



**Volume 1**

Sydney Metro

# Annual Report

2020-21



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The total external costs  
incurred in the production  
of this report is \$2057.

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This report was first  
published in October 2021.  
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## Letter of submission

22 October 2021

The Hon. Robert Stokes MP  
Minister for Transport and Roads

Parliament House  
Macquarie Street, Sydney NSW 2000

Dear Minister,

We are pleased to submit for presentation to Parliament the Annual Report for Sydney Metro for the financial year ended 30 June 2021.

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

The Financial Statements for 2020–21, which form part of the report, have been submitted to and certified by the Auditor-General of NSW.

Yours sincerely,



**John Arthur**  
Chairman,  
Sydney Metro



**John Barraclough**  
Director,  
Sydney Metro

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# Foreword





## From the Chairman and Chief Executive

On behalf of Sydney Metro, we are pleased to present the 2020-21 Annual Report. It describes Sydney Metro's key activities and achievements for the year and the benefits for our customers, communities and the State.

During 2020-21 Sydney Metro has:

- delivered the second year of operations on Sydney's first metro line, the Metro North West Line
- advanced construction activities on Sydney Metro City & Southwest and awarded two more major contracts
- progressed procurement activities on Sydney Metro West and begun construction work, as well as received the project's first major planning approval
- begun construction activities on Sydney Metro - Western Sydney Airport and exhibited the Environment Impact Statement for the project
- responded to the changing environment of the COVID-19 pandemic.

As Sydney Metro plays its critical role in supporting the NSW Government's State Infrastructure Strategy, Future Transport 2056 and A Metropolis of Three Cities, we will take advantage of the opportunities before us. These include:

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

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

**John Arthur**  
Chairman,  
Sydney Metro

**Peter Regan PSM**  
Chief Executive  
Sydney Metro

Previous page: The tunnel boring machine will be used to deliver the tunnels between Chatswood and Sydenham for Sydney Metro City & Southwest.

Left: Work to upgrade and convert the tracks and platforms to metro standards is underway at Canterbury Station.

# About us



## 2.1 About Sydney Metro

### Charter

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

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

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

## 2.2 Our operating model

### Our place in the Transport cluster

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

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

### Governance framework

Sydney Metro is a NSW Government agency within the Ministerial portfolio of the Minister for Transport and Roads. The Minister for Transport and Roads has ultimate accountability on behalf of the NSW Government for Sydney Metro's program of work.

The Sydney Metro Board sets the strategic and commercial direction for Sydney Metro. The Chief Executive of Sydney Metro reports to the Board, and is responsible for the day-to-day management of Sydney Metro and delivering the business strategy.

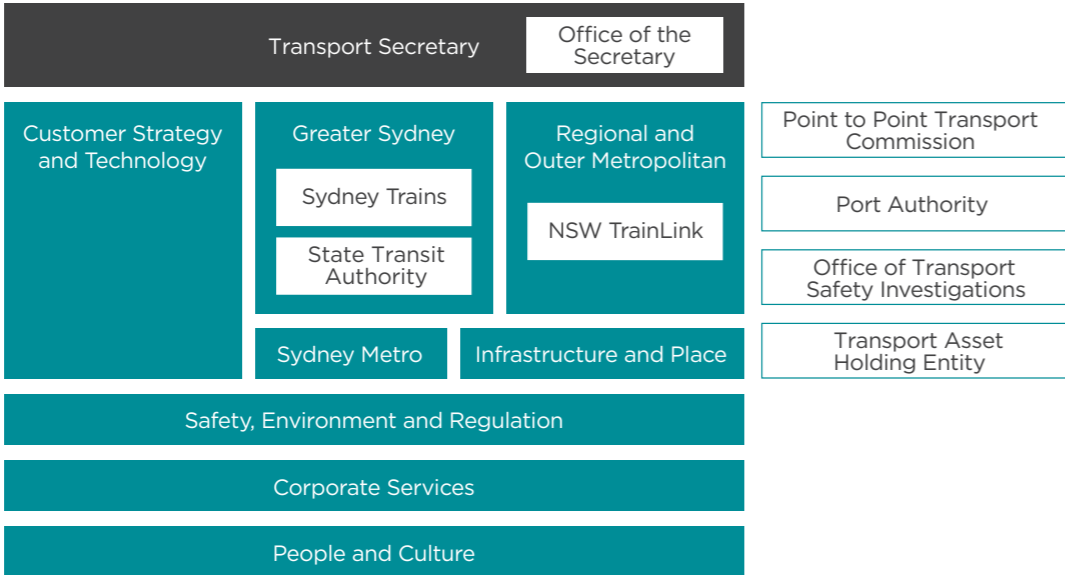


Figure 1: The operating model of the Transport cluster (as at 30 June 2021)

### Sydney Metro Board

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

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

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

### Sydney Metro Board members, 2020-21

Name	Position	Qualification
John Arthur	Chairman	Bachelor of Law Hons
John Barraclough	Director	Bachelor of Engineering (Civil) Hons
Kerry (Bob) East	Director	Master of Business Administration
Thao Oakey	Director	Bachelor of Economics (Actuarial) Graduate of Australian Institute of Company Directors
Gail Pemberton AO	Director	Master of Arts, University of Technology Graduate Certificate in Finance Fellow, Australian Institute of Company Directors
Louise Thurgood	Director	Master of Business Administration Bachelor of Arts (Economics) Hons Graduate Diploma in Finance



Platform screen doors keep people safe and allow trains to get in and out of stations faster.

John Arthur, Chairman

**Term:** 1 January 2019 – 31 December 2023

John Arthur is a highly experienced executive, director and advisor across a broad range of industries. John's experience has included Chief Executive Officer (CEO) of Investa Property Group, Chief Operating Officer of Westpac, General Counsel of listed entities in two industries, Chairman of the legal firm Gilbert + Tobin, adviser on governance and probity issues, and legal and commercial adviser to CEOs, chairpersons, executive teams and boards. John became Chairman on 1 July 2019.

John Barraclough, Director

**Term:** 1 July 2020 – 30 June 2021  
**Reappointed:** 1 July 2021 – 30 June 2023

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

Kerry (Bob) East, Director

**Term:** 1 July 2020 – 30 June 2023  
**Resigned:** 31 May 2021

Bob East has more than 20 years' experience in the tourism, property and travel industry, most recently as CEO of the Mantra Group. Together with a passionate group of private investors, Bob created the Mantra Group, and over a period of 12 years shaped the group to be Australia's largest hotel and resort business, operating 140 hotels predominantly under the Peppers and Mantra brands. Prior to this Bob worked with the Mirvac group on property development.

Bob is the Chairman of Tourism Australia, and prior to this was Chairman of Tourism Events Queensland. He is Chairman of AVC Group with over 160 hotels and clubs in Australia and New Zealand, and Chairman of Experience Co (ASX). He is also Deputy Chair of the Gold Coast Suns Football Club (AFL).

Thao Oakey, Director

**Term:** 1 January 2019 – 31 December 2023

Thao Oakey has over 20 years of experience in major infrastructure financing, development and operations, with over 10 years in investment banking prior to undertaking senior executive

roles at Leighton Contractors (as General Manager, Infrastructure Investments) and Sydney Motorway Corporation (as Chief Investment Officer). Thao has an in-depth understanding of project and structured finance, mergers and acquisitions, project risk allocation and risk management. Thao's prior board experience includes Westlink M7, SA Health Partnership, Copperstring, WestConnex M4 and Wellington Gateway Partnership.

Gail Pemberton AO, Director

**Term:** 1 July 2020 – 30 June 2023

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

Gail's current board roles include Non-Executive Director of Eclix (ASX:ECX), Land Services WA and Chair of Prospa (ASX:PGL). She has previously served on a variety of boards over the past decade, both ASX listed and unlisted, and in the private, public and not-for-profit sectors, variously as Board Chair, Remuneration and Nomination Committee Chair and Risk Committee Chair, including Onevue (ASX:OVH), PayPal Australia, QIC, and the Sydney Opera House Trust.

Louise Thurgood, Director

**Term:** 1 January 2019 – 31 December 2022

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

Louise is currently a member of the Heritage Council of NSW, Non-Executive Director of Advance.Org, a member of Global Access Partners National Standing Committee on the Environment and Energy, and co-founder and Director of Orion Mechanical Services. Past roles have included Moorebank Intermodal Company, Clearview Life Nominees and Chair of several not-for-profit boards.



Execution of the first major contract on the Sydney Metro West project.

Directors appointed, 2020-21

Member	Term of appointment
John Arthur	1 January 2019 – 31 December 2023
John Barraclough	1 July 2020 – 30 June 2021
	1 July 2021 – 30 June 2023 (reappointed)
Kerry (Bob) East	1 July 2020 – 30 June 2023 (reappointed)
	31 May 2021 (resigned)
Thao Oakey	1 January 2019 – 31 December 2023
Gail Pemberton AO	1 July 2019 – 30 June 2020
	1 July 2020 – 30 June 2023 (reappointed)
Louise Thurgood	1 January 2019 – 31 December 2022

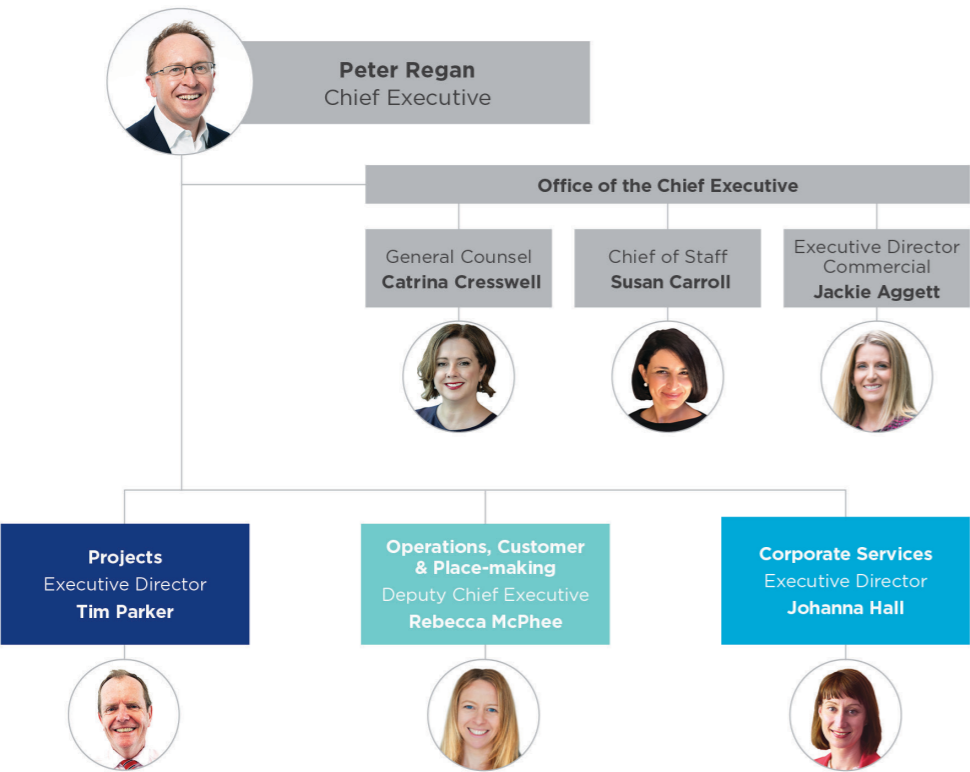
Each Director attended the following meetings of the Board and its Committees.

Board and Committee Meeting attendance, 2020-21

Director	Board		Audit and Risk Committee	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
John Arthur	14	14	6	6
John Barraclough	14	14	-	-
Kerry (Bob) East	14	9	-	-
Thao Oakey	14	13	-	-
Gail Pemberton AO	14	14	6	6
Louise Thurgood	14	14	6	6

Our organisational structure

Sydney Metro Executive structure, 2020-21



Sydney Metro Executive structure (June 2021).

2.3 Delivering on our purpose

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

In that respect our aim is to plan, build, operate and optimise the Sydney Metro customer journey. We are an operating agency within the Transport cluster, contributing to an integrated public transport network serving a range of customers and communities.

We are here to deliver for our State – maximising the social, economic and environmental opportunities and benefits catalysed by safe, reliable, turn-up-and-go services, and the delivery of vibrant, attractive precincts around our stations.

We recognise that we need to be responsive to the needs of diverse communities along our alignments, and to be successful we must continue to refine our delivery methods, optimise our service offering, and share our insights and experience.

Our turn-up-and-go customer offering is at the heart of the Future Transport 2056 strategic vision for growing our public transport network, and creating vibrant, integrated and sustainable places for our customers and communities.

We have end-to-end accountability for delivering the metro service – from planning and construction, to operations, and integration of metro rail into the public transport network.

We rely on our values as our compass, to guide us in navigating the challenges and opportunities of the near future and how we will work together.

Sydney Metro’s corporate values

 SAFETY & WELLBEING	We think ‘safety’ and act safely. We strive for a healthy work-life balance and extend our caring approach to each other, the environment and the community in which we work	 INNOVATION	We are leading edge, creative and forward thinking. We deliver sustainable and innovative solutions. We are committed to our continual improvement delivering effective outcomes
 COLLABORATION	We create positive relationships – proactively solving problems and achieving with each other, our customers, stakeholders and partners	 EXCELLENCE	We take pride in being customer centric. We are efficient and adaptable and make timely, risk-informed decisions. Together, we aim for excellence in delivery and a sustainable future
 INTEGRITY	We listen and act with integrity, respect decisions and opinions of others and promote mutual respect and trust	 ACHIEVEMENT	We support each other to meet priorities, delivering outcomes for our customers and stakeholders. We are accountable, adaptable and always ready to take ownership

Our strategic direction

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

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

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

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

**Our strategic objectives** sharpen our focus as a successful and outcomes-oriented business. Our strategic objectives for 2020-21 were:

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

Sydney Metro’s strategic direction is guided by external and internal strategies and plans, including the Premier’s Priorities, Future Transport 2056, and Transport’s 10 Year Blueprint. Transport’s 10 Year Blueprint sets a medium-term course to deliver on the Future Transport 2056 strategy. The Blueprint guides the role we play in connecting our customers’ whole lives, making successful places for communities, supporting a strong economy and quality of life for the people of NSW, and ensuring our people thrive doing meaningful work.



Customers

Connecting our customers' whole lives



Communities

Successful places



People of NSW

Transport systems and solutions that enable economic activity



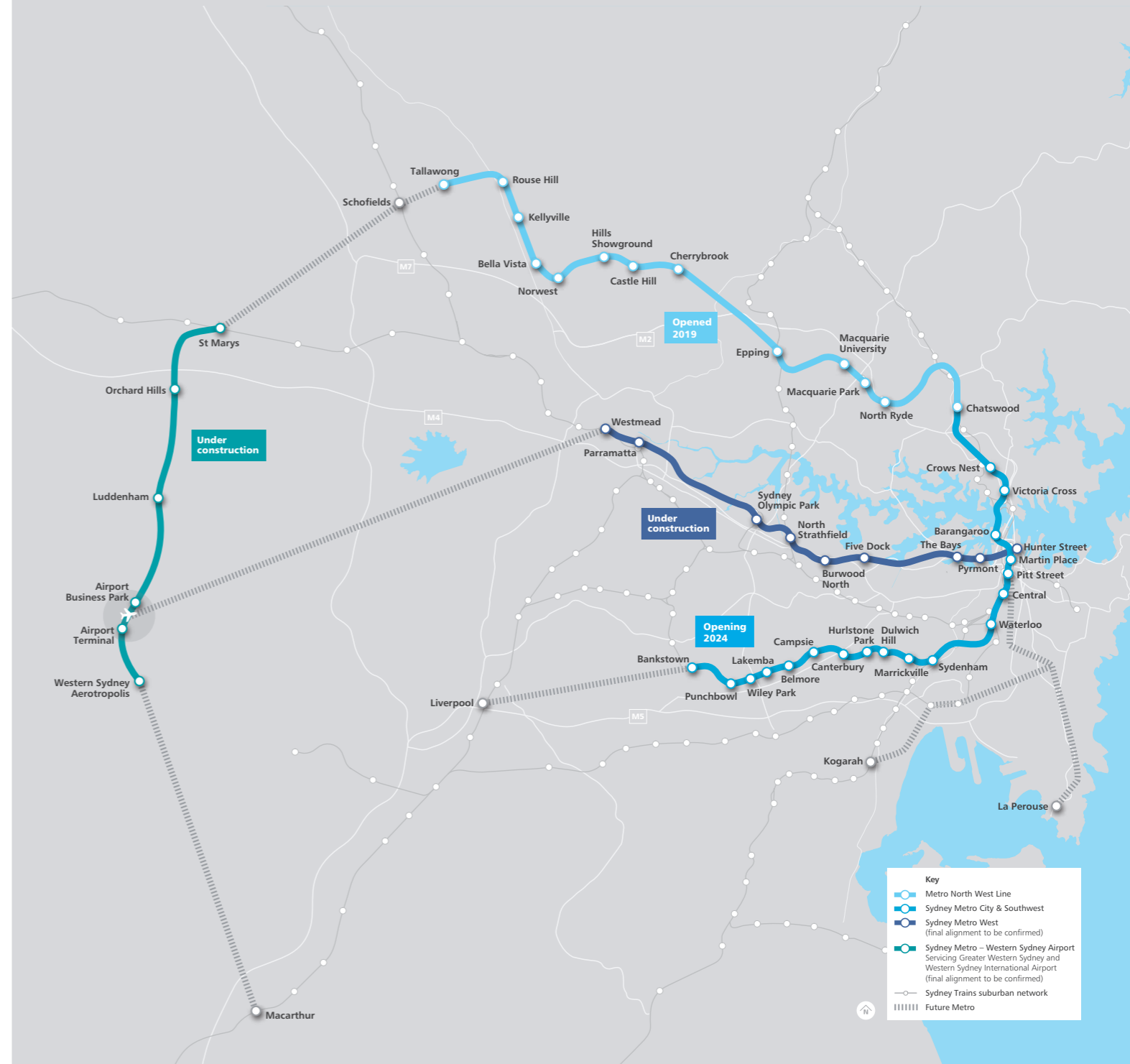
People of Transport

Thriving people doing meaningful work

The table below demonstrates how our strategic objectives support the achievement of Transport's 10 Year Blueprint outcomes.

Sydney Metro strategic objectives	Connecting to the Future - Transport's 10 Year Blueprint			
	Connecting our customers' whole lives	Successful places	Transport systems and solutions that enable economic activity	Thriving people doing meaningful work
Delivery commitments	●	●	●	
Successful engagement		●	●	●
Operational excellence	●	●		●
Financial responsibility			●	
Workforce capability			●	●

Sydney Metro Network



**Key**

- Metro North West Line
- Sydney Metro City & Southwest
- Sydney Metro West (final alignment to be confirmed)
- Sydney Metro - Western Sydney Airport Servicing Greater Western Sydney and Western Sydney International Airport (final alignment to be confirmed)
- Sydney Trains suburban network
- Future Metro

Key facts

 <p><b>Completed track laying</b> in one of the railway tunnels under Sydney Harbour on the Sydney Metro City &amp; Southwest project.</p>	 <p><b>Public exhibition</b> of the Environmental Impact Statement for the Sydney Metro - Western Sydney Airport project.</p>
 <p><b>14.2 million trips</b> and over <b>3,902,679 kilometres</b> travelled on the Metro North West Line, a total of <b>122,277 services</b>.</p>	 <p><b>Planning approval received</b> for the Sydney Metro West Project Concept between Westmead and the Sydney CBD and station excavation and tunnelling between Westmead and The Bays.</p>

Our assets

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

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

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

-  36 kilometres of twin tracks between Chatswood and Tallawong
-  22 metro vehicles
-  15 kilometres of tunnels
-  13 metro stations
-  4000 commuter parking spaces (at 5 stations)
-  a train stabling facility
-  4-kilometre 'skytrain' viaduct and bridges
-  8 traction power substations and transmission lines
-  8 bike parking facilities (305 parking and storage).

