has control over the services the operator provides with the SCA over the concession period. It is responsible for monitoring that the services are performed to specified standards (i.e. frequency, quality, etc.) and other contractual obligations are met. STC will intervene as required to ensure safety for users of the assets as appropriate and to protect public interest.

At the end of the concession period, the rights and obligations provided to the operator during the concession period cease, and the SCA will be returned to STC.

Terminations are subject to standard commercial practices or under specified circumstances.

STC has recognised these arrangements in accordance with AASB 1059.

Financial liabilities SCA

A financial liability is recognised where STC has a contractual obligation to pay the operator under the service concession arrangement for the provision of SCAs and/or services. It is recognised as a borrowing (Note 5.1). The liability is increased by interest charges (Note 5.1.2), based on the interest rate implicit in the arrangement. The liability is reduced by any payments made by STC to the operator as required by the contract. These payments take the form of capital contributions, usually during the construction phase of the SCA and other periodic payments during the operation phase of the SCA (referred to as 'Service Payments'). The periodic payments compensate the operator for delivery of services that are subject to the operator meeting KPIs. Service payments may be quarterly (QSP) or other periodic intervals.

These payments comprise a capital component associated with the design, construction and financing of the SCA, and components relating to ongoing operation, maintenance and other costs. Payments may be impacted by failure to meet KPIs.

The following material uncommissioned SCA's existed at 30 June 2026. Unless noted in the arrangement specific disclosures below, no material changes have occurred during the year:

			COMMITMENTS - UNCOMMISSIONED SCA			2026 ($'000)
	CARRYING AMOUNT OF ASSET AS AT 30 JUNE	CARRYING AMOUNT OF LIABILITY AS AT 30 JUNE	EXPECTED LIABILITY AT COMMISSION (I)	CAPITAL CONTRIBUTIONS	OTHER COMMITMENTS (II), (III)	COMMITMENTS (IV)
			DISCOUNTED VALUE	NOMINAL VALUE	PRESENT VALUE	NOMINAL VALUE
Road assets	10,949,454	3,648,404	2,101,261	1,192,308	1,196,838	8,445,622
Total	**10,949,454**	**3,648,404**	**2,101,261**	**1,192,308**	**1,196,838**	**8,445,622**

			COMMITMENTS - UNCOMMISSIONED SCA			2025 ($'000)
	CARRYING AMOUNT OF ASSET AS AT 30 JUNE	CARRYING AMOUNT OF LIABILITY AS AT 30 JUNE	EXPECTED LIABILITY AT COMMISSION (I)	CAPITAL CONTRIBUTIONS	OTHER COMMITMENTS (II), (III)	COMMITMENTS (IV)
			DISCOUNTED VALUE	NOMINAL VALUE	PRESENT VALUE	NOMINAL VALUE
Road assets	7,644,294	2,642,124	3,143,033	3,035,391	1,138,394	12,415,214
Total	**7,644,294**	**2,642,124**	**3,143,033**	**3,035,391**	**1,138,394**	**12,415,214**

Notes:

i. The discounted values of the 'expected liability at commission' for uncommissioned arrangements have been discounted to the expected dates of commissioning to reflect the liability balance at practical completion of the projects.

ii. Other commitments relate to operating and maintenance and lifecycle costs and have been discounted to 30 June 2026 and 30 June 2025.

iii. STC has applied the STC borrowing rate of 5.017% in the present value calculation of other commitments for all service concession arrangements.

iv. Commitments nominal value includes the capital portion of the SCL that has been reported on the balance sheet.

03

Arrangement specific details

Operator: Spark North East Link Pty Ltd as trustee of the Spark North East Link Trust

Concession period: 25 years

Operational funding: Monthly Service Payments

On 28 October 2021, the Victorian Government and STC entered into a PPP (Project Deed) with Spark North East Link Pty Ltd (Project Co or Spark) to deliver the North East Link Central Package.

The Central Package was procured and is being delivered as an 'availability-based' PPP with an ITC regime that applies in respect of costs incurred during the design and construction phase of the Central Package.

STC's monthly payments to Project Co for the delivery of operating and maintenance services are subject to the terms and conditions of the Project Deed.