Right: Sydney Metro Pre-employment.



# Delivering outcomes for the people and communities of NSW



### 3.1 Meeting delivery commitments

**We will deliver high quality metro infrastructure and places – safely, on time, and on budget.**

#### Sydney Metro City & Southwest project

The Sydney Metro City & Southwest project includes a new 30-kilometre metro line extending metro rail from the end of the Metro North West Line at Chatswood, under Sydney Harbour, through new central business district (CBD) stations and south-west to Bankstown. It is due to open in 2024 with the ultimate capacity to run a metro train every two minutes each way through the centre of Sydney.

Sydney Metro City & Southwest will deliver new metro stations at Crows Nest, Victoria Cross, Barangaroo, Martin Place, Pitt Street and Waterloo and new underground metro platforms at Central Station. In addition, it will upgrade and convert all 11 existing stations between Sydenham and Bankstown to metro standards.

Key project progress was made during 2020-21, with construction at each of the city stations in progress, and 15,000 linear metres of concrete trackform in the tunnels complete.

Track laying is complete in one of the Sydney Metro railway tunnels under Sydney Harbour. The 800-metre section of track in the northbound tunnel is complete after 1200 railway sleepers and 2100 tonnes of concrete were installed about 40 metres below the harbour's surface. Track laying in the southbound tunnel will be complete by the end of July 2021. The tracks in these tunnels connect the future Barangaroo and Victoria Cross metro stations.

At Central Station, a major milestone was achieved in February 2021 when excavation reached the bottom of the new Central Station box, which is 27 metres below ground level. More than 280,000 tonnes of crushed rock was removed from the station box – enough to fill about 46 Olympic swimming pools.

Also at Central Station, the 460-tonne steel structure of the new landmark Northern Concourse roof is now complete, with more than 500 louvres, made in Kurri Kurri, being installed on the eastern, northern and western ends of the roof.

Another significant achievement in 2020-21 was the award of two major contracts, for Crows Nest Station and Barangaroo Station.

At Crows Nest, the NSW Government approved Sydney Metro's amended concept proposal for three new buildings above the future Crows Nest Metro Station. The amended concept proposal will create the opportunity for new homes, including 5 per cent affordable housing and over 2000 potential jobs across the three buildings, which range from 9 to 21 storeys.

At the new Barangaroo Station, which is currently taking shape 30 metres underground, a station entrance will be built next to Nawi Cove. There will be new footpaths, trees, lighting, bike parking and street furniture, as well as a new separated cycle link at Nawi Cove and along Hickson Road. The station will transform access to the Walsh Bay Arts and Cultural precinct, as well as provide easy access to nearby residential, commercial and entertainment areas and the ferry hub.



Construction of the new aqueduct over the existing heritage-listed Sydenham Pit while retaining the existing heritage listed pump station.

#### Sydenham Aqueduct

The first aqueduct built for Sydney's water network in more than 130 years has been built at Sydenham.

Train customers from the city's south and south-west would be familiar with the historic Sydenham Pit and Pumping Station. Stormwater is pumped away from the Sydenham Pit to the Cooks River through the Eastern Channel.

To facilitate the new metro, a 320-metre section of the Eastern Channel needed to be moved to make way for new railway tracks. This section of the Eastern Channel was replaced with a 120-metre long aqueduct and about 200 metres of culverts.

Construction took 14 months and about 150 people worked on the historic project.

### Sydney Metro West project

Sydney Metro West will double rail capacity between Greater Parramatta and the Sydney CBD, transforming Sydney for generations to come. It will have a target travel time of about 20 minutes between the Parramatta and Sydney CBDs, link new communities to rail services and support employment growth and housing supply.

Stations have been confirmed at Westmead, Parramatta, Sydney Olympic Park, North Strathfield, Burwood North, Five Dock, The Bays and the Sydney CBD. An additional station at Pyrmont was announced in December 2020 and in May 2021 the NSW Government announced the station locations for Pyrmont and the Sydney CBD at Hunter Street.

In 2020, work started on this city shaping project at The Bays to allow tunnel boring machines to be in the ground in 2022.

In order to build the new stabling and maintenance facility for the new fleet of driverless metro trains at Clyde, the Sydney Speedway that was operating at the site will be relocated to the Eastern Creek motorsport precinct. Construction started at Eastern Creek in December 2020 and more than one million tonnes of soil and rock at the site has been excavated. A 500-metre reinforced retaining wall has been constructed using almost 1000 precast concrete panels and 40,000 tonnes of recycled sandstone from the WestConnex project. The new speedway will be open for the start of the racing season in early 2022.



An artist's impression of Five Dock Station.

Sydney Metro West received its first major planning approval for the project Concept between Westmead and the Sydney CBD and station excavation and tunnelling between Westmead and The Bays in March 2021.

A Scoping Report for Stage 2 of the major civil construction work including station excavation and tunnelling between The Bays and Sydney CBD was submitted in May 2021. A detailed Environmental Impact Statement is being prepared and is expected to be exhibited for community feedback later this year.

A Scoping Report for major building works including fit-out of the twin railway tunnels; construction of the new stations and service facilities; building the station precincts; and operation of the new underground metro line was submitted in June 2021. The report provides information on proposed works and outlines the next steps in preparing a detailed Environmental Impact Statement, which will be open for community feedback in early 2022.

Sydney Metro will continue to engage with stakeholders and the community throughout the process and access to project information will be available.



An artist's impression of Orchard Hills Station.

### Sydney Metro – Western Sydney Airport project

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

Six new metro stations will be delivered at St Marys, Orchard Hills, Luddenham, Airport Business Park, Airport Terminal and at the commercial heart of the Western Sydney Aerotropolis.

The Environmental Impact Statement for the project was on public exhibition

from 21 October to 2 December 2020. A Submissions Report was prepared to address submissions received from stakeholders and the community and this was lodged with Department of Planning, Industry and Environment. Planning approval was granted by the NSW Government in July 2021.

The procurement process commenced in 2020-21 for the major work packages, and construction started in late 2020 with site clearing and early works.

The Australian and NSW governments have a shared objective of having Sydney Metro – Western Sydney Airport operational when Western Sydney International (Nancy-Bird Walton) Airport is planned to open for passenger services.

Independent project reviews

Project
Sydney Metro Portfolio
Sydney Metro City & Southwest
Sydney Metro City & Southwest – Southwest Metro Corridor and Bankstown Station Upgrade
Sydney Metro City & Southwest – Crow’s Nest Station
Sydney Metro City & Southwest – Southwest Metro Stations
Sydney Metro City & Southwest – Barangaroo Station
Sydney Metro West
Sydney Metro West – Central Tunnelling Package
Sydney Metro West – Pyrmont Station
Sydney Metro West – Western Tunnelling Package
Sydney Metro – Western Sydney Airport
Sydney Metro – Western Sydney Airport – Station Boxes and Tunnelling
Sydney Metro – Western Sydney Airport – Surface and Civil Alignment Works

Environment, sustainability and planning

Sydney Metro is committed to undertaking our activities in a socially, financially and environmentally responsible way and we have achieved significant outcomes in 2020-21.

Project planning approvals

In 2020-21, the following State Significant projects were approved under the *NSW Environmental Planning and Assessment Act 1979* and the *Environmental Protection Biodiversity Conservation Act 1999* (Cth) (EPBC Act):

- State Significant Infrastructure – Chatswood to Sydenham Modification 7 – Administrative Modification
- State Significant Infrastructure – Chatswood to Sydenham Modification 8 – Blues Point access site
- State Significant Infrastructure – Sydenham to Bankstown Modification 1 – Bankstown Station
- State Significant Development (Stage 1) – Crows Nest Over Station Development
- State Significant Infrastructure – Sydney International SpeedwayState Significant Infrastructure – Sydney Metro West Concept and Stage 1 project<sup>1</sup>
- EPBC Act approval – Sydney Metro – Western Sydney Airport – St Marys to Elizabeth Drive, NSW.

In addition, in 2020-21, the following Sydney Metro State Significant project applications were commenced or underway in accordance with the *NSW Environmental Planning and Assessment Act 1979*:

- State Significant Development (Stage 2) – Crows Nest Over Station Development Site C
- State Significant Infrastructure – Sydney Metro – Western Sydney Airport
- State Significant Infrastructure – Sydney Metro West Stage 1 Modification 1 – Administrative Modification
- State Significant Infrastructure – Sydney Metro West Concept and Stage 2 project<sup>1</sup>
- State Significant Infrastructure – Sydney Metro West Concept and Stage 3 project.<sup>1</sup>

<sup>1</sup> The environmental assessment process for Sydney Metro West is being carried out in stages in recognition of the size of the project.



Work to upgrade and convert the tracks and platforms to metro standards at Wiley Park Station.

Sustainability

Sydney Metro’s approach to sustainability is governed by the Sydney Metro Environment and Sustainability Statement of Commitment, which was updated in 2020-21 and outlines our commitments with regards to:

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

The Sydney Metro Sustainability Framework (2020-2025) outlines in detail our approach to delivering sustainable outcomes across the business.

Sustainability performance in delivery is measured against targets set out in project sustainability strategies. The Sydney Metro City & Southwest Sustainability Strategy sets out 48 targets to be achieved across the design, construction and operation of the project. Currently over 90 per cent of the targets are on track to be achieved. Targets at risk of not being achieved relate to the proportion of non-potable water use in operations (due to limited roof area for rainwater harvesting), establishment of targets for native landscaping and application of new emission standards to diesel construction plant.

Third-party verification rating tools are also used to measure and monitor sustainability performance at both the Design and As Built stages. Five of the seven city stations (Martin Place, Crows Nest, Victoria Cross, Central and Barangaroo) have been assessed against the bespoke Sydney Metro Green Star rating tool and have each achieved a 6 Star Design score which represents ‘World Best Practice’. Two remaining stations (Waterloo and Pitt Street) are on track to achieve either a 6 Star or a 5 Star ‘Australian Best Practice’ Design score. Infrastructure Sustainability (IS) ratings are on track to achieve a minimum ‘Excellent’ rating. Station upgrade packages along the Sydenham to Bankstown alignment have been assessed under the Transport for NSW Sustainable Design Guidelines and have achieved a ‘Platinum’ Design rating.

Sustainability performance and initiatives are described in more detail in Sydney Metro’s Sustainability Reports.

Environmental management

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

In July 2020, Sydney Metro achieved certification of its Environmental Management System to ISO 14001 through SAI Global.

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

In 2020-21, there were no major environmental incidents (Class 1 or 2) on any operational or project sites and there were 90 recorded minor (Class 3) incidents across the program of works. The majority of these incidents related to minor spills and leaks, and have been responded to in a timely manner.

Compliance tracking with relevant Planning Approval requirements was also undertaken in accordance with the project's compliance tracking programs, and a total of 44 non-compliances were recorded. The majority of the non-compliances related to administrative or management system issues and have been responded to in a timely manner. Other non-compliances related to noise and vibration; traffic, transport and access; and soil and water.

Aboriginal cultural heritage and historic heritage

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

Sydney Metro City & Southwest

Work has continued on reporting on significant archaeological finds recovered in 2018-19 from Sydney Metro City & Southwest sites, specifically at Central Station, Barangaroo, Waterloo, Blues Point and Pitt Street. Interpretation planning has been completed with Aboriginal and non-Aboriginal heritage interpretation detailed for each station, and Sydney Metro is working to ensure the re-use of salvaged materials in station precincts.

Work has also continued to progress on the conservation of the historic Barangaroo boat timbers which are being treated at Sydney Metro's conservation site. It is anticipated that treatment will continue for the next two to three years before the boat can be put on permanent display.

Sydney Metro West

Archival recording of heritage items at Parramatta has commenced and significant heritage elements to be salvaged are being identified.

Sydney Metro - Western Sydney Airport

Test excavations for Aboriginal heritage have commenced along the alignment.



An excavation site at Barangaroo uncovered the remains of a 10-metre long clinker built boat.

Resource management

Waste and spoil

In 2020-21, Sydney Metro achieved our target to beneficially re-use 100 per cent of all clean spoil (crushed rock) generated on projects, and to recycle at least 90 per cent of construction waste. The table below provides a breakdown for the re-use of waste and spoil.

Re-use of waste and spoil, 2020-21

	Construction and demolition waste (tonnes)	Spoil (tonnes)
Generated	61,735	420,041
Reused or recycled	59,448	420,041
Percentage reused or recycled	96%	100%
Target	90%	100%

Materials

Sydney Metro seeks to reduce our construction footprint through efficient use and selection of materials. Steel and concrete make up a significant proportion of the embodied carbon of Sydney Metro projects. Limits on the use of Portland cement and minimum proportions of supplementary cementitious materials such as waste fly ash and granulated ground blast furnace slag have avoided over 27,000 tonnes of carbon dioxide emissions from concrete in 2020-21. Recycled materials which have been used in construction during the reporting period include recycled crushed glass and recycled plastic reinforcing fibres.

Use of steel and concrete, 2020-21

	Steel (tonnes)	Concrete (cubic metres)
Total used	29,337	163,051

Water

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

Achievements in minimising the use of potable water in 2020-21 construction activities are detailed in the table below. The volume of water use and the proportion of non-potable water have dropped significantly since 2019-20 as tunnelling activities have reduced.

Potable and non-potable water use in construction, 2020-21

	Water used for construction (kilolitres)
Potable	81,067
Non-potable	6,596
Total water consumption	87,663
Percentage of water from non-potable source	8%

Energy and carbon

Sydney Metro is on track to achieve our target of at least a 20 per cent reduction in carbon emissions associated with construction (compared to business-as-usual construction practices), through a range of energy and materials efficiency measures. In addition, delivery partners are also required to offset carbon emissions associated with 25 per cent of electricity used during construction. Construction stage carbon emissions in 2020-21 are detailed in the table below.

Carbon emissions associated with construction, 2020-21

Carbon emissions (tonnes CO <sub>2</sub> equivalent)	
Scope 1 – Direct emissions (e.g. from fuel use)	6,293
Scope 2 – Indirect emissions from electricity use	6,960
Scope 3 – Indirect emissions excluding Scope 2 (e.g. associated with manufacture of materials used in construction)	73,889
Total	87,142

Climate resilience

Sydney Metro aims to increase resilience to a changing climate through assessing, managing and communicating our climate risk. All projects are required to carry out a climate-change risk assessment in line with the Transport for NSW Climate Risk Assessment Guidelines (2018) throughout the design stages and to mitigate all extreme and high-rated risks and at least 25 per cent of all medium-rated risks.

A range of climate-related risks have been identified across the operational and planned metro network, including increased temperatures and precipitation, flooding, extreme weather events and bushfire. Potential impacts include reduced operational performance, customer amenity and patronage, and increased maintenance costs. Sydney Metro has incorporated mitigation measures to increase its resilience to climate change, such as designing adequate capacity into drainage and air conditioning systems and specifying robust structures and critical equipment.

Community

Sydney Metro seeks to benefit the local community both during and beyond the construction phase of our projects, via internal initiatives and through our delivery partners. A sample of initiatives undertaken in 2020-21 are listed below.

Sydney Metro internal initiatives

These included taking part in the annual Vinnies CEO Sleepout on 17 June 2021. The Sydney Metro City & Southwest and Sydney Metro West Project Directors participated in the sleepout at White Bay Cruise Terminal. The initiative was supported by various leaders and engagement activities across the organisation, raising \$22,138 for the homelessness cause.

Delivery partner initiatives

These included:

- engaging social enterprises which support disadvantaged people and communities
- holding a fundraiser gala event for Bear Cottage (which provides care for children with life-limiting conditions)
- a number of upgrades to indoor and outdoor common areas and provision of a music room at Foster House men's shelter
- running a Christmas gift drive and setting up a new walled garden and vegetable patch for residents of a Women and Girls' Emergency Shelter
- painting a home and renovating a garden for accommodation for youth at risk of homelessness
- running food and clothing drives for various charities
- clearing litter in neighbourhoods around project sites as part of World Clean-up Day
- continuing Return and Earn bottle schemes across various Sydney Metro construction sites, with proceeds going to charity
- organising blood donation drives.

3.2 Operational excellence

We will work with our partners to ensure that the metro, in operational service, achieves world-class standards and meets customer aspirations as a mode of choice.

While engaging with our operating partners, we are guardians of the customer outcomes for the metro network, and strive to achieve a standard that meets customer aspirations.

To achieve our strategic objective of operational excellence we use real-time data, productive and inclusive collaboration and forward-looking management plans.

Metro North West Line

The Metro North West Line was largely delivered under a Public Private Partnership (PPP) with Northwest Rapid Transit (NRT), executed in September 2014. Under those arrangements, responsibility for operating the Metro North West Line is contracted to Metro Trains Sydney (MTS), part of the NRT consortium, for 15 years with a monthly service payment provided by Sydney Metro, subject to meeting agreed performance and safety standards.

Since opening on 26 May 2019, a total of 8,356,057 kilometres and 233,729 services have been delivered. Patronage on the Metro North West Line has reached 35.3 million despite being affected by the COVID-19 pandemic and the associated movement restrictions.

Sydney Metro continues to provide service excellence through delivering customer-centric services for the people of NSW, helping relieve congestion, and improving journey times and experiences for our customers whilst delivering a technology-led step-change in customer experience.

Our partnership with MTS is built on the efficient delivery of safe and reliable metro passenger services. As the client, Sydney Metro continues to embed the clear vision for operational success, structures and systems. The achievement of operational performance targets coupled with customer feedback and satisfaction continued to improve in the second year of operations.

In 2020-21, Metro North West operations navigated the local impacts of the evolving and dynamic nature of the COVID-19 pandemic. In this period of lower public transport utilisation, patronage declined by 25 per cent compared to 2019-20.

Working with the broader Transport cluster and the operator, measures undertaken to ensure customers continued to feel safe and comfortable on the network included:

- increased services to allow physical distancing
- additional cleaning services
- hand sanitisation units at stations
- capacity loading through real-time applications
- deployment of green dot – 'sit here' decals
- mask recommendation posters
- additional security patrols.

Service performance

A total of 3,902,679 kilometres and 122,277 services were delivered in 2020-21. The Metro North West Line performance for 2020-21 continued to stabilise with Service Frequency (Headways) within one minute at 98.72 per cent and Services Delivered at 99.56 per cent. The Average Journey Time remained under 37 minutes at 35.89 minutes (measured at 92.09 per cent).

With the Sydney Metro City & Southwest project now in its integration phase with Metro North West Line Operations, access to the Metro North West Line was also facilitated to enable the extension of the line to Bankstown. In preparation for the arrival of the new rolling stock, works were undertaken to expand the Tallawong train stabling facility, and modifications were made to the control systems.

### Customer satisfaction and feedback

Customer satisfaction on the Metro North West Line demonstrates the level of service excellence provided by the turn-up-and-go service delivered to the North West region of Sydney. Independent customer surveys are conducted several times a year and allow Sydney Metro to continually uplift the areas that our customers value the most.

The November 2020 and May 2021 customer satisfaction index for Sydney Metro measured at 99 per cent and 98 per cent. Sydney Metro customers were most satisfied with cleanliness, accessibility, safety and security, and ticketing. These aspects included:

- ease of getting on and off the service (98.83 per cent)
- cleanliness of the metro service and station (98.60 per cent)
- availability of next stop information (98.15 per cent)
- journey time given the distance travelled (97.98 per cent)
- feeling safe at the metro station and while on the service (96.47 per cent).

Feedback from customers was also obtained through the Transport for NSW customer feedback channels and the use of QR codes on the platforms and metro service. These insights are being assessed and factored into addressing concerns and uplifting of the current service offering and future projects.

### Customer journeys

In 2020–21, patronage on the Metro North West Line was significantly impacted by the restrictions implemented in response to the COVID-19 pandemic. A total of 14.2 million customers boarded a metro service in 2020–21.

Patronage gradually recovered following the easing of restrictions. In May 2021, 1.61 million customers boarded a metro service, the highest monthly patronage recorded for the financial year. The average weekday patronage in May 2021 of 61,000 trips represented around 75 per cent of the pre-COVID peak recorded in November 2019 of around 81,000 trips.

The COVID-19 pandemic will continue to have a significant impact on patronage in 2021–22, with continued adoption of remote/hybrid working, reduction in population growth and immigration, changes in travel mode preferences and shifts in residential location choice.

### Climate change mitigation: energy efficiency and carbon offsets

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

The solar panel array (covering more than 6500 square metres) on the roof at the Sydney Metro Train Facility at Tallawong continues to provide power for the facility and stations.

Sydney Metro is offsetting 100 per cent of the carbon emissions associated with its operational electricity consumption. In 2020–21, the Metro North West Line operations consumed 84,926,610 kilowatt hours (kWh) of electricity. This is being offset through a Green Products Purchase Agreement with the Beryl Solar Farm in regional NSW. A total of 84,927 large-scale generation certificates (LGCs) generated by Beryl Solar Farm will be surrendered to fulfil Sydney Metro's commitment to offset the 76,434 tonnes carbon dioxide equivalent associated with operational electricity for this year of operation. Offset options will continue to be explored for Sydney Metro City & Southwest operations.

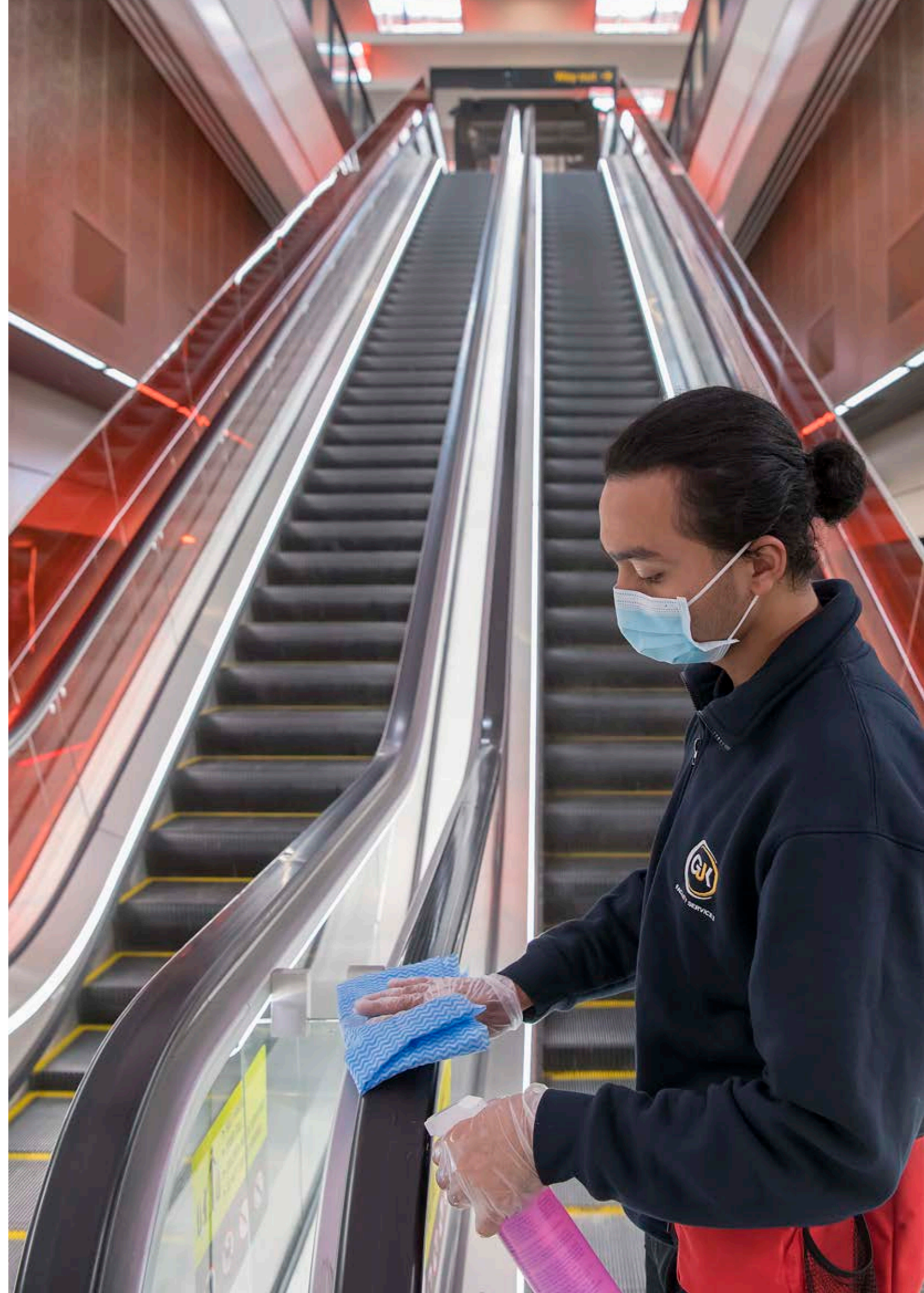
### Precincts and places

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

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

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

Right: Extensive cleaning at Sydney Metro stations and onboard trains



### Northwest precinct development

Sydney Metro, together with the Metro North West Line development partner Landcom, have submitted five major State Significant Development Applications totalling up to 8800 dwellings, and 180,000 square metres of non-residential (retail/commercial/community) floor space. Approvals have been received for new precinct developments at Tallawong, Hills Showground and Epping, with Bella Vista and Kellyville currently being assessed by the Department of Planning, Industry and Environment. The proposals include new public spaces for communities to enjoy, and a minimum of 5 per cent affordable rental housing for people on low to moderate incomes.

The largest new urban neighbourhood will be created by linked precincts at Kellyville and Bella Vista that stretch 2.5 kilometres – the equivalent of the distance from Circular Quay to Central Station – creating an opportunity for new transit-oriented communities with easy access to schools, healthcare, open space, recreational and cultural facilities.

### Sydney Metro City & Southwest

Sydney Metro's new City & Southwest stations will help to create new and enhanced places that are easy to access, are connected to their surroundings, are comfortable and clean, and that provide social interactions and boundless opportunities.

Local communities are the focal point in planning, designing and managing new and upgraded public spaces. Through good urban design and place making, Sydney Metro stations will be more than somewhere to catch the train; they will be the centre of the communities they serve with a variety of uses for residents and visitors to enjoy.

Sydney Metro is leading global best-practice with new integrated station developments being delivered at Crows Nest, Victoria Cross, Martin Place, Pitt Street and Waterloo stations. As new metro stations are built underground, integrated station development can be built above them, reducing community impacts and providing the opportunity to deliver a range of uses such as commercial office spaces, community facilities, new homes, shops, restaurants and new public spaces.

### Sydney Metro West

Sydney Metro West is a truly city-shaping project that will support well-connected and vibrant places that re-imagine Western Sydney.

Sydney Metro West will allow for the opportunity to reinvigorate places like The Bays West Precinct and Sydney Olympic Park to create vibrant and active new precincts, and a new station at Pyrmont will help to revitalise the western gateway to the Sydney CBD. Sydney Metro has been working closely with local councils and planning agencies to ensure that the visions for the precincts along the corridor are aligned and realised.

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

### Sydney Metro – Western Sydney Airport

The Sydney Metro – Western Sydney Airport project is a chance to build more than just railway stations – it provides a once-in-a-lifetime opportunity to shape the growth of a new city around a new metro line.

Through integrated strategic planning, good urban design and place making, Sydney Metro – Western Sydney Airport precincts will be more than somewhere to catch the train – they will become the centre of new communities and provide for a variety of uses. Sydney Metro is working closely with the Western Parkland City Authority, councils and local communities to plan for stations and precincts that will be thriving, welcoming hubs for everyone to enjoy, with new public spaces designed to encourage walking, cycling and social interaction. The stations will be vibrant places and landmarks in their own right that will support the success of the Western Parkland City.

Some examples of the work Sydney Metro has been carrying out to create new and enhanced places are described below.

### Temporary public spaces and art

As part of the place making and activation program, Sydney Metro and Landcom delivered a temporary public space adjacent to Tallawong Station, with another space adjacent to Bella Vista Station unfortunately delayed due to the COVID-19 pandemic restrictions. These temporary spaces have been used for a variety of community activities and events, including Tai Chi, 'Live Life Get Active' program, food trucks, Christmas activities, arts community events in collaboration with the Museum of Contemporary Art (C3West community art project), and Playgroup NSW mothers' group meet-ups. Public art hoardings were also delivered within precincts surrounding the metro stations, to bring them to life and create unique characters connected to the place.

Art contributes to place making through engaging people, animating places, enhancing quality, and making places more inclusive, inviting and appealing, and in 2020-21 the Sydney Metro Art Masterplan was released. The Masterplan describes the Sydney Metro Art Program, including the vision, objectives, curatorial approach, governance structures, commissioning process and parameters for artistic excellence.

### Hills Showground precinct development

The Minister for Planning and Public Spaces has approved plans for the new Hills Showground precinct development, which includes up to 1620 homes, 14,000 square metres of retail space, commercial and community uses, and new public open spaces. Sydney Metro and Landcom have appointed developer Deicorp to deliver the first stage of the project, which will include a new local mixed-use centre and public plaza adjacent to the Hills Showground metro station.

### Waterloo Metro Quarter

Adjacent to the new Waterloo metro station, the new Waterloo Metro Quarter project will revitalise the area and will be a landmark in its own right. The development will be delivered by joint venture partners John Holland and Mirvac, and will provide new community facilities, retail and office space, a new public plaza and a range of housing options including affordable and social housing, and student accommodation. Detailed plans for the development have been lodged with the Department of Planning, Industry and Environment.



An artist's impression of Cope Street Plaza in the centre of the Waterloo Metro Quarter precinct.

### 3.3 Successful engagement

**We will collaborate with our communities and our partners to deliver a sustainable, city-shaping public transport system.**

We are committed to establishing robust relationships with our customers, stakeholders and the community. This is underpinned by the belief that effective communication is a crucial element in the successful delivery and operation of our projects.

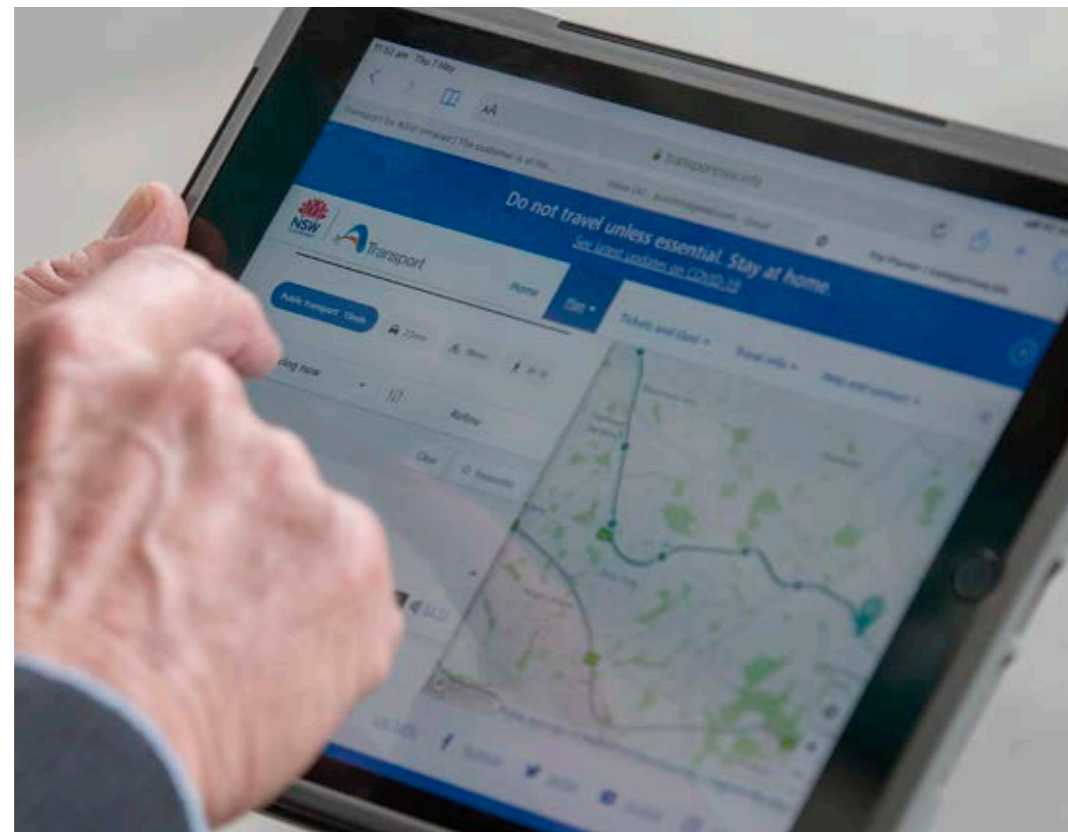
Successful engagement is essential to deliver customer-centred service and design outcomes, as well as activated precincts and places which work for local communities, both now and in the future. This is a fundamental objective that enables us to focus on developing and nurturing the relationships of our government agency partners and is essential to consider when engaging with the communities in which we operate.

Our approach to communication and engagement is to:

- deliver a transport service that has been informed by engagement with stakeholders and the community
- build key stakeholder, community and general public confidence in our projects
- manage risks associated with stakeholder and community issues.

Our aim is to:

- address concerns about individual project impacts from directly affected stakeholders
- provide adequate and coordinated stakeholder and community consultation that identifies and addresses issues in a timely manner
- provide consistency across our external communication activities and interfaces with stakeholders during delivery of Sydney Metro projects.



Trip planning on the Opal Travel app.

### Customer and community engagement

Sydney Metro works closely and cooperatively with the community, including Australian, NSW and local governments, contractors, advisors, other service providers, and key stakeholders.

We have been working with stakeholders and communities, adapting to community needs and refining our approach to delivering community and stakeholder engagement to achieve better outcomes. We meet communities where they are based so we can build strong relationships and create opportunities for meaningful engagement.

Sydney Metro is committed to building personal relationships, including through face-to-face interaction where possible, and digital engagement. We understand that the community and stakeholders want to communicate and access information in ways that are convenient and accessible particularly during the COVID-19 pandemic restrictions.

Our approach continues to evolve as we ensure our diverse communities have access to information through a variety of platforms and in multiple languages. For projects in the pre-delivery and delivery phases, Sydney Metro has dedicated place managers. These community relations specialists provide a vital link between the project and the community, and are available to answer questions and receive feedback and/or complaints during delivery of the project.

In 2020-21, Sydney Metro undertook engagement activities for the Sydney Metro West project, including lodgement and public exhibition of the new Sydney International Speedway Environmental Impact Statement, public exhibition of a Review of Environmental Factors for new precast facilities at Eastern Creek, and engagement in relation to confirmed station locations at Pyrmont and Hunter Street in the Sydney CBD. Through these processes, the project's dedicated place managers worked closely with the community to answer questions and provide further information.

The new Sydney International Speedway Environmental Impact Statement was released for public exhibition and community feedback while the COVID-19 pandemic restrictions were in place. The team developed and implemented a virtual, yet personal, approach that ensured people could understand the works and have a say.

This included a dedicated virtual information room which featured a project map; 360-degree views of the proposed speedway, entrance, carparks and pit areas as well as the site layout; a video from a project expert; and the Environmental Impact Statement documents.

The digital approach was complemented by targeted community and stakeholder outreach. While traditional face-to-face consultation will always be a key pillar of the Sydney Metro approach, the challenges faced through the COVID-19 pandemic have shaped how the team will plan and undertake consultation moving forward, to ensure planning information is as easy to access as possible.

The Sydney Metro - Western Sydney Airport Environmental Impact Statement was on display from 21 October 2020 - 2 December 2020. The community was given the opportunity to provide feedback and submissions on the project, using the Sydney Metro - Western Sydney Airport interactive portal. The portal offered a project summary, information to support understanding of the planning process, an interactive map of the project, and videos from the Sydney Metro team of project experts. More than 29,000 community members logged into the interactive portal to learn more about the project.

In 2020-21, Sydney Metro and our delivery partners on the Sydney Metro City & Southwest project undertook a range of consultation activities across the project alignment. This included exhibition and engagement for four Station Design and Precinct Plans (Martin Place, Crows Nest, Pitt Street and Barangaroo stations) and four State Significant Development Application public exhibitions for over station developments (Pitt Street South and North, Waterloo Metro Quarter and Crows Nest Site C).

Targeted local engagement was carried out with property owners located near traction substation and services building sites in the south-west, seeking their input on the preferred design, colour and landscaping for the facades. A number of online and face-to-face forums were held at Waterloo Station, including a community Open Day on site and an online meeting for residents interested in construction progress.

Detailed engagement with adjacent residents in the lead-up to the two-week shutdown of the T3 Line between Sydenham and Bankstown during the June-July 2021 school holidays was also successful. More than 2000 total nights of alternative accommodation and 4000 individual respite offers (providing vouchers so residents can have respite from construction activities) were individually offered to eligible residents. More than 7000 notifications about the work and rail shutdown were delivered to residents near the alignment.

A community and business forum was held face-to-face at Martin Place to show the local community and businesses the progress that had been made on site. There was also targeted engagement for Sydney Metro's planning proposal on 52 McLaren Street North Sydney, a parcel of land currently being used for construction of the Victoria Cross metro station.

### Government and industry engagement

Sydney Metro is committed to the ongoing implementation of the NSW Construction Leadership Group's ten point commitment to the construction sector, throughout our commercial and project lifecycles. This includes procuring and managing projects in a more collaborative way. Sydney Metro continues to engage and collaborate with the Construction Leadership Group, Construction Industry Leadership Forum, NSW Treasury and the Australian Constructors Association - throughout each industry engagement and project.

Sydney Metro has conducted a comprehensive program of market engagement and industry briefings to provide the industry and potential participants with transparency and key information on Sydney Metro projects, as well ensuring industry is offered early opportunity to input to our procurements.

Sydney Metro, in conjunction with the Construction Industry Leadership Forum, recently completed the Early Engagement and Identification of Risk Initiative pilot undertaken on the Sydney Metro - Western Sydney Airport Station Boxes and Tunnelling package.

The pilot included Sydney Metro and industry participating in three interactive forums addressing risk identification and allocation in relation to the Sydney Metro - Western Sydney Airport packages. The long-term benefits are significant, including adopting a partnership-based approach to risk allocation with our suppliers and taking a longer-term view to drive quality, innovation, cost effectiveness and increased delivery.