06 Risks

Introduction

STC is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for STC related mainly to fair value determination.

6.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of STC's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines, and penalties). Such assets and liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met, and the assets are not designated as fair value through net result:

- the assets are held by STC to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.
- These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.
- STC recognises the following assets in this category:
- receivables (excluding statutory receivables); and
- cash and deposits.

03

Categories of financial liabilities

Financial liabilities at amortised cost

Financial liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. STC recognises the following liabilities in this category:

- payables;
- service concession financial liability;
- state loan and;
- lease liabilities.

Financial risk management objectives and policies

As a whole, STC's financial risk management program seeks to manage risks and the associated volatility of its financial performance.

Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each material class of financial asset, financial liability, and equity instrument above are disclosed in the applicable notes in the financial statements.

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

Whilst STC recognises its current risks including credit risk, liquidity risk and interest rate risk, STC is not exposed to these due to its existing financial arrangements. Should they arise, risk management procedures in line with governance requirements are outlined in STC's Treasury Management Policy.

STC uses different methods to identify, measure and manage the different risks to which it is exposed. The primary responsibility for the identification and management of financial risks rests with the CEO of STC.

03

07 Fair value determination

This section sets out information on how STC determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets are carried at fair value:

- Leasehold improvements; and
- Plant, and equipment.

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

STC determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable and;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

For disclosures in connection with fair value determination and movements for financial instruments refer note 7.1 and for non-financial physical assets refer note 3.1.1.

03

7.1 Fair value determination of financial assets and liabilities

STC currently holds the following financial instruments that are recorded in the financial statements where the carrying amounts are approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the next reporting period. In addition to the above, the carrying value of Service Concession Liabilities approximates fair value because it represents the net value of construction works and costs performed by Project Co less any Construction Contributions made by NELSTC.

FINANCIAL ASSETS	FINANCIAL LIABILITIES
Cash & deposits	Payables Borrowings → Service concession financial liabilities → State loan → Lease Liabilities

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST				($'000)
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	2026	2026	2025	2025
Financial liabilities				
Borrowings				
State loan	2,517,841	2,205,673	2,415,195	2,126,421

7.2 Fair value determination: non-financial physical assets

Leasehold improvements and plant, equipment and vehicles

Leasehold improvements and plant, equipment and vehicles are held at fair value and classified at level 3. For a reconciliation of level 3 fair value movements, refer note 3.1.1.

When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2026. For all assets measured at fair value, the current use is considered the highest and best use.

7.3 Income and deferred tax

STC is exempt from Commonwealth income tax in accordance with section 50-25 of the *Income Tax Assessment Act 1997*. STC is subject to the National Tax Equivalent Regime (NTER) and pays tax-equivalent amounts in accordance with section 88 of the *State Owned Enterprises Act 1992* to support competitive neutrality principles.

Current tax

No tax-equivalent expense has been recognised for the year ended 30 June 2026 as STC incurred a tax loss for the period. Accordingly, no current tax equivalent liability arose under the NTER.

Deferred tax

STC has not recognised a deferred tax asset in respect of carried-forward tax losses because, as at 30 June 2026, it is not probable that sufficient future taxable profits will be available against which those tax losses can be utilised.

As STC is currently in the delivery phase, the assessment of recoverability is based on management's expectations regarding the commencement of operations and future financial forecasts. While STC expects to generate taxable profits in future periods when in operations generating Toll revenue, management considers that there is currently insufficient supporting evidence to demonstrate recognition of the deferred tax asset. Management will reassess the recoverability of these tax losses at each reporting date and will recognise the related deferred tax asset when sufficient evidence exists that future taxable profits will be available to support recovery.

The unrecognised deferred tax asset relating to carried-forward tax losses at 30 June 2026 is estimated to be $25.43 million.

08 Contingent assets and contingent liabilities

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

STC held no contingent assets or contingent liabilities as of 30 June 2026 (30 June 2025: nil).

09 Other disclosures

Introduction

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

9.1 Change of accounting policy for RoU assets:

STC has made a change in accounting policy to change the measurement basis from the revaluation model to the cost model for the subsequent measurement of right-of-use assets arising from market leases, in accordance with the updated requirements under FRD 104.