Sydney Metro's engagement process has maximised industry input at the early stages of our projects. Sydney Metro updates and promotes its project opportunities and outcomes via a number of communication channels. These include:

- participation in one-to-one meetings during market engagement processes
- industry briefings and market engagements with industry to seek a better understanding of best practice in the industry, inform the industry of upcoming opportunities and inform delivery strategies
- updates via the Sydney Metro industry email account, when major progress is made, for example announcement of contracts, and start of formal procurement process
- updates made via the Sydney Metro industry webpage
- via membership at numerous committees, including the Infrastructure NSW Construction Industry Leadership Forum and Construction Leadership Group
- advertising opportunities on public websites like the dedicated Sydney Metro website and the NSW Government Tenders website
- engagement with the Industry Capability Network - whereby awarded contractors will be required to post opportunities via the Industry Capability Network.

## 3.4 Financial responsibility

### Our financial and commercial focus will drive value-for-money outcomes, and overall business success.

Sydney Metro has stewardship for delivering a program of works worth more than \$50 billion. As our portfolio of work progresses through its life-cycles and as more metro lines open, accountability for invested public funds and delivering value-for-money outcomes is critical.

We are proactively apprised of shifting market and construction sector conditions. Our commercial acumen, coupled with appropriate and effective financial controls and compliance, enables us to operate within our means and successfully deliver sustainable projects for the NSW Government that provide great customer and community outcomes.

Sydney Metro is an informed and active client. We are committed to continually enhancing our relationship with, and understanding of, industry and delivery partners. Our approach to supplier relationship management is focussed on optimising this value through a portfolio-wide strategic lens to improve commercial outcomes. This is underpinned by monitoring and measuring market conditions, our risk appetite, our exposure and the industry's risk appetite. We further recognise the value that our organisation can bring to existing and future commercial relationships, to optimise our commercial outcomes.

## 3.5 Workforce capability

### We continue to utilise a blended and integrated workforce approach to support the growth and capability needs of our workforce.

We have continued to develop and optimise systems and programs that support the flexible sourcing, deployment and development of capabilities and talent throughout the ongoing COVID-19 pandemic.

In 2020-21 we have implemented a number of initiatives to support our internal capabilities and to respond to identified critical skill shortage roles across the business. These initiatives include continuation of our mentoring program and an increased focus on entry-level roles and career pathways during organisational design, resulting in significant increases in the number of graduates and cadets within engineering, projects and commercial divisions.

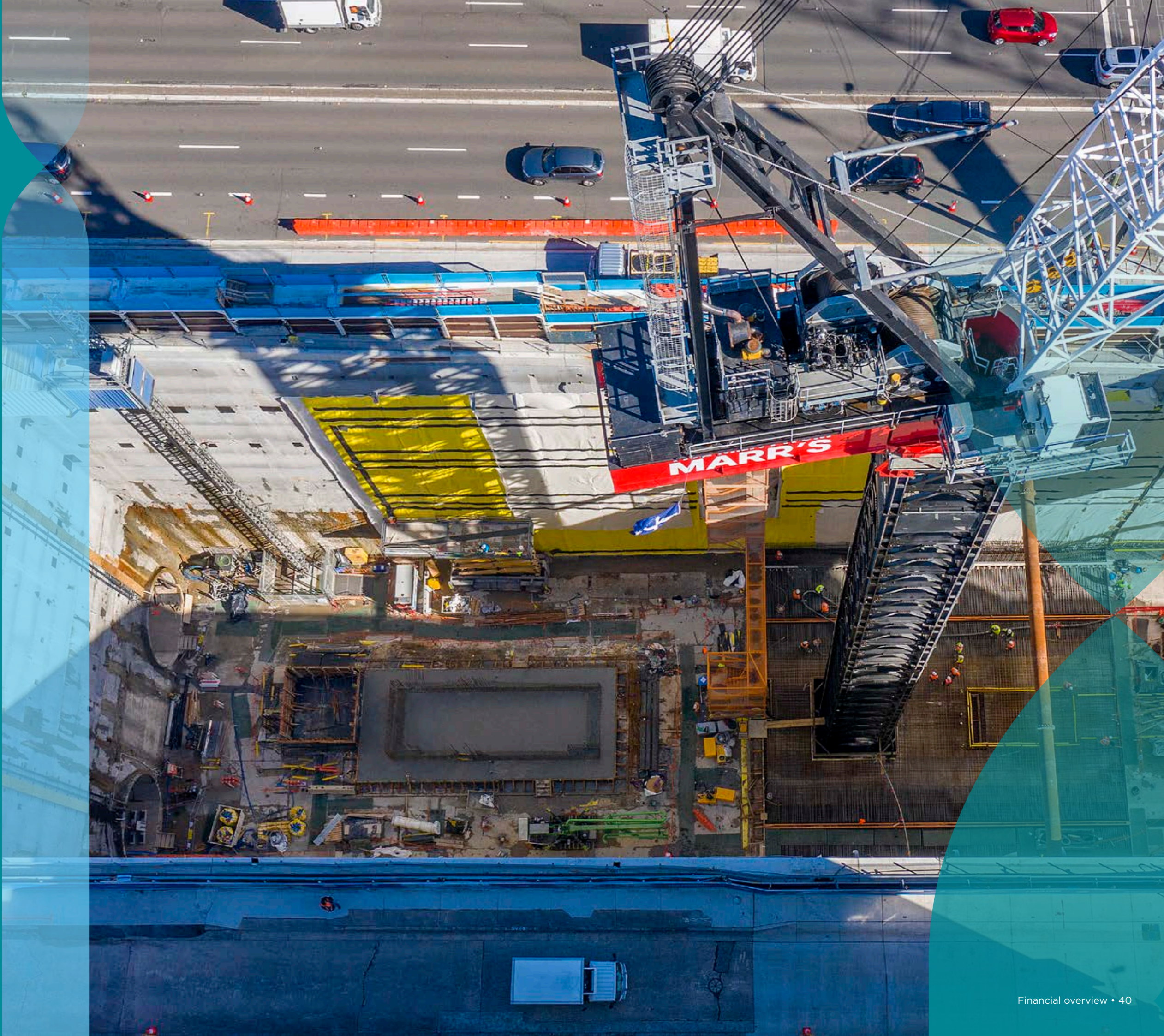
We continue to be committed to and work in partnership with industry and our integrated delivery partners to leverage skills development programs and initiatives to increase the capability of our people.

### Workforce development

Sydney Metro's continued commitment to utilise the significant opportunities that our projects provide has seen increased employment opportunities, skills development, Aboriginal participation and diversity in the construction workforce and supply chain.

Through project-specific strategies, workforce development, Aboriginal and industry participation plans, contractual requirements supported by government, and industry-led initiatives, we have seen many positive outcomes. These include the increased engagement of Aboriginal peoples and businesses, the development of transferable skills and increased diversity in the construction industry, including 2.6 per cent (817) of the workforce being Aboriginal people and 5.6 per cent (1772) women in non-traditional trades and occupations, and 26 per cent (8149) of the workforce undertaking accredited skills development programs.

# Financial overview



4.1 Financial performance summary 2020-21

Revenue and expenses

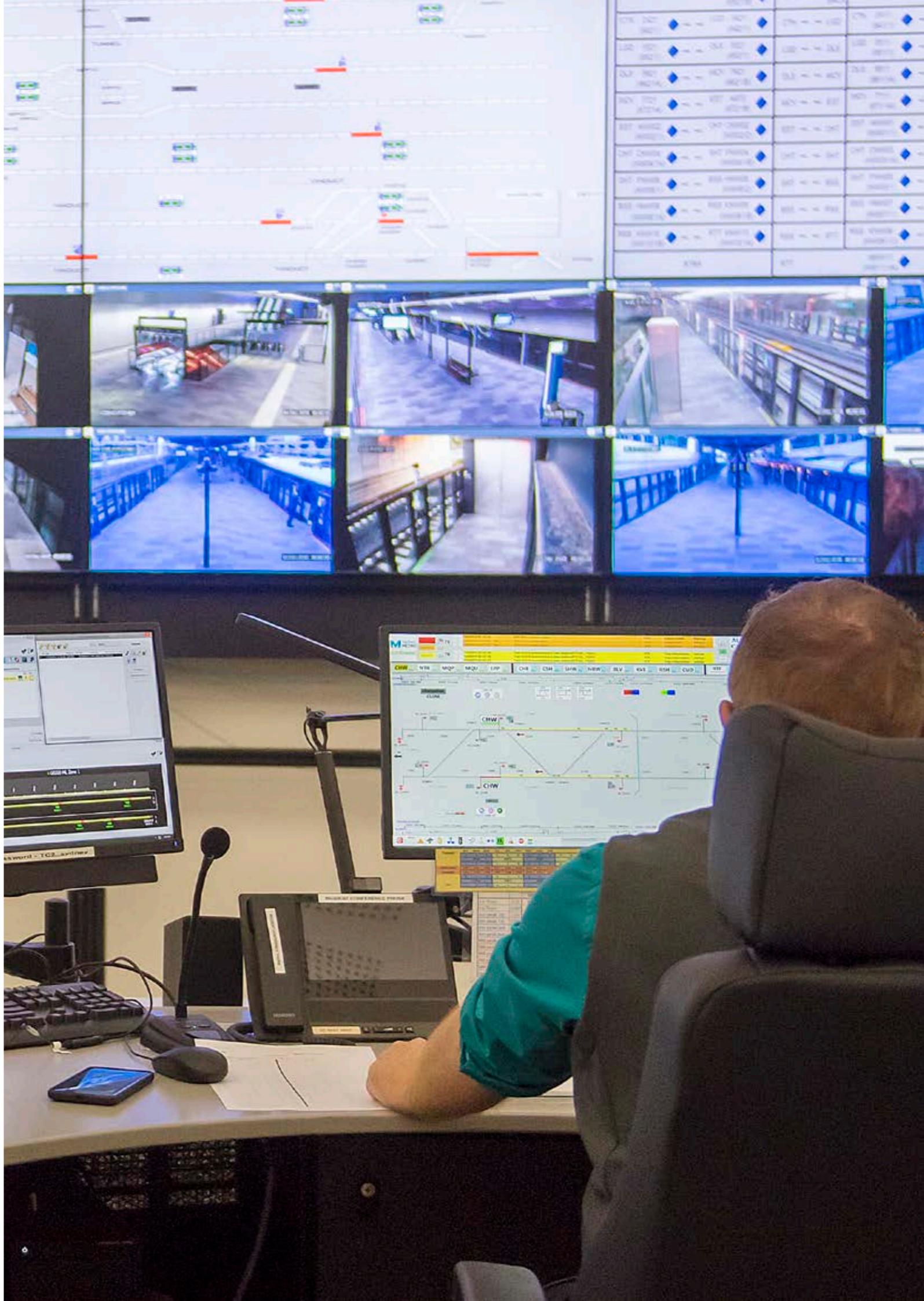
For the year 2020-21, Sydney Metro received \$4.4 billion (FY2019-20: \$2.6 billion) in Government grants and other contributions towards capital projects and day-to-day operation, \$0.3 billion (FY2019-20: \$0.3 billion) of income from operating activities (including cost recovery from related transport entities), while \$0.8 billion (FY2019-20: \$0.7 billion) were incurred in operations, depreciation, finance costs and other grants and subsidies.

Other comprehensive income for the year of \$0.3 billion (FY2019-20: \$0.2 billion) relates to asset revaluation and other commodity swaps and foreign exchange.

Capital Expenditure

Sydney Metro' total capital expenditure for the year was \$4.2 billion (FY2019-20: \$2.6 billion). Sydney Metro was also engaged in the delivery of capital works for Transport Asset Holding Entity (TAHE) assets throughout the year, totally \$248 million (FY2019-20: \$236 million).

Previous page: Crows Nest Station which is an underground station, about 25 metres below ground level.  
Right: State-of-the-art Operations Control Centre at Tallawong, continuously monitoring the Sydney Metro system.



# Appendices



## Appendix 1 Customer satisfaction

**Sydney Metro takes customer and community feedback seriously and continually looks for opportunities to incorporate suggestions and ideas for improvement.**

In 2020-21, Sydney Metro received 658 complaints. The most common issues were noise, community notification and feedback on elements of project design. The majority of construction complaints were received through the projects' 24-hour phone numbers. Complaints are investigated and responded to in a timely manner, generally within three days. Changes that may result from these investigations include changes to construction planning and methodology to minimise ongoing impacts (for example, different equipment used, timing and days of work changed where possible). In some cases, alternative accommodation and respite vouchers were offered to further minimise impacts.

On the Metro North West Line, Sydney Metro has maintained consistently high ratings of customer satisfaction throughout 2020-21, with a customer satisfaction rating of 98 per cent (May 2021). The service is delivering high ratings particularly in the areas of accessibility, ticketing, timeliness, cleanliness, and safety and security.

## Appendix 2 Disability Inclusion Action Plan

The *Disability Inclusion Act 2014* requires all government departments to develop disability inclusion action plans. Sydney Metro is aligned with the Transport for NSW Disability Inclusion Action Plan 2018-2022, which outlines practical measures to be taken across the Transport cluster to meet the objectives and principles of the Act. These measures will also assist Transport for NSW to meet its obligations under the Transport Standards.

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

Within the Transport cluster, each division and agency is accountable for more than 160 actions set out in the Disability Inclusion Action Plan 2018-2022 in alignment with Future Transport 2056.

In 2020-21 Sydney Metro:

- acknowledged and promoted significant dates
- increased representation of employees with disability, in alignment to the Premier's Priorities
- saw over 75 per cent completion of the Public Service Commission Disability Awareness training by our staff, showing a significant improvement in uptake and promotion since 2019-20
- promoted access to tools and resources via the diversity and inclusion intranet page that supports the Plan's implementation
- increased executive and senior leaders commitment to demonstrated commitment and awareness of the Plan
- increased awareness of the Plan and its supporting initiatives through our delivery partners.

Sydney Metro will ensure that the Transport for NSW Disability Inclusion Action Plan continues to be a key focus and is committed to the activities that relate to the plan to enable its success.

## Appendix 3 Multicultural policies and services

Sydney Metro is aligned to the Transport for NSW Multicultural Plan 2021-2023, which outlines the Transport cluster strategies and commitment to strengthening transport services for culturally and linguistically diverse communities. It aligns with state and national priorities which ensure multiculturalism in NSW is more than a policy - it is an agile and actionable plan with clearly defined outcomes.

Each division and agency in the Transport cluster is responsible and accountable for the 13 specific actions set out in the Multicultural Plan in alignment with Future Transport 2056.

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

In 2020-21 Sydney Metro:

- continued to promote the Transport for NSW Multicultural Plan, its deliverables and the tools and resources to support its implementation
- acknowledged and promoted cultural events, which resulted in increased awareness and recognition by our staff
- increased executive and senior leaders' commitment to awareness and demonstration of the Plan
- increased awareness of the plan and its supporting initiatives through our delivery partners.

Sydney Metro will ensure that the Transport for NSW Multicultural Plan continues to be a key focus, and is committed to the activities that relate to this plan to enable its success.

### Agreements with Multicultural NSW

Sydney Metro does not have any agreements with Multicultural NSW; however it continues to be aligned to Transport for NSW's Multicultural Plan.

## Appendix 4 Access to government information

### Government Information (Public Access) Act 2009

#### Review of the proactive release program

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

Transport for NSW provides a wide range of services relating to the planning, programming, administration, regulation, policy and procurement of transport, transport infrastructure and freight.

As we perform these functions, we release information about current and planned transport projects and initiatives. This ranges from media releases to detailed information about contracts and projects.

The Transport cluster also actively considers how to be more proactive and ensure greater access to information.

The Proactive Disclosure Committee has representatives from agencies in the Transport cluster. The Committee has quarterly meetings to discuss categories of information which can be considered for proactive release and to update the proactive disclosure program. Transport proactively releases information about Transport cluster functions and services through its website at [transport.nsw.gov.au](https://transport.nsw.gov.au).

#### Number of access applications received

During the year, Sydney Metro received 55 access applications (including withdrawn applications but not invalid applications).

#### Number of refused applications for Schedule 1 information

In 2020-21, Sydney Metro refused access to information in three access applications because the requested information was information referred to in Schedule 1 of the GIPA Act.

**Table A: Number of applications by type of applicant and outcome, 2020-21**

Type of applicant	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	1	0	0	0	0	0	0	1
Members of Parliament	2	0	0	1	0	1	0	1
Private sector business	0	0	0	1	0	0	0	0
Not-for-profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	7	13	3	12	8	2	0	2

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

**Table B: Number of applications by type of applicant and outcome, 2020-21**

Type of information requested	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications	0	0	0	1	0	0	0	0
Access application (other than personal information applications)	9	13	3	13	8	3	0	3
Access application that are partly personal information application and partly other	1	0	0	0	0	0	0	1

Note: More than one decision can be made in a particular access application. If this occurs, each decision must be recorded  
A 'personal information application' is an access application for personal information (as defined in clause 4 Schedule 4 to the Act) about the applicant (the applicant being an individual).

**Table C: Invalid applications, 2020-21**

Reason for invalidity*	Number of applications
Application does not comply with formal requirements (section 41 of the GIPA Act)	3
Applications is for excluded information of the agency (section 43 of the GIPA Act)	0
Applications contravenes restraint order (section 110 of the GIPA Act)	0
Total number of invalid applications received	3
Invalid applications that subsequently became valid applications	1

**Table D: Conclusive presumptions of overriding public interest against disclosures: matters listed in Schedule 1 of the GIPA Act, 2020-21**

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

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

Table E: Other public interest consideration against disclosure: matters listed in table to section 14 of the GIPA Act, 2020-21

Consideration category/type	Number of occasions when application not successful*
Responsible and effective government	3
Law enforcement and security	0
Individual rights, judicial processes and natural justice	9
Business interests of agencies and other persons	6
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

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

Table F: Timeliness, 2020-21

Timeliness of decision	Number of applications*
Decided within the statutory timeframes (20 days plus any extensions)	30
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	30

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

Table G: Number of applications reviewed under Part 5 of the GIPA Act (by type or review and outcome), 2020-21

Type of review	Decisions varied	Decisions upheld	Total
Internal review	1	0	1
Review by Information Commissioner*	5	8	13
Internal review following recommendation under section 93 of Act	1	2	3
Review by NCAT	0	0	0
Total	7	10	17

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

Table H: Applications for review under Part 5 of the GIPA Act (by type of applicant), 2020-21

Type of applicant	Number of applications for review
Applications by access applicants	16
Applications by persons to whom information on the subject of access application relates (see section 54 of the Act)	0

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the GIPA Act (by type of transfer), 2020-21

Type of transfer	Number of applications transferred
Agency-initiated transfer	1
Applicant-initiated transfer	1

Appendix 5  
Privacy Management Plan

Privacy and Personal Information Protection Act 1998

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

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

The plan is available on our website at [sydneymetro.info/privacy-policy](https://sydneymetro.info/privacy-policy)

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

T 02 8202 3768

E [privacy@transport.nsw.gov.au](mailto:privacy@transport.nsw.gov.au)

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

During 2020-21, Sydney Metro did not receive any applications for internal review under Part 5 of the PPIP Act.

Appendix 6  
Disclosure of controlled entities

Disclosure of controlled entities

Sydney Metro had no controlled entities as at 30 June 2021.

Disclosure of subsidiaries

Sydney Metro had no subsidiaries as at 30 June 2021.

Appendix 7  
Legal change

Significant judicial decisions affecting Sydney Metro, 2020-21

Alexandria Landfill Pty Ltd v. Transport for NSW [2020] NSWCA 165

Roads and Maritime Services compulsorily acquired the St Peters landfill in 2014 for the WestConnex motorway. The case went up to the Court of Appeal on several Just Terms Act issues. In the appeal, the owner (ALF) sought approximately \$500 million compared with the LEC determination of \$45.7 million. The appeal was dismissed. The Court of Appeal found that ALF could not claim for losses incurred by a different entity (ALF's subsidiary) which was actually operating the landfill. The Court of Appeal also cast significant doubt on whether loss of profits, or business losses, are compensable as disturbance under s 59(1)(f) of the Act.

Eureka Operations Pty Ltd v. Transport for New South Wales [2021] NSWLEC 41

This case involved compensation for a compulsory acquisition of the corner of a petrol station site leased to Eureka. The acquisition was only of a small corner part of the site but the project would materially reduce the number of vehicles attending the site.

Duggan J awarded compensation for the loss of value to the residue of the lease under section 55(f) of the Just Terms Act. Her Honour also determined that where a lawyer requires additional advice from another qualified person (other than a valuer) to enable them to provide legal services then those costs could be compensated under section 59(1)(a). Her Honour also found that the valuers fees could not be claimed at all under section 59 unless the valuer was "qualified".

Changes in Acts and subordinate legislation

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

Appendix 8  
Major infrastructure projects, 2020-21

Major infrastructure projects, 2020-21

Project description	Location	Start	Complete	Estimated total cost \$000	Est. expend to 30-06-21 \$000	Allocation 2021-22 \$000
Sydney Metro						
Major Works						
Works in Progress						
Sydney Metro City & Southwest (a)	Chatswood - Bankstown	2014	2024	n.a.	10,095,832	3,062,457
Sydney Metro - Western Sydney Airport (b)	St Marys - Bringelly	2018	2026	n.a.	393,065	943,000
Sydney Metro West	Westmead - Sydney CBD	2017	2030	n.a.	2,198,665	2,881,000
Total, Works in Progress						6,886,457
Total, Major Works						6,886,457
Total, Minor Works						47,742
Total, Sydney Metro						6,934,199

- (a) The Sydney Metro City & Southwest funding allocation includes funding from PPP finance leases. The Central Walk project is part of this project and is under Transport Asset Holding Entity as the asset owner.
- (b) Major civil construction work on Sydney Metro - Western Sydney Airport is expected to be completed in 2026. The start of rail operations is subject to the start of passenger airline services.

Appendix 9  
Research and development, 2020-21

There were no research and development activities undertaken by Sydney Metro in 2020-21.

Appendix 10

Audit and risk management /internal audit and risk management attestation statement, 2020-21

Audit and risk management

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

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

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

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

Internal Audit and Risk Management Attestation Statement for the 2020-21 financial year for Sydney Metro

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



Concrete railway sleepers put in place and rail line assembled underneath Sydney Harbour.

Core requirements

Risk Management Framework

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

Internal audit function

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

Audit and Risk Committee

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

Membership

The members of the Audit and Risk Committee are:

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

John Arthur  
Chairman,  
Sydney Metro

23 August 2021

## Appendix 11 NSW Cyber Security Policy attestation statement

### Cyber security annual attestation statement for the 2020-21 financial year for Sydney Metro

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

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

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

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

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

This attestation covers the following agencies: Sydney Metro.



**Peter Regan,**  
Chief Executive, Sydney Metro

20 August 2021

## Appendix 12 Insurance

Sydney Metro uses the NSW Treasury Managed Fund for our direct insurance requirements (non-project related insurances) including worker's compensation, legal liability, property, motor vehicle and miscellaneous items. In 2020-21, there were no material claims made against any of these insurance categories under the NSW Treasury Managed Fund.

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

Delivery phase insurances procured by Sydney Metro, typically include:

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

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

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

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

Sydney Metro is a member agency / authority of the NSW Treasury Managed Fund (TMF) for its direct insurance requirements (non-project related insurances), including property damage, workers' compensation, public liability and miscellaneous covers. For the 2020-21 period of TMF coverage, Sydney Metro is not aware of any material claims made to the TMF in respect of its membership.

## Appendix 13 Public interest disclosures

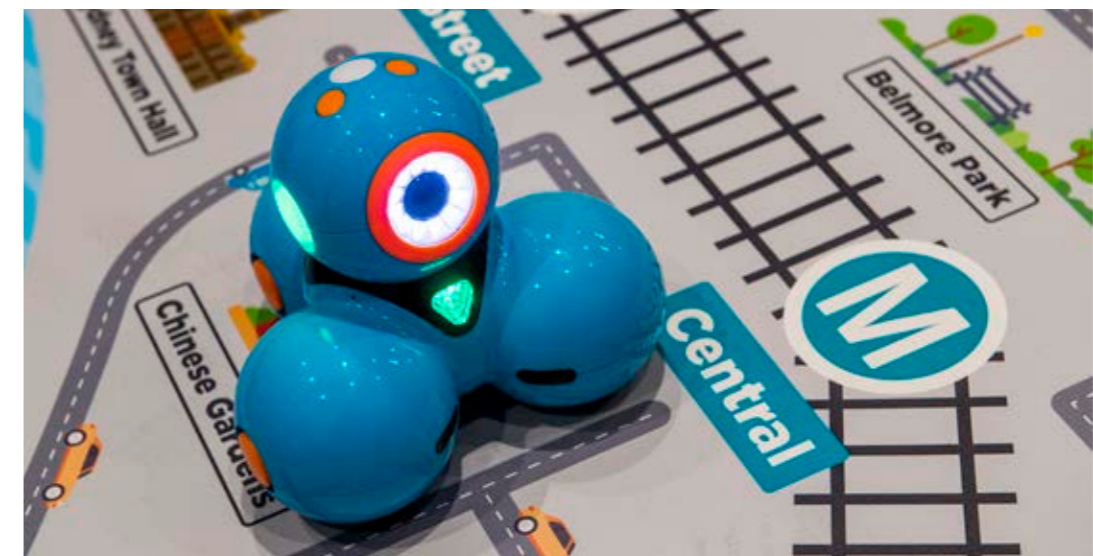
One public interest disclosure (PID) was made to Sydney Metro in 2020-21. An initial investigation was conducted by Sydney Metro's Probity, Fraud and Corruption unit, and the PID was referred to the Transport for NSW Workplace Conduct Investigations Unit for further consideration and investigation.

### Compliance

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

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

- The Sydney Metro Public Interest Disclosure Procedure, list of Nominated Disclosure Officers and Transport Code of Conduct are published on the Sydney Metro intranet.
- An article on how to report fraud and corruption was circulated via the Sydney Metro intranet for one week in June 2021. The article included a summary of the protections offered by the PID Act and the reporting channels for PIDs in Sydney Metro.
- A number of internal fraud and corruption awareness presentations have been held for Sydney Metro personnel under the PID Act as well as outlining the reporting channels for PIDs in Sydney Metro.
- A number of PID awareness training sessions facilitated by the NSW Ombudsman have been offered to Nominated Disclosure Officers.
- PID awareness fact sheets have been published on the Transport for NSW intranet and Sydney Metro staff are directed to that information on the Sydney Metro web portal.



Sydney Metro school education program.

## Appendix 14 Accounts payment and grants

(contains information about grants, expenditure on consultants and account payments and performance, and significant after-balance dates and events)

### Payment of accounts

#### Outstanding invoices by age at the end of each quarter, 2020-21

Measure	Financial year 2021-21 quarter average	Q1	Q2	Q3	Q4
<b>Suppliers</b>					
Current (i.e. within due date)	12.89 M	2.27 M	22.02 M	26.09 M	1.18 M
Less than 30 days overdue	0.00 M	0.00 M	0.00 M	0.00 M	0.00 M
Between 30 and 60 days overdue	0.00 M	0.00 M	0.00 M	0.00 M	0.00 M
Between 60 and 90 days overdue	0.00 M	0.00 M	0.00 M	0.00 M	0.00 M
More than 90 days overdue	0.01 M	0.00 M	0.00 M	0.03 M	0.00 M
<b>Small business suppliers</b>					
Current (i.e. within due date)	0.05 M	0.04 M	0.13 M	0.00 M	0.02 M
Less than 30 days overdue	0.00 M	0.00 M	0.00 M	0.00 M	0.00 M
Between 30 and 60 days overdue	0.00 M	0.00 M	0.00 M	0.00 M	0.00 M
Between 60 and 90 days overdue	0.00 M	0.00 M	0.00 M	0.00 M	0.00 M
More than 90 days overdue	0.00 M	0.00 M	0.00 M	0.00 M	0.00 M

#### Accounts paid on time within each quarter, 2021-21

Measure	Financial year 2020-21	Q1	Q2	Q3	Q4
<b>Suppliers</b>					
Number of accounts due for payment	14,056	2,023	2,483	4,516	5,034
Number of accounts paid on time	14,019	2,014	2,473	4,505	5,027
Target % accounts paid on time	90.00%	90.00%	90.00%	90.00%	90.00%
Actual % accounts paid on time	99.74%	99.56%	99.60%	99.76%	99.86%
\$ amount of accounts due for payment	4,150.10 M	703.44 M	1,343.66 M	981.46 M	1,121.54 M
\$ amount of accounts paid on time	4,137.65 M	694.72 M	1,340.72 M	981.31 M	1,120.89 M
Actual % accounts paid on time (based on \$)	99.70%	98.76%	99.78%	99.99%	99.94%
Number of payments for interest	-	-	-	-	-
Interest paid on overdue accounts	-	-	-	-	-

#### Accounts paid on time within each quarter, 2021-21

Measure	Financial year 2020-21	Q1	Q2	Q3	Q4
<b>Small business suppliers</b>					
Number of accounts due for payment	1,079	181	205	308	385
Number of accounts paid on time	1,079	181	205	308	385
Actual % accounts paid on time	100.00%	100.00%	100.00%	100.00%	100.00%
\$ amount of accounts due for payment	15.07 M	3.73 M	3.81 M	3.17 M	4.35 M
\$ amount of accounts paid on time	15.07 M	3.73 M	3.81 M	3.17 M	4.35 M
Actual % accounts paid on time (based on \$)	100.00%	100.00%	100.00%	100.00%	100.00%
Number of payments for interest	-	-	-	-	-
Interest paid on overdue accounts	-	-	-	-	-

#### Payment to consultants, 2020-21

Consultant	Category	Project	Actual cost (2020-21)	Total contract cost
Synergy Management Services Pty Ltd	Strategic Advisory Services	Office of the Chief Executive	\$21,863	\$411,428
John Yates Pty Ltd	Strategic Advisory Services	Office of the Chief Executive	\$31,560	\$92,200
Carolyn Walsh	Provision of the Sydney Metro Independent Safety Advisory Services	Projects	\$8,750	\$54,500
Alchemie Pty Ltd	Provision of Governance and Advisory Services	Office of the Chief Executive	\$9,220	\$24,205
LHS Engineering	Independent pricing review services	Office of the Chief Executive	\$7,400	\$7,400
Tracey Brunstrom & Hammond	Sydney Metro West Baseline Validation Review	Projects	\$202,780	\$202,780
<b>Total</b>			<b>\$281,573</b>	<b>\$792,513</b>

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

Funds granted to non-government community organisations

No funds were granted to non-government community organisations in 2020-21.

Economic or other factors

Sydney Metro has a significant pipeline of capital works to deliver in order to achieve its operational objectives across each of the major projects. As procurements progress for Sydney Metro West and Sydney Metro – Western Sydney Airport’s contract packages, the capacity of the Australian construction industry to deliver amid the influence of a global pandemic remains a critical economic factor impacting Sydney Metro.

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

Due to the fluid nature of the COVID-19 pandemic and its influence, construction productivity, offshore material supply, labour and workforce input risks are all being closely monitored by Sydney Metro. Short-term mitigations and opportunities have been developed with delivery partners as part of pandemic management plans. These include acceleration of major component delivery and factory production of critical components, also with ongoing monitoring.

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

- assessment prior to shortlisting and contract award of delivery partners to which Sydney Metro may have a high level of exposure
- development of ongoing monitoring of delivery partners’ financial capacity to perform in collaboration with NSW Treasury
- communication of the Sydney Metro Projects’ procurement pipeline with industry
- collaborative performance management with contractor partners
- engagement with contractor partners for selection of the procurement model and early identification of delivery risks for two Sydney Metro – Western Sydney Airport packages.

Implementation of price determination

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

IPART is responsible for determining maximum fares for trips made across all Opal Services, excluding Gold Opal, Child Opal, Concession Opal and travel on the School Student Travel Scheme. From 6 July 2020, Sydney Metro adopted the July 2020-21 Opal fares in line with the Transport for NSW Pricing Proposal for 2020 and in compliance with IPART’s determination.

Investment performance

Not applicable to Sydney Metro.

Liability management performance

Not applicable to Sydney Metro.

Appendix 15  
Land disposal

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

There was one sale of property, sold by tender that was not required for operational purposes with a value of greater than \$5 million during 2020-21: Tallawong South – Deicorp Projects Tallawong Station Pty Ltd.

Appendix 16  
Overseas travel

No overseas travel was undertaken in 2020-21.

Appendix 17  
Work health and safety performance

Health and safety performance

Summary of health and safety performance for Sydney Metro, 2020-21

Measure	2019-20	2020-21
Number of events reported	18	19
Lost Time injuries due to workplace-related injury or illness	0	0
Prosecutions reported	0	0

Summary of health and safety performance for Sydney Metro’s principal contractors, 2020-21

Measure	2019-20	2020-21
Number of Significant Incidents reported	93	85
Lost Time injuries due to workplace-related injury or illness	10	22
Prosecutions reported	0	0

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

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

Initiatives

Safety and wellbeing makes up one of the six core values at Sydney Metro. It is a key purpose and commitment to send everyone – employees, contractors, customers and members of the community – home safely every day. To achieve this, Sydney Metro fosters a culture where health and safety is considered and applied across all levels of the business. The Sydney Metro philosophy is that it is not just ‘what’ is delivered; it is ‘how’ it is delivered that is important. Leading by example, Sydney Metro is clear about our health and safety approach and commitment.

In 2020-21 the Sydney Metro Health and Safety team developed the Health and Safety 2030 Vision which was supported by three key objectives:

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

Initiatives implemented to support these objectives include:

- the development and implementation of a Health and Safety Leadership Capability Framework
- supporting NSW Government through enhancing the Work Health and Safety Procurement Guidelines
- development of a robust verification and compliance framework, supported through the use of electronic data capture tools
- production of public-facing awareness material to support industry understanding of the management of respirable crystalline silica and health and safety in design
- supporting initiatives such as becoming a signatory to Construction Logistics and Community Safety – Australia
- holding collaborative best-practice forums on the topics of falling objects, falls from height, heavy vehicle safety, and occupational health
- development and implementation of a Psychosocial Risk Management Framework program, in line with the release of the SafeWork NSW Code of Practice: Managing psychosocial hazards at work
- re-certification of the Health and Safety Management System to the International Standard for Occupational Health and Safety Management (ISO 45001).

# Appendix 18 Executive and employee remuneration

## Our executives

### Sydney Metro executives, 2020–21

Name	Position	Qualification
Peter Regan PSM	Chief Executive (from 12 April 2021)	Bachelor of Commerce (Accounting and Finance) Member of Chartered Accountants Australia and New Zealand
Jon Lamonte	Chief Executive (until 5 April 2021)	Bachelor of Science, Maths and Geology Master of Arts, Defence Studies Doctor of Philosophy, Modern History
Jackie Aggett	Executive Director, Commercial	Bachelor Commerce, Commercial Law and Applied Finance Graduate Australian Institute of Company Directors
Susan Carroll	Chief of Staff (from 6 July 2020)	Bachelor of Laws Bachelor of Arts Masters of International Relations
Catrina Cresswell	General Counsel	Bachelor of Arts Bachelor of Laws (LLB)
Johanna Hall	Executive Director, Corporate Services	Bachelor Applied Science, Speech Pathology Graduate Certificate Human Resource Management: Training and Development Graduate Certificate Applied Science: Psychology of Coaching Graduate Australian Institute of Company Directors
Gillian Higginson	Acting Chief of Staff (until 5 July 2020)	Bachelor of Arts (Hons) Doctor of Philosophy, English
Rebecca McPhee	Deputy Chief Executive Acting Chief Executive (6 to 11 April 2021)	Master of Arts (Hons), Economics and Social and Political Sciences
Tim Parker	Executive Director, Projects	Bachelor of Science (Hons), Environmental Engineering Master of Business Administration Chartered Mechanical Engineer

## Our employees

Sydney Metro operates with an integrated workforce to deliver to our commitments. The table below is a summary of the government team members employed at Sydney Metro and does not include contracting team members.

### Sydney Metro workforce, comparison over three years since 2018

Year	Salaried employees (Grade 1–9)		Transport Service Senior Managers		Total full-time employees
	Male	Female	Male	Female	
As at 30 June 2021	199	226	91	69	579.9
As at 30 June 2020	106	133	74	43	350.3
As at 30 June 2019	74	93	52	34	248.4
As at 30 June 2018	56	80	40	21	192.5

## Exceptional movements in wages, salaries or allowances

In 2020–21, salaries, wages and allowances for Sydney Metro employees moved in accordance with the NSW Government Wages Policy.

The Transport for NSW Salaries and Sydney Metro Salaries and Conditions of Employment Award 2019 (the Award) applies to non-executive employees who were transferred to the Sydney Metro Group on 1 July 2018 or employed thereafter.

The Award provided for an increase to wages and related allowances of 2.5 per cent from the first full pay period commencing on or after 1 July 2020, and reached its nominal expiry date on 30 June 2021. Negotiations toward a replacement Award are underway.

On 7 September 2020, the Statutory and Other Offices Remuneration Tribunal determined that there would be no increase to the remuneration of Transport Service Senior Managers and Executives (Bands 1–4), given the economic and social impacts of the COVID-19 pandemic.

### Continuing people impacts of the COVID-19 pandemic

Sydney Metro has continued to determine and implement the safest possible working environment during the COVID-19 pandemic. Initiatives have included the adoption of hybrid ways of working such as employees working remotely from home. In accordance with advice from Transport for NSW and NSW Health, Sydney Metro enabled limited return to the office with COVID-19 safe practices such as physical distancing, sanitising within offices and pre-booking of attendance.

## Numbers and remuneration of senior executives

In 2020–21, the percentage of total employee-related expenditure relating to senior executives was 35 per cent compared with 39 per cent in 2019–20.

### Remuneration of Transport Service senior executives, 2020–21

Transport Senior Service Level	Female	Male	Total	Average of total remuneration package*
TSSE Band 1 or equivalent				
2020–21	45	83	128	\$247,871
2019–20	31	55	86	\$254,762
2018–19	17	44	61	\$250,528
TSSE Band 2 or equivalent				
2020–21	13	27	40	\$343,635
2019–20	11	22	33	\$350,852
2018–19	4	19	23	\$320,985
TSSE Band 3 or equivalent				
2020–21	0	1	1	\$650,000
2019–20	0	1	1	\$538,125
2018–19	0	1	1	\$525,000
<b>2020–21 total</b>	<b>58</b>	<b>111</b>	<b>169</b>	
<b>2019–20 total</b>	<b>42</b>	<b>78</b>	<b>120</b>	
<b>2018–19 total</b>	<b>21</b>	<b>64</b>	<b>85</b>	

\* The average total remuneration package is based on annual salary data as at 30 June 2021.