Previously, STC had measured all right-of-use assets arising from market leases using the revaluation model under AASB 13. Following the change in accounting policy, STC will measure all right-of-use assets using the cost model. Right-of-use assets measured using the cost model are held at cost less accumulated depreciation and impairment and any adjustments for remeasurement of lease liability. Periodic revaluations are not required; however, the cost model requires annual impairment assessments in accordance with AASB 136.

Upon the adoption of the cost model, STC has applied a modified retrospective approach. The approach takes the right-of-use asset's carrying amounts recorded under the revaluation model as at 30 June 2025 as the right-of-use asset's opening balances on application of the cost model.

Accordingly, the comparative information presented is not restated and is reported at the previously determined fair value.

03

9.2 Responsible Persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the FMA, the following disclosures are made regarding responsible persons for the reporting period.

The persons who held the positions of Ministers and Responsible Persons in STC are as follows:

NAME	POSITION	RELEVANT PERIOD
Ms Jaclyn Symes MP	Treasurer	1 July 2025 to 30 June 2026
The Hon Gabrielle Williams MP	Minister for Transport Infrastructure	1 July 2025 to 30 June 2026
An Nguyen	Chief Executive Officer	1 July 2025 to 30 June 2026
Brad Vann	Chair	1 July 2025 to 30 June 2026
Aneetha de Silva	Deputy Chair	1 July 2025 to 30 June 2026
Leilani Frew	Board Director	1 July 2025 to 30 June 2026

9.2.1 Remuneration of Responsible Persons

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

	2026	2025
$60,000 - $69,999	2	2
$110,000 - $119,999	1	1
$540,000 - $549,999	-	1
$580,000 - $589,999	1	-
Total number of responsible persons	**4**	**4**
Total Remuneration ($'000)	**835**	**792**

03

9.3 Remuneration of executive officers

The total remuneration of executive officers, other than the CEO, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 Employee Benefits) in all forms of consideration paid, payable or provided by the STC, or on behalf of STC, in exchange for services rendered, and is disclosed in the following categories.

- Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.
- Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.
- Other long-term benefits include long service leave, other long service benefits or deferred compensation.
- Termination benefits include termination of employment payments, such as severance packages.

REMUNERATION OF EXECUTIVES	2026 ($'000)	2025 ($'000)
Short-term employee benefits	2,441	1,818
Post-employment benefits	209	178
Other long-term benefits	60	49
Termination benefits[(c)]	-	104
Total remuneration	**2,710**	**2,149**
Total number of executives [(a)]	**7**	**7**
Total annualised employee equivalents [(b)]	**7.00**	**5.48**

Notes:

[(a)] The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMPs) of STC under AASB 124 Related Party Disclosures (AASB 124) and are also reported within the related parties note disclosures (refer to Note 9.4).

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

[(c)] Termination benefits are payable when employment is terminated before normal retirement date or expiry of the contract.

03

9.4 Related parties

STC is a wholly owned and controlled entity of the Victorian Government.

Related parties of STC include:

- all key management personnel (KMPs) and their close family members and personal business interests (controlled entities, joint ventures, and entities they have significant influence over);
- all Cabinet Ministers and their close family members; and
- all public sector entities that are controlled and consolidated into the whole of State consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

9.4.1 Significant transactions with government-related entities

During the financial year, the following aggregate transactions were undertaken, and balances held with other Victorian Government controlled entities. These transactions were undertaken in the ordinary course of operations.

GOVERNMENT RELATED ENTITIES	NATURE OF TRANSACTION	2026 ($'000)	2025 ($'000)
Department of Transport and Planning	Contributed capital to STC	2,016,989	2,072,943
Department of Transport and Planning	State loan balance	2,517,841	2,415,195

Note that KMPs of STC include the named responsible persons as disclosed in note 9.2 and members of the executive team as disclosed in note 9.3.

03

9.4.2 Remuneration of Key Management Personnel

Key Management Personnel of STC include the named Responsible Persons as disclosed in note 9.2, and members of the Senior Executive Team, which includes:

NAME	POSITION TITLE	2026
John Henderson	Executive Director Revenue, Commercial and Legal (EDRCL)	1 July 2025 to 30 June 2026
Zoltan Maklary	Executive Director, Tolling Systems and Operations	1 July 2025 to 30 June 2026
Anthony Wicking	Executive Director Finance and Corporate Services (EDFCS) / Chief Financial Officer (CFO)	1 July 2025 to 30 June 2026
Felix Moon	Executive Director, Strategy, Planning and Development	1 July 2025 to 30 June 2026
Krystal Williams	General Counsel and Head of Legal	1 July 2025 to 30 June 2026
Fusun Yalcin	Executive Director, People and Organisational Development	1 July 2025 to 30 June 2026
Naomi Kelly	Executive General Manager North East Link/Executive Director, Project Management Office (Acting)	1 July 2025 to 30 June 2026

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

COMPENSATION OF KEY MANAGEMENT PERSONNEL[a]	2026 ($'000)	2025 ($'000)
Short-term employee benefits	3,206	2,542
Post-employment benefits	267	234
Other long-term benefits	74	61
Termination benefits[b]	-	104
Total remuneration of KMPs	**3,547**	**2,941**

Notes:

[a] KMPs are also reported in the disclosure of remuneration of executive officers (Note 9.3).

[b] Termination benefits are payable when employment is terminated before normal retirement date or expiry of the contract.

9.4.3 Transactions and balances with Key Management Personnel and other related parties

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

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

9.5 Remuneration of auditors

Audit fees paid or payable to the Victorian Auditor-General's Office for the audit of the financial statements are outlined in the table below.

	2026 ($'000)	2025 ($'000)
Victorian Auditor-General's Office		
Audit of the financial statements	121	105
Total remuneration of auditors	**121**	**105**

9.6 Subsequent events

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

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date; and
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are of material interest.

No event has arisen since 30 June 2026 that has significantly affected or may significantly affect the operations, or results, or state of affairs of STC.

9.7 Other accounting policies

Contributions by owners

Consistent with the requirements of *AASB 1004 Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of STC.

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Foreign currency transactions

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

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

Accounting for the goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the Australian Taxation Office (ATO) is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis.

Commitments are also stated inclusive of GST.

03

Australian Accounting Standards issued that are not yet effective

Certain new and amended Australian Accounting Standards have been issued but are not yet effective for the reporting period ended 30 June 2026 and have not been applied in preparing these financial statements.

STC, in conjunction with the Victorian Government, is currently assessing the impact of these standards. Based on this assessment to date, the adoption of these standards is not expected to have a material impact on STC's financial statements upon initial application.

AASB 18 Presentation and Disclosure of Financial Statements AASB 18 replaces AASB 101 AASB 18 replaces AASB 101 *Presentation of Financial Statements* to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss.

The key presentation and disclosure requirements established by AASB 18 are the presentation of newly defined subtotals in the statement of profit or loss. AASB 18 applies to annual reporting periods beginning on or after 1 January 2027 for for-profit entities.

STC is currently in the process of assessing the potential impact of these standards. A few other standards and amendments have also been issued that apply to future reporting periods; however, they are not expected to have any significant impact on the financial statements in the period of initial application.

Ex-gratia expenses

Ex gratia expenses are the voluntary payment of money or other non-monetary benefit - for example, a write off - that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

STC does not in its normal course of business make *ex-gratia* payments and is governed by the DTP Ex-Gratia Payment policy to ensure that these payments (if required) are highly regulated.

STC had no *ex-gratia* expenses in the financial year ended 30 June 2026

04 Appendix



04

Appendix 01
People and workplace

Public sector values and employment principles

STC's employment practices are underpinned by its organisational values of *Excellence, Innovation, Respect and Collaboration*, which provide the foundation for how we work, lead and make decisions across the organisation. These values, together with the Victorian public sector values of *Responsiveness, Integrity, Impartiality, Accountability, Respect, Leadership and Human Rights* guide STC's people policies, employment practices and workplace behaviours. Together, they support a positive, inclusive and accountable workplace culture aligned with the standards of the Victorian public sector.