## Requirements arising from employment arrangements

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

## Appendix 19 Workforce diversity

At Sydney Metro, we harness individual skills, perspectives and experiences. We deliver solutions in a changing environment while meeting the needs of the community we serve.

We continue to recognise and see the benefits of how a diverse workforce strengthens an organisation through a broad range of skills and experiences that enable innovative opportunities.

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

### Workforce diversity, 2020-21

Workforce diversity group	Benchmark		Our progress		
	2025*	2020-21	2019	2020	2021
Women in leadership positions	40%	36.5%	44.2%	35.7%	38.6%
Aboriginal peoples	3%	3%	0.6%	1.0%	2.6%
People with disability	5.6%	2.5%	0.6%	0.8%	1.3%

\* This benchmark represents a target for 2025 as per Transport for NSW's commitment to the Premier's Priority.

Our continued implementation of the Sydney Metro Diversity and Inclusion Plan has resulted in the ongoing integration of diversity and inclusion targets for women in leadership, Aboriginal employees, employees with disability and broader inclusivity, into mainstream business activities.

We are aligned to Transport for NSW's commitment to reach 40 per cent women in leadership roles by 2025. As at 30 June 2021, 38.6 per cent of leadership positions at Sydney Metro were held by women. The performance to date shows an increase from the 2019-20 figures.

We aim to have an overall representation target of 3 per cent Aboriginal employees in non-executive salary classes by 2025. As at 30 June 2021, 2.6 per cent of the workforce were Aboriginal employees. The performance to date shows an increase from the 2019-20 figures.

Sydney Metro aims to achieve the Premier's Priority target of 5.6 per cent of employees with disability by 2025. As at 30 June 2021, 1.3 per cent of the workforce were people with disability. The performance to date shows an increase from the 2019-20 figures.

We continue to implement plans that focus on increasing the representation of women in senior leadership positions, Aboriginal employees and employees with disability.

Sydney Metro aligns to the Transport cluster diversity and inclusion activities and initiatives, with key significant dates continuing to be acknowledged through a variety of internal communications channels.

In 2020-21, Sydney Metro has operationalised the actions contained within the following plans:

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

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

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

Sydney Metro will continue to focus on the above key priority areas. It is anticipated that overall cultural inclusivity will increase as Sydney Metro continues to expand and mature in relation to diversity.

## Appendix 20 Work relations and policy

Sydney Metro conforms to the terms and conditions of the Award, including requirements for consultation with employees. Formal consultation with the unions takes place through a quarterly Joint Consultative Committee and Engineering Consultative Committee. The Joint Consultative Committee has had a recent focus on implementation of the evolving structural reforms of Sydney Metro and the impacts of the COVID-19 pandemic on ensuring the safety of our employees, customers and operational partners.

### Personnel policies and practices

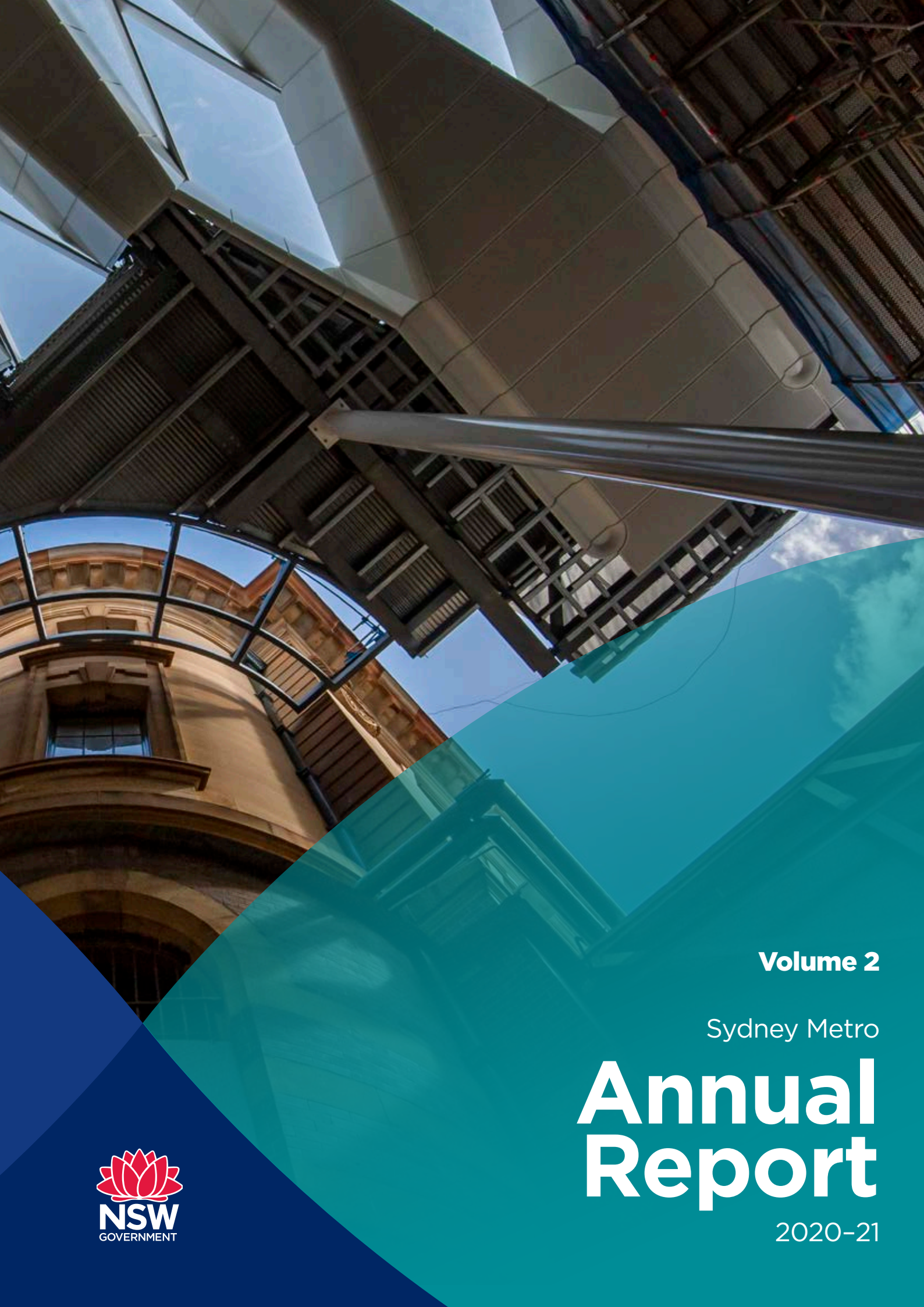
From 1 July 2018, Transport for NSW personnel policies, procedures and associated documentation are applied to all employees (executive and non-executive) in the Sydney Metro Group. These policies and procedures continue to apply until such a time as when they are amended or replaced.

Sydney Metro has collaborated with Transport for NSW throughout the year on modernising cluster-wide policies and procedures, ensuring they are fit-for-purpose.

Nil days were lost due to employee participation in industrial action for 2020-21.



Sydney Metro Pre-employment program simulator at the Health and Safety Advisory Service at Emu Plains.



**Volume 2**

Sydney Metro

# Annual Report

2020-21





## INDEPENDENT AUDITOR'S REPORT

### Sydney Metro

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Sydney Metro, which comprise the Statement by the Board, the Statement of comprehensive income for the year ended 30 June 2021, the Statement of financial position as at 30 June 2021, the Statement of changes in equity and the Statement of cash flows, for the year then ended, notes comprising a Summary of significant accounting policies, and other explanatory information.

In my opinion, the financial statements:

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

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

#### Basis for Opinion

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

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

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

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

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

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

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

#### The Board's Responsibilities for the Financial Statements

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

Somaiya Ahmed  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

27 September 2021  
SYDNEY



# **Sydney Metro**

Annual Financial Statements

for the year ended 30 June 2021

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**Sydney Metro**  
**Statement by the Board**  
for the year ended 30 June 2021

**Statement by the Board**

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

- (a) The accompanying financial statements have been prepared in accordance with:
- Applicable Australian Accounting Standards including Australian Accounting Interpretations and any other requirements specified by the Act;
  - The requirements of the *Government Sector Finance Act 2018* and Regulation; and
  - Treasurer's Directions issued under this Act;
- (b) The statements present fairly the financial position of Sydney Metro as at 30 June 2021, and of its financial performance and cash flows for the period then ended.



John Arthur  
**Chairman**

Date: 24 September 2021



Bob McKinnon  
**Director**

Date: 24 September 2021

## Sydney Metro

### Statement of comprehensive income

for the year ended 30 June 2021

		Budget	Actual	Actual (Restated) <sup>2</sup>
		2021	2021	2020
	Notes	\$'000	\$'000	\$'000
<b>Expenses excluding losses</b>				
Operating expenses				
Personnel service expenses	2(a)	3,930	23,454	14,126
Other operating expenses	2(b)	342,944	64,130	76,663
Major rail project expenses	2(c)	-	247,561	235,908
Depreciation and amortisation	2(d)	231,927	224,880	218,798
Grants and subsidies <sup>1</sup>	2(g)	-	83,334	23,035
Finance costs	2(e)	64,333	60,562	58,518
Other expenses	2(f)	66,141	85,120	78,966
<b>Total expenses excluding losses</b>		<b>709,275</b>	<b>789,041</b>	<b>706,014</b>
<b>Revenue</b>				
Sale of goods and services from contracts with customers	3(a)	307,756	10,311	22,048
Investment revenue	3(b)	-	9,936	37,451
Grants and other contributions	3(c)	6,147,439	4,422,651	2,646,899
Major rail project revenue	3(d)	-	247,561	235,908
Resources received free of charge	3(e)	-	2,005	2,284
Other income	3(f)	-	220	-
<b>Total revenue</b>		<b>6,455,195</b>	<b>4,692,684</b>	<b>2,944,590</b>
Gain/(loss) on disposal	4	143,500	7,310	(37,347)
Other gains/(losses)	5	-	9,419	425,810
<b>Net result</b>		<b>5,889,420</b>	<b>3,920,372</b>	<b>2,627,039</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to net result</i>				
Net gains/(losses) in commodity swaps and foreign exchange		-	-	(7,379)
<i>Items that will not be reclassified to net result</i>				
Net increase/(decrease) in asset revaluation surplus	12	-	286,410	212,340
<b>Total other comprehensive income</b>		<b>-</b>	<b>286,410</b>	<b>204,961</b>
<b>Total comprehensive income</b>		<b>5,889,420</b>	<b>4,206,782</b>	<b>2,832,000</b>

The accompanying Notes form part of these financial statements.

<sup>1</sup> Refer Note 29 for details regarding restated prior year balances relating to the correction of a prior period error.

<sup>2</sup> The 2020 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors (AASB 1059). Refer to Note 1(h) for more details.

## Sydney Metro

### Statement of financial position

as at 30 June 2021

		Budget	Actual	Actual (Restated)	Actual (Restated)
		2021	2021	2020	1 July 2019
	Notes	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	137,297	1,551,545	285,448	190,807
Receivables	8	124,149	352,850	127,461	240,075
Financial assets at fair value		-	-	-	1,970
Non-current assets held for sale	11	15,565	13,694	15,565	15,565
Other financial assets	10	4,773	6,146	3,963	-
<b>Total current assets</b>		<b>281,784</b>	<b>1,924,235</b>	<b>432,437</b>	<b>448,417</b>
<b>Non-current assets</b>					
Receivables	8	1,130,762	1,046,069	1,128,259	730,202
Financial assets at fair value		-	-	-	18,863
Property plant and equipment					
Land and buildings	12	526,931	531,577	528,412	544,517
Plant and equipment	12	637,661	662,992	665,543	672,354
Infrastructure systems	12	21,076,337	19,837,545	15,610,750	13,452,030
Property, plant and equipment		22,240,929	21,032,114	16,804,705	14,668,901
Right-of-use assets	13	21,363	45,059	25,322	-
Intangible assets	14	-	11,114	-	-
Other assets		35,060	-	-	-
<b>Total non-current assets</b>		<b>23,428,114</b>	<b>22,134,356</b>	<b>17,958,286</b>	<b>15,417,966</b>
<b>Total assets</b>		<b>23,709,898</b>	<b>24,058,591</b>	<b>18,390,723</b>	<b>15,866,383</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables	16	205,737	1,541,425	255,591	412,179
Borrowings	17	16,713	805,509	880,916	190,928
Provisions	18	33,770	39,623	33,770	350
Other liabilities	19	7,180	8,858	7,180	-
Contract liabilities	9	93	-	93	-
<b>Total current liabilities</b>		<b>263,493</b>	<b>2,395,415</b>	<b>1,177,550</b>	<b>603,457</b>
<b>Non-current liabilities</b>					
Contract liabilities	9	19,199	20,000	20,000	-
Borrowings	17	1,673,445	1,581,605	1,345,332	2,301,157
Provisions	18	20,032	26,976	20,033	15,795
Other liabilities	19	2,866	2,871	2,866	625
<b>Total non-current liabilities</b>		<b>1,715,542</b>	<b>1,631,452</b>	<b>1,388,231</b>	<b>2,317,577</b>
<b>Total liabilities</b>		<b>1,979,035</b>	<b>4,026,867</b>	<b>2,565,781</b>	<b>2,921,034</b>
<b>Net assets</b>		<b>21,730,863</b>	<b>20,031,724</b>	<b>15,824,942</b>	<b>12,945,349</b>
<b>EQUITY</b>					
Accumulated funds		20,872,017	18,878,078	14,957,706	12,282,223
Reserves		858,846	1,153,646	867,236	663,126
<b>Total equity</b>		<b>21,730,863</b>	<b>20,031,724</b>	<b>15,824,942</b>	<b>12,945,349</b>

The accompanying Notes form part of these financial statements.

## Sydney Metro

### Statement of financial position

as at 30 June 2021

Refer Note 29 for details regarding restated prior year balances.

The retrospective application of AASB 1059 has a material effect on the information presented in the balance sheet at the beginning of the preceding period, therefore the Entity is presenting a third balance sheet as at the beginning of 1 July 2019. Refer to Note 1(h) for further details. The 30 June 2020 and 1 July 2019 comparative figures have been restated to reflect the adoption of AASB 1059. Refer to Note 1(h) for further details.

## Sydney Metro

### Statement of changes in equity

for the year ended 30 June 2021

	Notes	Accumulated funds \$ '000	Asset revaluation surplus \$ '000	Hedge reserve \$ '000	Total equity \$ '000
<b>Restated balance at 1 July 2020</b>		<b>15,200,266</b>	<b>849,289</b>	<b>11,063</b>	<b>16,060,618</b>
Impact of AASB 1059 <sup>2</sup>		(231,284)	6,884	-	(224,400)
Correction of errors <sup>3</sup>	29	(11,276)	-	-	(11,276)
<b>Restated balance at 1 July 2020</b>		<b>14,957,706</b>	<b>856,173</b>	<b>11,063</b>	<b>15,824,942</b>
<b>Net result for the year</b>		<b>3,920,372</b>	<b>-</b>	<b>-</b>	<b>3,920,372</b>
Other comprehensive income					
Net increase/(decrease) in asset revaluation surplus		-	286,410	-	286,410
<b>Total other comprehensive income</b>		<b>-</b>	<b>286,410</b>	<b>-</b>	<b>286,410</b>
<b>Total comprehensive income for the year</b>		<b>3,920,372</b>	<b>286,410</b>	<b>-</b>	<b>4,206,782</b>
<b>Transactions with owners in their capacity as owners</b>					
Transfers to/from reserves to accumulated funds		-	-	-	-
<b>Balance at 30 June 2021</b>		<b>18,878,078</b>	<b>1,142,583</b>	<b>11,063</b>	<b>20,031,724</b>
<b>Balance at 1 July 2019</b>		<b>12,940,678</b>	<b>644,684</b>	<b>18,442</b>	<b>13,603,804</b>
Changes in accounting policy – initial application of AASB 1059	1(h)	(658,455)	-	-	(658,455)
<b>Restated balance at 1 July 2019<sup>1</sup></b>		<b>12,282,223</b>	<b>644,684</b>	<b>18,442</b>	<b>12,945,349</b>
<b>Restated net result for the year</b>		<b>2,627,039</b>	<b>-</b>	<b>-</b>	<b>2,627,039</b>
Other comprehensive income					
Net gains/(losses) in foreign exchange		-	-	(7,379)	(7,379)
Restated Net increase/(decrease) in asset revaluation surplus		-	212,340	-	212,340
<b>Restated total other comprehensive income</b>		<b>-</b>	<b>212,340</b>	<b>(7,379)</b>	<b>204,961</b>
<b>Restated total comprehensive income for the year</b>		<b>2,627,039</b>	<b>212,340</b>	<b>(7,379)</b>	<b>2,832,000</b>
<b>Transactions with owners in their capacity as owners</b>					
Transfers to/from reserves to accumulated funds		851	(851)	-	-
Increase/(decrease) in net assets from equity transfers	23	47,593	-	-	47,593
<b>Restated balance at 30 June 2020</b>		<b>14,957,706</b>	<b>856,173</b>	<b>11,063</b>	<b>15,824,942</b>

The accompanying Notes form part of these financial statements.

<sup>1</sup>The opening balance at 1 July 2019 is adjusted to reflect the adoption of AASB 1059 for service concession arrangements. Refer to Note 1(h) for further details.

<sup>2</sup>The opening balance as at 1 July 2020 is adjusted to reflect the adoption of AASB 1059 for service concession arrangements. Refer to Note 1(h) for further details.

<sup>3</sup>Refer to Note 29 for details regarding restated prior year balances.

**Sydney Metro**  
**Statement of cash flows**  
for the year ended 30 June 2021

	Notes	Budget 2021 \$'000	Actual 2021 \$'000	Actual 2020 \$'000
<b>Cash flows from operating activities</b>				
<b>Payments</b>				
Personnel services		(3,930)	(20,691)	(11,807)
Finance costs		(64,333)	(35,829)	(122,372)
Service contract payments		-	(87,267)	(78,966)
Payments to suppliers		-	(472,881)	(387,300)
Other		(544,065)	(318,431)	(291,708)
<b>Total payments</b>		<b>(612,328)</b>	<b>(935,099)</b>	<b>(892,153)</b>
<b>Receipts</b>				
Sale of goods and services		310,259	293,102	332,582
Interest received		-	1,094	5,779
Grants and contributions		6,147,439	4,422,558	2,666,098
Other		(2,503)	270,672	313,080
<b>Total receipts</b>		<b>6,455,195</b>	<b>4,987,426</b>	<b>3,317,539</b>
<b>Net cash flows from operating activities</b>	20	<b>5,842,867</b>	<b>4,052,327</b>	<b>2,425,386</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment		143,500	78,571	68,776
Purchases of property, plant and equipment and intangible assets		(5,295,414)	(2,705,290)	(2,351,623)
Proceeds from sale of financial assets		-	12	17,431
Other		-	846	5,483
<b>Net cash flows from investing activities</b>		<b>(5,151,914)</b>	<b>(2,625,861)</b>	<b>(2,259,933)</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings and advances		(839,104)	(147,093)	(64,063)
Payment of principal portion of lease liabilities		-	(13,276)	(6,749)
<b>Net cash flows from financing activities</b>		<b>(839,104)</b>	<b>(160,369)</b>	<b>(70,812)</b>
<b>Net increase/(decrease) in cash</b>		<b>(148,151)</b>	<b>1,266,097</b>	<b>94,641</b>
Opening cash and cash equivalents		285,448	285,448	190,807
<b>Closing cash and cash equivalents</b>	7	<b>137,297</b>	<b>1,551,545</b>	<b>285,448</b>

The accompanying Notes form part of these financial statements.