STC's recruitment and selection practices are guided by the Public Sector Employment Principles set out in the *Public Administration Act 2004*. These principles support merit-based, fair and equitable decision making and underpin our commitment to attracting, developing and retaining a diverse, capable and high-performing workforce. These practices build trust in STC's employment processes and foster a workplace where people feel valued, respected and supported to perform at their best. During the year, STC continued to apply these principles through recruitment, training and remuneration practices that support fair and equitable employment outcomes.

Equity, Inclusion and Diversity

STC recognises that diverse perspectives strengthen collaboration, encourage innovation and contribute to organisational excellence. We are committed to fostering an environment where all people feel safe, supported and empowered to succeed.

STC seeks to attract and retain talented leaders and employees by fostering an inclusive working environment where equal opportunity and diversity are valued, and where everyone feels respected, supported and able to contribute. As at 30 June 2026, women represented 46% of the workforce, 43% of executive positions and 67% of the Board, reflecting our continued focus on gender diversity in leadership.

During the year, STC continued to strengthen its inclusion practices through mandatory training, accessible recruitment approaches and regular review of people policies.

Equity and inclusion considerations are embedded across STC people practices including compulsory training, recruitment, selection and remuneration processes. Measures such as gender and age balanced interview panels, equitable remuneration practices and merit-based decision making help promote fairness, equity and support equal opportunities for all employees. These practices are reinforced by policies, training and reporting mechanisms that support a safe, respectful and inclusive workplace.

STC continues to support an inclusive and accessible workplace through practical measures that promote participation and remove barriers to employment. This includes compliance with the *Carers Recognition Act 2012* and *Disability Act 2006*, as well as flexible work arrangements that support employees to balance their work and personal responsibilities. Progress in these areas is supported through ongoing review of people policies and practices to ensure they remain fair, inclusive and aligned with legislative obligations.

Comparative workforce data

As at 30 June 2026, STC had a total of 73 Full Time Equivalent (FTE) employees, compared with 37 as at 30 June 2025. This increase reflects the continued establishment of STC and investment in the workforce capability required to deliver its strategic priorities, including the specialised and technical expertise to support opening of the NEL in 2028. Alongside this growth, STC maintained a strong workforce profile, demonstrating its ability to attract and retain talent while continuing to foster an engaging and supportive workplace.

		JUNE 2026							JUNE 2025						
		ALL EMPLOYEES				ONGOING	FIXED TERM & CASUAL		ALL EMPLOYEES				ONGOING	FIXED TERM & CASUAL	
		NUMBER (HEAD COUNT)	FTE	FULL-TIME (HEAD COUNT)	PART-TIME (HEAD COUNT)	FTE	NUMBER (HEAD COUNT)	FTE	NUMBER (HEAD COUNT)	FTE	FULL-TIME (HEAD COUNT)	PART-TIME (HEAD COUNT)	FTE	NUMBER (HEAD COUNT)	FTE
Demographic Data	**Gender**														
	Women	34	34	24	1	25	9	9	15	15	11	-	11	4	4
	Men	39	39	31	1	32	7	7	22	22	15	-	15	7	7
	Self-Described	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Age														
	15-24	1	1	1	-	1	-	-	1	1	1	-	1	-	-
	25-34	14	14	13	-	13	1	1	7	7	7	-	7	-	-
	35-44	27	27	19	1	20	7	7	15	15	10	-	10	5	5
	45-54	23	23	16	1	17	6	6	9	9	7	-	7	2	2
	55-64	7	7	6	-	6	1	1	3	3	3	-	3	-	-
	65+	1	1	-	-	-	1	1	2	2	1	-	1	1	1
Classification Data	**STC Grade 1–5**														
	STC 1	3	3	2	-	2	1	1	1	1	1	-	1	1	1
	STC 2	1	1	1	-	1	-	-	-	-	-	-	-	-	-
	STC 3	8	8	6	-	6	2	2	-	-	-	-	-	-	-
	STC 4	11	11	11	-	11	-	-	4	4	4	-	4	-	-
	STC 5	20	20	18	-	18	2	2	14	14	12	-	12	2	2
	Senior														
	STS	23	23	17	2	19	4	4	12	12	9	-	9	3	3
	Executives	7	7	-	-	-	7	7	6	6	-	-	-	6	6
	Total	73	73	55	2	57	16	16	37	37	26	-	26	11	11

Appendix 02
Local Jobs First & Social Procurement

Local Jobs First

The *Local Jobs First Act 2003* (the Act) establishes the Local Jobs First scheme which is set out in the Act, the regulations and the Local Jobs First Policy. The Local Jobs First Policy comprises the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG).

Departments and public bodies within the meaning of the *Financial Management Act 1994* must apply Local Jobs First as required to regional projects worth more than $1 million, statewide or metro Melbourne projects worth at least $3 million, or other projects with a lower budget declared by the Minister as a standard or strategic project.

The MPSG guidelines and VIPP guidelines will continue to apply to MPSG-applicable and VIPP-applicable projects respectively where contracts have been entered prior to 15 August 2018.

STC complies with the Victorian Government Local Jobs First guidelines.

Social Procurement Framework

The Social Procurement Framework governs how the Victorian Government undertakes social procurement. The framework applies to the procurement of all goods, services and construction undertaken by, or on behalf of, entities subject to the Standing Directions 2018 under the *Financial Management Act 1994*.

STC complies with Victorian Government Social Procurement Framework.

Appendix 03
Corporate Information

Consultancy Expenditure

In accordance with the Guidance Note to Financial Reporting Directions (FRD) 22, STC defines consultant as a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision making through:

- provision of expert analysis and advice; and/or
- development of a written report or other intellectual output.

Details of consultancies (valued at $10,000 or greater)

As at 30 June 2026, STC has had two consultancies engaged during the year as listed in the table below.

CONSULTANT	SERVICES	TOTAL APPROVED FEE (EXCL GST)
Limebridge Australia Pty Ltd	Professional Services	$67,050
Tenet Advisory and Investment Pty Ltd	Professional Services	$211,140

In addition to the above, STC does hold engagements with a panel of specialist resources. Whilst these panel engagements are not consultancy in nature, there may be elements of work undertaken throughout the year under these engagements which could be considered consultancy expenditure.

STC has disclosed the list of these engagements and their description on its website.

Details of consultancies under $10,000

In the year ended 30 June 2026, there were no consultancies engaged during the year where the total fees payable to the individual consultancies was less than $10,000.

Information and communication technology (ICT) expenditure

For the 2025-2026 reporting period, STC had a total information and Communications Technology (ICT) expenditure of $2.38 million with the details shown below.

			($'000)
ALL OPERATIONAL ICT EXPENDITURE		ICT EXPENDITURE RELATED TO PROJECTS TO CREATE OR ENHANCE ICT CAPABILITIES	
BUSINESS AS USUAL (BAU) ICT EXPENDITURE	NON BUSINESS AS USUAL (NON BAU) ICT EXPENDITURE	OPERATIONAL EXPENDITURE	CAPITAL EXPENDITURE
1,454	922	922	-

Disclosure of Major Contracts

STC has disclosed, in accordance with the requirements of government policy and accompanying guidelines, all contracts greater than $10 million in value entered into during the year ended 30 June 2026.

Details of contracts that have been disclosed in the Victorian Government Contracts Publishing System can be viewed on the Buying for Victoria Tenders Portal.

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

Freedom of information

The *Freedom of Information Act 1982* (Vic) (the Act) allows the public a right of access to documents held by STC. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by STC. This comprises documents both created by STC or supplied to STC by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

The Act allows STC to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to a department in-confidence and information that is confidential under another Act.

Under the Act, the FOI processing time for requests received is 30 calendar days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, a 15 day automatic extension applies. Processing time may also be extended by periods of up to 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

If an applicant is not satisfied by a decision made by the STC, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Making a request

FOI requests can be lodged online at online.foi.vic.gov.au. An application fee of $33.60 applies. Access charges may also be payable for the search or creation of documents.

When making an FOI request, applicants should ensure requests are in writing, clearly identify what types of material/documents are being sought and be accompanied by the application fee to be a valid request.