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**1. Summary of significant accounting policies**

**(a) Sydney Metro - Reporting Entity**

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

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

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

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

The financial statements of Sydney Metro (the Entity) for the period ended 30 June 2021 were authorised for issue by the Board on the date the accompanying Statement was signed.

**(b) Basis of preparation**

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

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

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

The financial statements have been prepared on a going concern basis which assumes that the Entity is expected to be able to pay its debts as and when they fall due and continue in operation without any intention or necessity to liquidate or otherwise wind up its operations. This is supported by the Entity receiving grants from its parents, Transport for NSW, where necessary. Transport for NSW receives annual appropriations from the Consolidated Fund through the Appropriation Act and allocated to its controlled entities including the Entity. The 2021-22 budget papers includes a budgeted appropriation of \$7.55 billion for the Entity. This allows the Entity to continue its operations and pay its debts alongside the availability of its receivables and cash reserves.

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

**(c) Critical accounting estimates, judgement and assumptions**

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

Management evaluates these judgements, estimates and assumptions on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements, key assumptions and estimates management have made are disclosed in the relevant notes to the financial statements.

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

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**1. Summary of significant accounting policies (continued)**

**(d) Statement of compliance**

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

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

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

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

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

**(f) Foreign currency translation**

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

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

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

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

**(g) Comparative information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. Comparatives have been adjusted to reflect prior period adjustments (refer Note 29) and the impacts of the adoption of AASB 1059 (refer Note 1(h)).

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

**(i) Effective for the first time in FY2020-21**

The Entity applied AASB 1059 *Service Concession Arrangements: Grantors* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below. Several other amendments and interpretations apply for the first time in FY2020-21, but do not have an impact on the financial statements of the Entity.

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

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**1. Summary of significant accounting policies (continued)**

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

**(i) Effective for the first time in FY2020-21 (continued)**

**AASB 1059 Service Concession Arrangements: Grantors**

AASB 1059 is effective from 1 July 2020 for the Entity. At the same time, NSW Treasury Policy and Guideline Paper TPP 06-8: Accounting for Privately Financed Projects was withdrawn effective from 1 July 2020.

AASB 1059 addresses the accounting for a service concession arrangement from a grantor's perspective. Service concession arrangements (SCAs) are contracts between a grantor and an operator where an operator provides public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and manages at least some of those services.

AASB 1059 requires the grantor to initially recognise a service concession asset, at current replacement cost, in a service concession arrangement where it controls the asset. A corresponding liability is also recognised depending on the nature of the consideration exchanged.

The Entity has adopted the modified retrospective approach permitted under AASB 1059 by recognising and measuring service concession assets and related liabilities, with any net adjustments to the amounts of assets and liabilities recognised in accumulated funds at the date of initial application of 1 July 2019.

The arrangements involve Northwest Rapid Transit (the operator) being responsible for the:

- Design and construction of the Metro infrastructure assets controlled by the Entity; and
- Operation and maintenance of the relevant Metro assets until May 2034 (service element).

In return the operator is compensated directly by the Entity. Refer Note 12(vii) for further details regarding the service concession arrangements.

The adoption of AASB 1059 has resulted in the following impacts in the Entity's financial statements:

- At the date of initial application, additional liabilities of \$658 million have been recognised, with a corresponding decrease in accumulated funds of \$658 million. This includes the reclassification of \$9.1 billion of existing property, plant and equipment as service concession assets

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**1. Summary of significant accounting policies (continued)**

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

(i) Effective for the first time in FY2020-21 (continued)

**AASB 1059 Service Concession Arrangements: Grantors (continued)**

The effect of adopting AASB 1059 is as follows:

*Impact on Statement of Comprehensive Income (increase/(decrease)) for the year ended 30 June 2020 is as follows:*

		30 June 2020 \$'000	30 June 2020 \$'000	30 June 2020 \$'000
		Adoption of AASB 1059	Without adoption of AASB 1059 (Restated) <sup>1</sup>	Impact of AASB 1059
	Notes			
Finance costs <sup>(i)</sup>	2(e)	58,518	122,372	(63,854)
Other gains/(losses) <sup>(ii)(iii)</sup>	5	425,810	62,493	363,317
<b>Net result</b>		<b>2,627,039</b>	<b>2,199,868</b>	<b>427,171</b>
Net increase/(decrease) in asset revaluation surplus <sup>(iv)</sup>		212,340	205,456	6,884
<b>Total comprehensive income</b>		<b>2,832,000</b>	<b>2,397,945</b>	<b>434,055</b>

Notes:

(i) Prior to the introduction of AASB 1059, the Entity's Metro Northwest financial liability was carried at amortised cost applying the interest rate implicit in the PPP contract. In addition, no financial liability was recognised for City and Southwest as it is currently in construction phase. Upon transition to AASB 1059 on 1 July 2019, the Entity's comparative interest expense in respect of the service concession financial liability has been restated:

- Based on a recalculation using the Entity's incremental borrowing rate in accordance with AASB 1059, which is a different rate from the interest rate implicit in the PPP contract, as previously required under TPP 06-8.
- Recognition of the Metro City and Southwest financial liability from construction commencement in FY2019-20.

(ii) On 1 July 2019, the Entity's Northwest financial liability was remeasured at fair value in accordance with AASB 1059

(iii) The Entity's Metro City and Southwest financial liability that was recognised in FY2019-20 in accordance with AASB 1059 was remeasured due to a change in estimated cash flows during that year.

(iv) In FY2019-20, the Entity's service concession assets for Metro City and Southwest was recognised and measured at current replacement cost in accordance with AASB 1059. The increment in current replacement cost of the Metro City and Southwest service concession asset was recorded as an increase in asset revaluation reserve.

<sup>1</sup> Some of the 30 June 2020 without adoption of AASB 1059 balances have been restated due to correction of prior year error. Refer to Note 29 for further details.

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**1. Summary of significant accounting policies (continued)**

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

(i) Effective for the first time in FY2020-21 (continued)

**AASB 1059 Service Concession Arrangements: Grantors (continued)**

*Impact on Statement of Financial Position (Increase/(decrease)) as at 1 July 2019:*

		1 July 2019 \$'000	1 July 2019 \$'000	1 July 2019 \$'000
		Adoption of AASB 1059	Without adoption of AASB 1059	Impact of AASB 1059
	Notes			
<b>Assets</b>				
<b>Non-current assets</b>				
Property plant and equipment				
Land and buildings <sup>(i)</sup>	12	544,517	544,517	-
Plant and equipment <sup>(i)</sup>	12	672,354	672,354	-
Infrastructure systems <sup>(i)</sup>	12	13,452,030	13,452,030	-
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings <sup>(ii)</sup>	17	190,928	77,288	113,640
<b>Non-current liabilities</b>				
Borrowings <sup>(ii)</sup>	17	2,301,157	1,756,342	544,815
<b>Total adjustment to equity</b>				
Accumulated funds <sup>(ii)</sup>		12,282,223	12,940,678	(658,455)

Notes:

(i) Reclassification of Northwest PPP assets previously recognised and disclosed as property, plant and equipment as service concession assets. No change in measurement occurred on reclassification.

(ii) Derecognition of Northwest PPP financial liability previously recognised under TPP 06-8 at amortised cost and recognition of Northwest service concession financial liability at fair value in accordance with AASB 1059. The fair value of Northwest service concession financial liability was determined in accordance with AASB 13 *Fair Value Measurement*, using the present value valuation technique. The value is \$658 million higher due to a change in applicable discount rate as prescribed by NSW Treasury. This has resulted in a corresponding decrease through Equity - Accumulated Funds.

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**1. Summary of significant accounting policies (continued)**

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

(i) **Effective for the first time in FY2020-21 (continued)**

**AASB 1059 Service Concession Arrangements: Grantors (continued)**

Impact on Statement of Financial Position (Increase/(decrease)) as at 30 June 2020:

		30 June 2020 \$'000	30 June 2020 \$'000	30 June 2020 \$'000
	Notes	Adoption of AASB 1059	Without adoption of AASB 1059 (Restated) <sup>1</sup>	Impact of AASB 1059
<b>Assets</b>				
<b>Non-current assets</b>				
Property plant and equipment				
Land and buildings <sup>(i)</sup>	12	528,412	528,412	-
Plant and equipment <sup>(i)</sup>	12	665,543	665,543	-
Infrastructure systems <sup>(i)(iii)(iii)</sup>	12	15,610,750	15,193,698	417,052
Other assets <sup>(ii)</sup>		-	157,658	(157,658)
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings <sup>(iii)(iv)</sup>	17	880,916	809,904	71,012
<b>Non-current liabilities</b>				
Borrowings <sup>(iii)(iv)</sup>	17	1,345,332	932,550	412,782
<b>Total adjustment to equity</b>				
Accumulated funds		14,957,706	15,188,990	(231,284)
Reserves <sup>(v)</sup>		867,236	860,352	6,884

(i) Reclassification of Northwest PPP assets previously recognised and disclosed as property, plant and equipment as service concession assets.

(ii) Reclassification of construction costs incurred by Sydney Metro for City and Southwest prior to completion of the construction phase that was previously recognised as a prepaid asset in accordance with TPP 06-8 as service concession assets (assets under construction).

(iii) Recognition of construction costs incurred by the Northwest Rapid Transit, the Operator, for City and Southwest as service concession assets (assets under construction) and corresponding financial liability. Under TPP 06-8, these costs are not recognised as asset and liability until construction completion. It was therefore not previously recognised and disclosed as at 30 June 2020.

(iv) Comprised of Northwest and City and Southwest service concession financial liability. Refer above for details on higher Northwest service concession financial liability recorded under AASB 1059.

(v) Relates to the increase in current replacement cost of Metro City and Southwest service concession assets (assets under construction) at 30 June 2020. The increment was recorded as an increase in asset revaluation surplus. Refer to Note 12 for further details on the subsequent measurement of service concession assets.

<sup>1</sup> Certain 30 June 2020 without adoption of AASB 1059 balances have been restated due to correction of prior year error. Refer to Note 29 for further details.

The adoption of AASB 1059 did not have an impact on the Statement of Cash Flows.

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**1. Summary of significant accounting policies (continued)**

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

(ii) **Issued but not yet effective**

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

**Other standards whose impact on initial application is not expected to be significant or material**

The impact of the following standards in the period of initial application is not expected to be significant.

Standard	Applicable to annual reporting periods beginning on or after
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2023
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022
AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current and Non-current – Deferral of Effective Date	1 January 2023

A number of other new standards or amendments to standards have been identified and assessed and it is expected that they will have no material impact on the financial statements of the Entity.

(i) **Impact of COVID-19 on Financial Reporting for 2020-21**

The outbreak of the novel Coronavirus (COVID-19) was declared as a global pandemic by the World Health Organisation on 11 March 2020. Measures taken by various governments to contain the virus have affected economic activity.

The Entity continues to monitor and review impacts related to COVID-19 and some of the impacts on the Entity's operation and financial performance is summarised below:

- There have been some productivity and associated commercial impacts on Sydney Metro's major construction contractors including local and international supply chain disruptions, changes to work practices from infection control requirements (including distancing, masks, working from home), balanced by some acceleration opportunities (such as reduced traffic volumes allowing for additional heavy vehicle movements). Sydney Metro is working closely with Contractors in relation to such impacts to construction delivery and reviewing any legal or commercial obligations.
- The Entity prepared and has maintained a COVID-19 Management Plan to guide actions which manage COVID-19 related risks to the health and safety of its employees and customers. This has resulted in increased costs arising from cleaning and disinfection works performed on Sydney Metro trains, stations, and offices.
- The real estate market continued to be impacted by the uncertainty brought by the COVID-19 outbreak. The Entity engaged an independent external valuer to undertake a market review to identify any material market movement. The valuers have stated that valuations have not been impacted by COVID-19.

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**2. Expenses excluding losses**

**(a) Personnel service expenses**

	2021 \$'000	2020 \$'000
Salaries and wages (including annual leave)	19,019	9,209
Superannuation - defined benefit plans	75	83
Superannuation - defined contribution plans	1,767	947
Long service leave	1,192	2,298
Workers' compensation insurance	57	27
Payroll tax and fringe benefits tax	1,129	709
Redundancy payments	215	853
<b>Personnel service expenses</b>	<b>23,454</b>	<b>14,126</b>

In addition to the above, \$102.3 million (2020: \$66.0 million) has been capitalised in property, plant and equipment.

**(b) Other operating expenses**

	2021 \$'000	2020 \$'000
Auditor's remuneration - audit of financial statements	262	277
Advertising and marketing	50	3,071
Telecommunications	15	14
Electricity, gas and water	16,708	14,359
Fleet hire and leasing charges including access fees	8	23
General expenses	9,775	3,816
Information technology	869	108
Insurance	39	78
Legal services	1,081	1,108
Office expenses	214	78
Other contractors and consultants	28,605	47,236
Property rent and other related expenses <sup>1</sup>	2,835	3,495
Travel expenses	12	19
Share service charges	3,657	2,981
<b>Other operating expenses</b>	<b>64,130</b>	<b>76,663</b>

<sup>1</sup> Property rent and other related expenses in 2021 and 2020 includes expenses relating to short term and low value leases.

Refer Note 13 for details.

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**2. Expenses excluding losses (continued)**

**(c) Major rail project expenses**

	Notes	2021 \$'000	2020 \$'000
Other contractors		247,561	235,888
Legal services		-	20
<b>Major rail project expenses</b>	3(d)	<b>247,561</b>	<b>235,908</b>

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

	2021 \$'000	2020 \$'000
Costs incurred	(247,561)	(235,908)
Billings to date	247,561	235,908
<b>Gross amount due from TAHE (formerly RailCorp)</b>	<b>-</b>	<b>-</b>

**(d) Depreciation and amortisation expense**

	Notes	2021 \$'000	2020 \$'000
<b>Infrastructure systems</b>			
Rail systems		200,618	192,451
<b>Buildings</b>			
Buildings		589	60
<b>Plant and equipment</b>			
Rolling stock		19,186	18,655
Plant and equipment		3,354	7,516
<b>Right-of-use</b>		1,133	116
<b>Depreciation</b>	12,13	<b>224,880</b>	<b>218,798</b>

Refer Notes 12 and 13 for recognition and measurement policies on depreciation and amortisation.

**Reconciliation to Note 12 - Depreciation of right-of-use assets**

	2021 \$'000	2020 \$'000
Depreciation of operational and property assets	11,925	6,536
Right-of-use depreciation capitalised to infrastructure	(10,792)	(6,420)
	<b>1,133</b>	<b>116</b>

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

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**2. Expenses excluding losses (continued)**

**(e) Finance costs**

	2021 \$'000	Restated 2020 \$'000
Unwinding of discount on liabilities	349	383
Interest expense – lease liabilities	795	224
Interest expense from financial liabilities at amortised cost <sup>1</sup>	59,418	57,911
<b>Finance costs</b>	<b>60,562</b>	<b>58,518</b>

<sup>1</sup> Interest expense from financial liabilities at amortised cost represents interest on the Service Concession Financial Liability.

**(f) Other expenses**

	2021 \$'000	2020 \$'000
Bus replacement services	7,921	10,541
Metro service contract payments	77,199	68,425
<b>Other expenses</b>	<b>85,120</b>	<b>78,966</b>

**(g) Grants and subsidies**

	2021 \$'000	Restated 2020 \$'000
Grants to external parties	83,334	23,035
<b>Grants and subsidies</b>	<b>83,334</b>	<b>23,035</b>

As part of project delivery, the Entity is required to undertake works to build assets and make cash contributions for third parties such as councils, utility providers and other Government agencies. Refer to Note 29 for details regarding restated prior year balance.

**Recognition and measurement**

**(i) Personnel services expenses**

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

**(ii) Other operating expenses**

Other operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Entity.

**(iii) Insurance**

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

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**2. Expenses excluding losses (continued)**

**Recognition and measurement (continued)**

**(iv) Lease expenses**

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

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

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

**(v) Major rail project expenses**

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

**(vi) Maintenance**

There are no maintenance costs included in personnel related expenses.

**(vii) Finance costs**

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

**(viii) Grants and subsidies**

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

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**3. Revenue**

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

	2021 \$'000	2020 \$'000
Other	1,889	395
Recoupment of project costs	8,422	21,653
<b>Sale of goods and services</b>	<b>10,311</b>	<b>22,048</b>

**(b) Investment revenue**

	2021 \$'000	2020 \$'000
Rental Income	2,627	1,064
Interest income	7,306	36,371
Finance income on net investment in lease	3	16
<b>Investment revenue</b>	<b>9,936</b>	<b>37,451</b>

Interest income includes \$7.1 million (2020: \$35.2 million) unwinding of the discount of the present value of non-current receivables (refer to Note 8).

**(c) Grants and contributions**

	2021 \$'000	2020 \$'000
Grants from Transport for NSW	4,422,651	2,646,899
<b>Grants and contributions</b>	<b>4,422,651</b>	<b>2,646,899</b>

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

**(d) Major rail project revenue**

	Notes	2021 \$'000	2020 \$'000
Major rail project revenue	2(c)	247,561	235,908
<b>Major rail project revenue</b>		<b>247,561</b>	<b>235,908</b>

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**3. Revenue (continued)**

**(e) Resources received free of charge**

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

	2021 \$'000	2020 \$'000
Personnel services - long service leave	1,955	2,218
Personnel services - superannuation - defined benefit	46	64
Personnel services - payroll tax	4	2
<b>Resources received free of charge</b>	<b>2,005</b>	<b>2,284</b>

**(f) Other income**

	2021 \$'000	2020 \$'000
Other income	220	-
<b>Other income</b>	<b>220</b>	<b>-</b>

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

**Recognition and measurement**

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

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

**(i) Rendering of services**

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

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

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

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**3. Revenue (continued)**

**Recognition and measurement (continued)**

**(ii) Investment income**

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

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

**(iii) Grants and contributions**

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

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

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

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

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

**(iv) Major rail project revenue**

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

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**4. Gain/(loss) on disposal**

	Notes	2021 \$'000	2020 \$'000
Proceeds from asset sale		12,039	427,076
Net carrying amount of property, plant and equipment disposed		(4,729)	(464,423)
<b>Gain/(loss) on disposal</b>		<b>7,310</b>	<b>(37,347)</b>

The Entity entered into Integrated Station Development agreements with external parties for the construction of metro stations and over-station development, with sale of associated rights that serve as a partial offset to overall metro station development costs. The transactions involve transfer and long-term lease from the Entity to the external parties that are treated as asset sales for accounting purposes. The majority of sales proceeds are expected to be received by the Entity in the future, and are recorded at present value and/or fair value as other receivables (refer Note 8), while the unwinding of discount on these receivables are recorded as interest income (refer Note 3(b)).

**5. Other gains/(losses)**

	2021 \$'000	Restated 2020 \$'000
Impairment loss	(733)	(5,950)
Gains/(losses) on financial liability at amortised cost	9,748	(14,912)
Refinancing gain/(losses) on borrowings	-	437,627
Derivative gains/(losses)	404	9,045
<b>Other gains/(losses)</b>	<b>9,419</b>	<b>425,810</b>

**Recognition and measurement**

***Derivative gains/(losses)***

Refer to the recognition and measurement in Note 17 for derivatives financial instruments.