If you are unable to make a request online, you can request documents in the possession of the STC by writing to:

FOI Officer
North East Link State Tolling Corporation
Level 45, 80 Collins Street (North Tower)
Melbourne VIC 3000

FOI statistics/timeliness

During the year ended 30 June 2026, STC received no applications.

STC made no FOI decisions during the year ended 30 June 2026.

Further information regarding the operation and scope of FOI can be obtained from the FOI Act, regulations made under the FOI Act and www.foi.vic.gov.au.

Compliance with the *Building Act 1993*

STC does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosures Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. It provides protection to people who make disclosures in accordance with the act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

STC does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

STC will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Reporting procedures

Disclosures of improper conduct or detrimental action by STC or any of its employees may be made to the Independent Broad-based Anti-Corruption Commission:

Level 1, North Tower, 459 Collins Street
Melbourne, VIC 3000

Phone: 1300 735 135
Internet: www.ibac.vic.gov.au
Email: info@ibac.vic.gov.au

Asset Management Accountability Framework (AMAF) maturity assessment

STC does not have any assets where the AMAF attestation requirements are applicable under the Standing Directions 2018 under the *Financial Management Act 1994*.

Compliance with DataVic Access Policy

STC does not currently have high value datasets as defined in the DataVic Access Policy.

Disclosure of procurement complaints

Under the Governance Policy of the Victorian Government Purchasing Board (VGPB), STC must disclose any formal complaints relating to the procurement of goods and services received through its procurement complaints management system.

STC did not receive any complaints relating to its procurement processes during the financial year ending 30 June 2026.

Reporting of environmental data

STC is committed to environmental sustainability in its operations. Sustainability and greenhouse gas emissions reduction form core parts of the Victorian public sector.

STC supports the Victorian public sector in adopting new technology that reduces emissions and delivers environmental sustainability.

Competitive neutrality

Competitive neutrality requires government businesses to ensure that where services compete, or potentially compete, with the private sector, any net advantage arising from government ownership is accounted for if it is not in the public interest. Government businesses that undertake significant business activities are required to implement competitive neutrality measures (such as setting competitive neutral prices), which accounts for any net advantage that comes from public ownership. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on removing resource allocation distortions.

STC ensures Victoria fulfils its requirements on competitive neutrality reporting as required under the Intergovernmental Agreement on National Competition Policy and Competition and Infrastructure Reform Agreement.

Attestation for financial management compliance with Standing Direction 5.1.4

North East Link State Tolling Corporation financial management compliance attestation statement.

The North East Link State Tolling Corporation is required to comply with the Standing Directions 2018 of the Financial Management Act 1994, which set the standard for financial management by Victorian Government agencies. The North East Link State Tolling Corporation undertakes an annual internal review of its performance against these Directions, reviewed by a formal internal audit program. The North East Link State Tolling Corporation has not identified any Material Compliance Deficiencies in relation to the 2025-26 compliance year.

I, An Nguyen, Chief Executive Officer of the North East Link State Tolling Corporation, certify that the North East Link State Tolling Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions as at 30 June 2026.



An Nguyen
Chief Executive Officer
North East Link State Tolling Corporation
07 September 2026

Appendix 04
Acronyms

ACRONYM	DEFINITION
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AMAF	Asset Management Accountability Framework
ATO	Australian Taxation Office
BIP Act	*Borrowing and Investment Powers Act 1987*
BOS	Back Office Systems
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CRC	Current Replacement Cost
D&C Contract	Design and Construct Contract
DTP	Department of Transport and Planning
DTF	Department of Treasury and Finance
EPR	Environmental Performance Requirement
FMA	*Financial Management Act 1994*
FOI Act	*Freedom of Information Act 1982*
FOI	Freedom of Information
FRD	Financial Reporting Direction
FTE	Full Time Equivalent
GBE	Government Business Enterprise
GST	Goods and Services Tax
ICT	Information and Communication Technology
ITC	Incentivised Target Cost
KMP	Key Management Personnel

ACRONYM	DEFINITION
KPI	Key Performance Indicator
KRA	Key Results Area
MTPFA	*Major Transport Projects Facilitation Act 2009*
NEL	North East Link
NTER	National Tax Equivalent Regime
OVIC	Office of the Victorian Information Commissioner
PAA	*Public Administration Act 2004*
PNFC	*Public Non-Financial Corporation*
PPP	Public Private Partnership
Program	The North East Link Program
QSP	Quarterly Service Payment
RoU	Right-of-Use
RSS	Roadside Systems
RMA	*Road Management Act 2004*
SCA	Service Concession Asset
SCL	Service Concession Liability
Spark / Spark Consortium	Spark North East Link Pty Ltd
SPC	State Purchasing Contract
STC	North East Link State Tolling Corporation
TBM	Tunnel Boring Machines
TCC	Toll Collection Capability
TIA	*Transport Integration Act 2010*
VGPB	Victorian Government Purchasing Board
VIDA	Victorian Infrastructure Delivery Authority
VPSC	Victorian Public Sector Commission
VPS	Victorian Public Service

04

Appendix 05
Disclosure index

The annual report of STC is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of STC's compliance with statutory disclosure requirements.

LEGISLATION	REQUIREMENT	PAGE
FRD 22	Manner of establishment and the relevant Ministers	7
FRD 22	Objectives, functions, powers and duties	11
FRD 8	Departmental objectives, indicators and outputs	11
FRD 22	Key initiatives and projects	13
FRD 22	Nature and range of services provided	11
FRD 22	Organisational structure	9
FRD 8	Performance against output performance measures	N/A
FRD 8	Budget portfolio outcomes	N/A
FRD 10	Disclosure index	67
FRD 12	Disclosure of major contracts	62
FRD 15	Executive disclosures	51
FRD 22	Employment and conduct principles	58
FRD 22	Occupational health and safety policy	58
FRD 22	Summary of the financial results for the year	15
FRD 22	Significant changes in financial position during the year	18
FRD 22	Major changes or factors affecting performance	19
FRD 22	Subsequent events	55
FRD 22	Application and operation of *Freedom of Information Act 1982*	62
FRD 22	Compliance with building and maintenance provisions of *Building Act 1993*	63
FRD 22	Statement on National Competition Policy	64

LEGISLATION	REQUIREMENT	PAGE
FRD 22	Application and operation of the *Public Interest Disclosures Act 2012*	63
FRD 22	Application and operation of the *Carers Recognition Act 2012*	58
FRD 22	Details of consultancies over $10,000	61
FRD 22	Details of consultancies under $10,000	61
FRD 22	Disclosure of government advertising expenditure	N/A
FRD 22	Disclosure of ICT expenditure	62
FRD 22	Disclosure of procurement complaints	64
FRD 22	Statement of availability of other information	N/A
FRD 22	Asset Management Accountability Framework (AMAF) maturity assessment	63
FRD 24	Reporting of office-based environmental impacts	64
FRD 25	Local Jobs First	60
FRD 29	Workforce Data disclosures	58, 59
FRD 22	Review and studies expenditure	N/A
FRD 22	Disclosure of emergency procurement	N/A
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	64
SD 5.2.3	Declaration in report of operations	3

FINANCIAL STATEMENTS			PAGE
Declaration			
SD 5.2.2	Declaration in the financial statements	Accountable Officer's and Chairperson's declaration	19

LEGISLATION	REQUIREMENT	PAGE
STANDING DIRECTIONS AND FINANCIAL REPORTING DIRECTIONS		
Other disclosures as required by FRDs in notes to the financial statements		
FRD 11	Disclosure of Ex gratia Expenses	56
FRD 21	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	50, 51, 53
FRD 103	Non Financial Physical Assets	30
FRD 110	Cash Flow Statements	24
FRD 114	Financial Instruments – general government entities and public non-financial corporations	44

LEGISLATION	PAGE
Building Act 1993	63
Carers Recognition Act 2012	58
Disability Act 2006	58
Financial Management Act 1994	3, 11, 19, 27, 60, 63, 64
Freedom of Information Act 1982	62
Gender Equality Act 2020	58
Local Jobs First Act 2003	60
Public Interest Disclosures Act 2012	63