***Impairment losses***

Impairment losses may arise on assets held by the Entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting policies and events giving rise to impairment losses are disclosed in Notes 12,13 and 14.

***Gains/(losses) on financial liability at amortised cost***

The gains/(losses) on financial liability at amortised cost are related to the remeasurement of the Metro Northwest and City and Southwest service concession financial liabilities due to changes in the estimated cash flows. Refer to Note 12 for further details on the measurement of the service concession financial liability.

**6. Program group**

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

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**6. Program group (continued)**

**For customers: Connecting our customers' whole lives**

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

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

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

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

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

	Connecting our customers' whole lives	Transport systems and solutions that enable economic activity	Not Attributable	Total
	2021	2021	2021	2021
ENTITY'S EXPENSES & INCOME	\$'000	\$'000	\$'000	\$'000
<b>Expenses excluding losses</b>				
Operating expenses				
Personnel service expenses	23,454	-	-	23,454
Other operating expenses	64,130	-	-	64,130
Major rail project expense	-	247,561	-	247,561
Depreciation and amortisation	224,880	-	-	224,880
Grants and subsidies	-	83,334	-	83,334
Finance costs	60,562	-	-	60,562
Other expenses	85,120	-	-	85,120
<b>Total expenses excluding losses</b>	<b>458,146</b>	<b>330,895</b>	<b>-</b>	<b>789,041</b>
<b>Revenue</b>				
Sale of goods and services	10,311	-	-	10,311
Investment revenue	9,936	-	-	9,936
Grants and contributions	-	-	4,422,651	4,422,651
Major rail project revenue	-	247,561	-	247,561
Resources received free of charge	2,005	-	-	2,005
Other income	220	-	-	220
<b>Total revenue</b>	<b>22,472</b>	<b>247,561</b>	<b>4,422,651</b>	<b>4,692,684</b>
Gain/(loss) on disposal		7,310		7,310
Other gains/(losses)		9,419		9,419
<b>Net result</b>	<b>(435,674)</b>	<b>(66,605)</b>	<b>4,422,651</b>	<b>3,920,372</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to net result</i>				
Net gains/(losses) in commodity swaps and foreign exchange	-	-	-	-
<i>Items that will not be reclassified to net result</i>				
Net increase/(decrease) in asset revaluation surplus	-	286,410	-	286,410
<b>Total other comprehensive income</b>	<b>-</b>	<b>286,410</b>	<b>-</b>	<b>286,410</b>
<b>Total comprehensive income</b>	<b>(435,674)</b>	<b>219,805</b>	<b>4,422,651</b>	<b>4,206,782</b>

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**6. Program group (continued)**

	Connecting our customers' whole lives	Transport systems and solutions that enable economic activity	Not Attributable	Total
	2021	2021	2021	2021
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	-	-	1,551,545	1,551,545
Receivables	-	352,850	-	352,850
Non-current assets held for sale	-	13,694	-	13,694
Other financial assets	6,146	-	-	6,146
<b>Total current assets</b>	<b>6,146</b>	<b>366,544</b>	<b>1,551,545</b>	<b>1,924,235</b>
<b>Non-current assets</b>				
Receivables	-	1,046,069	-	1,046,069
Property plant and equipment				
Land and buildings	-	531,577	-	531,577
Plant and equipment	-	662,992	-	662,992
Infrastructure systems	-	19,837,545	-	19,837,545
Property, plant and equipment	-	21,032,114	-	21,032,114
Right-of-use assets	-	45,059	-	45,059
Intangible Assets	-	11,114	-	11,114
<b>Total non-current assets</b>	<b>-</b>	<b>22,134,356</b>	<b>-</b>	<b>22,134,356</b>
<b>Total assets</b>	<b>6,146</b>	<b>22,500,900</b>	<b>1,551,545</b>	<b>24,058,591</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	-	1,541,425	-	1,541,425
Borrowings	-	805,509	-	805,509
Provisions	-	39,623	-	39,623
Other liabilities	1,678	7,180	-	8,858
<b>Total current liabilities</b>	<b>1,678</b>	<b>2,393,737</b>	<b>-</b>	<b>2,395,415</b>
<b>Non-current liabilities</b>				
Borrowings	-	1,581,605	-	1,581,605
Provisions	-	26,976	-	26,976
Contract liabilities	-	20,000	-	20,000
Other liabilities	-	2,871	-	2,871
<b>Total non-current liabilities</b>	<b>-</b>	<b>1,631,452</b>	<b>-</b>	<b>1,631,452</b>
<b>Total liabilities</b>	<b>1,678</b>	<b>4,025,189</b>	<b>-</b>	<b>4,026,867</b>
<b>Net assets</b>	<b>4,468</b>	<b>18,475,711</b>	<b>1,551,545</b>	<b>20,031,724</b>

In 2020, the Entity had one program group, namely: Metropolitan capacity enhancements. This program group covers infrastructure and asset programs that enhance the capacity of the transport system to efficiently and sustainably cater for the future demand for travel. The scope of activities within this service group includes the delivery of urban infrastructure (or capacity enhancements to existing infrastructure) within metropolitan networks.

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**7. Cash and cash equivalents**

	2021 \$'000	2020 \$'000
Cash at bank and on hand	1,551,545	285,448
<b>Cash and cash equivalents</b>	<b>1,551,545</b>	<b>285,448</b>

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

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

	2021 \$'000	2020 \$'000
Cash and cash equivalents (per Statement of financial position)	1,551,545	285,448
<b>Cash and cash equivalents (per Statement of cash flows)</b>	<b>1,551,545</b>	<b>285,448</b>

Refer Note 25 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

**8. Receivables**

	2021 \$'000	2020 \$'000
<b>Current receivables</b>		
Trade receivables from contracts with customers	67,053	15,166
Goods and Services Tax recoverable	174,602	23,942
Prepayments	47,951	27,553
Other receivables <sup>1</sup>	63,166	59,988
Investment income receivable	78	2
Right-of-use operating lease receivable	-	810
<b>Current receivables</b>	<b>352,850</b>	<b>127,461</b>
<b>Non-Current receivables</b>		
Other receivables <sup>1</sup>	1,019,015	1,128,259
Prepayments	27,054	-
<b>Non-Current Receivables</b>	<b>1,046,069</b>	<b>1,128,259</b>

<sup>1</sup> Other receivables include proceeds receivable from external parties under the Integrated Station Development arrangements of \$969.7 million (2020: \$1,078.3 million), and grant receivable from Infrastructure NSW of \$50.0 million (2020: \$99.3 million). These receivables are recorded at present value of future cash flows.

The Entity did not recognise Expected Credit Losses at 30 June 2021 (2020: Nil).

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 25.

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**8. Receivables (continued)**

**Recognition and measurement**

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

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

**Subsequent measurement**

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

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

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

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

**9. Contract Liabilities**

	2021 \$'000	2020 \$'000
Contract liabilities – current	-	93
<b>Current contract liabilities</b>	<b>-</b>	<b>93</b>
Contract liabilities – non-current	20,000	20,000
<b>Non-Current contract liabilities</b>	<b>20,000</b>	<b>20,000</b>
<b>Total contract liabilities</b>	<b>20,000</b>	<b>20,093</b>

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**9. Contract liabilities (continued)**

**Recognition and measurement**

Contract liabilities relate to funding received in advance from Infrastructure NSW in respect of the design and construction of affordable housing within the Waterloo Metro Quarter Development. The balance of contract liabilities at 30 June 2021 relates to grant funding received but not yet spent.

	2021 \$'000	2020 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	93	-
Revenue recognised from performance obligations satisfied in previous periods	-	-
Transaction price allocated to the remaining performance obligations from contracts with customers	20,000	20,093

The transaction price allocated to the remaining performance obligation relates to grants and contributions which is expected to be recognised as revenue through to FY2023-2024.

**10. Other financial assets**

	2021 \$'000	2020 \$'000
Energy Certificate - at cost	6,146	3,963
<b>Current other financial assets</b>	<b>6,146</b>	<b>3,963</b>

**Recognition and measurement**

Large-scale generation certificates (LGC) used solely to satisfy the Entity's retail sales commitments and surrender obligations are measured at cost. Details regarding liquidity risk, including maturity analysis of the above payables are disclosed in Note 25 (f).

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**11. Non-current assets held for sale**

	2021 \$'000	2020 \$'000
<b>Non-Current assets held for sale</b>		
Land and buildings held for sale	13,694	15,565
<b>Non-current assets held for sale</b>	<b>13,694</b>	<b>15,565</b>

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

	2021 \$'000	2020 \$'000
Net change in revaluation surplus property, plant and equipment	2,232	7,438
<b>Amounts recognised in other comprehensive income relating to assets held for sale</b>	<b>2,232</b>	<b>7,438</b>

**Recognition and measurement**

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

Non-current assets held for sale include:

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

# Sydney Metro

## Notes to the financial statements

for the year ended 30 June 2021

### 12. Property, plant and equipment

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

##### Property plant and equipment Reconciliation

	Land and Building			Infrastructure systems			Plant and equipment			
	Land and buildings	Assets under construction	Total	Rail systems	Assets under construction	Total	Plant and equipment	Rolling stock	Total	Total Property, plant and equipment
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>At 30 June 2021</b>										
At cost - Gross carrying amount	-	246,602	246,602	-	10,633,311	10,633,311	-	-	-	10,879,913
At fair value - Gross carrying amount	285,624	-	285,624	8,802,627	858,746	9,661,373	25,502	687,009	712,511	10,659,508
Accumulated depreciation and impairment	(649)	-	(649)	(457,139)	-	(457,139)	(7,196)	(42,323)	(49,519)	(507,307)
<b>Net carrying amount</b>	<b>284,975</b>	<b>246,602</b>	<b>531,577</b>	<b>8,345,488</b>	<b>11,492,057</b>	<b>19,837,545</b>	<b>18,306</b>	<b>644,686</b>	<b>662,992</b>	<b>21,032,114</b>
<b>At 30 June 2020</b>										
Restated at cost - Gross carrying amount	-	246,602	246,602	-	6,881,978	6,881,978	-	-	-	7,128,580
At fair value - Gross carrying amount	281,870	-	281,870	8,550,300	417,052	8,967,352	29,790	667,394	697,184	9,946,406
Accumulated depreciation and impairment	(60)	-	(60)	(238,580)	-	(238,580)	(9,595)	(22,046)	(31,641)	(270,281)
<b>Restated net carrying amount</b>	<b>281,810</b>	<b>246,602</b>	<b>528,412</b>	<b>8,311,720</b>	<b>7,299,030</b>	<b>15,610,750</b>	<b>20,195</b>	<b>645,348</b>	<b>665,543</b>	<b>16,804,705</b>

Refer to Note 1(h) and Note 29 for further details on the AASB 1059 and correction of prior period error.

# Sydney Metro

## Notes to the financial statements

for the year ended 30 June 2021

### 12. Property, plant and equipment (continued)

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

#### Reconciliation

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

Reconciliation	Land and buildings			Infrastructure systems			Plant and equipment			Total Assets
	Land and buildings	Assets under construction	Total	Rail systems	Assets under construction	Total	Plant and equipment	Rolling stock	Total	Total property, plant and equipment
Notes	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Restated opening balance</b>	<b>281,810</b>	<b>246,602</b>	<b>528,412</b>	<b>8,311,720</b>	<b>7,310,306</b>	<b>15,622,026</b>	<b>20,195</b>	<b>645,348</b>	<b>665,543</b>	<b>16,815,981</b>
Correction of prior period error	-	-	-	-	(11,276)	(11,276)	-	-	-	(11,276)
<b>Restated opening balance at 1 July 2020</b>	<b>281,810</b>	<b>246,602</b>	<b>528,412</b>	<b>8,311,720</b>	<b>7,299,030</b>	<b>15,610,750</b>	<b>20,195</b>	<b>645,348</b>	<b>665,543</b>	<b>16,804,705</b>
Additions	204	-	204	-	4,239,188	4,239,188	-	-	-	4,239,392
Disposals/Write off	4	-	-	-	(378)	(378)	-	-	-	(378)
Reclassification between PPE classes	330	-	330	-	(1,795)	(1,795)	1,465	-	1,465	-
Asset transfer (to)/from equity	23	-	-	-	-	-	-	-	-	-
Reclassifications (to)/from other assets	-	-	-	-	-	-	-	-	-	-
Transfer to held for sale	(2,752)	-	(2,752)	-	-	-	-	-	-	(2,752)
Other grants to external entities	-	-	-	-	(71,516)	(71,516)	-	-	-	(71,516)
Transfer (to)/from other transport agencies	-	-	-	-	-	-	-	-	-	-
Depreciation/amortisation	2(d)	(589)	(589)	(200,618)	-	(200,618)	(3,354)	(19,186)	(22,540)	(223,747)
Net revaluation increments less revaluation decrements	5,972	-	5,972	234,386	27,528	261,914	-	18,524	18,524	286,410
<b>Net carrying amount at 30 June 2021</b>	<b>284,975</b>	<b>246,602</b>	<b>531,577</b>	<b>8,345,488</b>	<b>11,492,057</b>	<b>19,837,545</b>	<b>18,306</b>	<b>644,686</b>	<b>662,992</b>	<b>21,032,114</b>

The net carrying amount of service concession assets included in property, plant and equipment is \$10.1 billion as at 30 June 2021 (30 June 2020: \$9.6 billion). Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 15.

# Sydney Metro

## Notes to the financial statements

for the year ended 30 June 2021

### 12. Property, plant and equipment (continued)

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

##### Reconciliation (continued)

		<u>Land and buildings</u>		<u>Infrastructure systems</u>			<u>Plant and equipment</u>			<u>Total assets</u>	
		Land and buildings	Assets under construction	Total	Rail systems	Assets under construction	Total	Plant and equipment	Rolling stock	Total	Total property, plant and equipment
	Notes	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Opening balance at 1 July 2019</b>		<b>298,456</b>	<b>246,061</b>	<b>544,517</b>	<b>8,156,890</b>	<b>5,295,140</b>	<b>13,452,030</b>	<b>27,491</b>	<b>644,863</b>	<b>672,354</b>	<b>14,668,901</b>
Additions		-	-	-	-	2,578,554	2,578,554	-	-	-	2,578,554
Non cash addition		3,117	341	3,458	-	-	-	-	-	-	3,458
Disposals/write off	4	(100,211)	(165)	(100,376)	-	(364,048)	(364,048)	-	-	-	(464,424)
Reclassification between PPE classes		(365)	365	-	149,255	(149,475)	(220)	220	-	220	-
Asset transfer (to)/from equity	23	95,228	-	95,228	-	(47,635)	(47,635)	-	-	-	47,593
Transfer of asset to local councils		(2,645)	-	(2,645)	-	(7,398)	(7,398)	-	-	-	(10,043)
Restated transfer (to)/from other transport agencies		-	-	-	-	(12,992)	(12,992)	-	-	-	(12,992)
Depreciation/amortisation	2(d)	(60)	-	(60)	(192,451)	-	(192,451)	(7,516)	(18,655)	(26,171)	(218,682)
Net revaluation increments less revaluation decrements		(11,710)	-	(11,710)	198,026	6,884	204,910	-	19,140	19,140	212,340
<b>Restated net carrying amount at 30 June 2020</b>		<b>281,810</b>	<b>246,602</b>	<b>528,412</b>	<b>8,311,720</b>	<b>7,299,030</b>	<b>15,610,750</b>	<b>20,195</b>	<b>645,348</b>	<b>665,543</b>	<b>16,804,705</b>

Infrastructure systems was restated in 2020 for the transfer of assets to TAHE of \$11.3 million. Refer Note 29 for details regarding related prior year balances.

**Sydney Metro**  
**Notes to the financial statements**  
for the year ended 30 June 2021

**12. Property, plant and equipment (continued)**

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

	Land and buildings		Infrastructure systems			Plant and equipment				
	Land and buildings	Assets under construction	Total	Rail systems	Assets under construction	Total	Plant and equipment	Rolling stock	Total	Total Property, plant and equipment
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
At 30 June 2021										
At cost - Gross carrying amount	-	246,602	246,602	-	10,613,469	10,613,469	-	-	-	10,860,071
At fair value - Gross carrying amount	285,212	-	285,212	8,802,627	858,746	9,661,373	25,502	687,009	712,511	10,659,096
Accumulated depreciation and impairment	(649)	-	(649)	(457,139)	-	(457,139)	(7,196)	(42,323)	(49,519)	(507,307)
<b>Net carrying amount</b>	<b>284,563</b>	<b>246,602</b>	<b>531,165</b>	<b>8,345,488</b>	<b>11,472,215</b>	<b>19,817,703</b>	<b>18,306</b>	<b>644,686</b>	<b>662,992</b>	<b>21,011,860</b>
At 30 June 2020										
Restated at cost - Gross carrying amount	-	246,602	246,602	-	6,789,360	6,789,360	-	-	-	7,035,962
At fair value - Gross carrying amount	281,458	-	281,458	8,550,300	417,052	8,967,352	29,790	667,394	697,184	9,945,994
Accumulated depreciation and impairment	(60)	-	(60)	(238,580)	-	(238,580)	(9,595)	(22,046)	(31,641)	(270,281)
<b>Restated net carrying amount</b>	<b>281,398</b>	<b>246,602</b>	<b>528,000</b>	<b>8,311,720</b>	<b>7,206,412</b>	<b>15,518,132</b>	<b>20,195</b>	<b>645,348</b>	<b>665,543</b>	<b>16,711,675</b>

Refer to Note 1(h) and Note 29 for further details on the AASB 1059 and correction of prior period error.

# Sydney Metro

## Notes to the financial statements

for the year ended 30 June 2021

### 12. Property, plant and equipment (continued)

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

##### Reconciliation

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

Reconciliation	Land and buildings			Infrastructure systems			Plant and equipment			Total Assets
	Land and buildings	Assets under construction	Total	Rail systems	Assets under construction	Total	Plant and equipment	Rolling stock	Total	Total property, plant and equipment
Notes	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Restated opening balance</b>	<b>281,398</b>	<b>246,602</b>	<b>528,000</b>	<b>8,311,720</b>	<b>7,217,688</b>	<b>15,529,408</b>	<b>20,195</b>	<b>645,348</b>	<b>665,543</b>	<b>16,722,951</b>
Correction of prior period error	29	-	-	-	(11,276)	(11,276)	-	-	-	(11,276)
<b>Restated opening balance at 1 July 2020</b>	<b>281,398</b>	<b>246,602</b>	<b>528,000</b>	<b>8,311,720</b>	<b>7,206,412</b>	<b>15,518,132</b>	<b>20,195</b>	<b>645,348</b>	<b>665,543</b>	<b>16,711,675</b>
Additions	204	-	204	-	4,239,188	4,239,188	-	-	-	4,239,392
Disposals/write off	4	-	-	-	(378)	(378)	-	-	-	(378)
Reclassification between PPE classes	330	-	330	-	(1,795)	(1,795)	1,465	-	1,465	-
Asset transfer (to)/from equity	23	-	-	-	-	-	-	-	-	-
Reclassifications (to)/from other assets	-	-	-	-	-	-	-	-	-	-
Transfer to held for sale	(2,752)	-	(2,752)	-	-	-	-	-	-	(2,752)
Other grants to external entities	-	-	-	-	(71,516)	(71,516)	-	-	-	(71,516)
Transfer (to)/from other transport agencies	-	-	-	-	-	-	-	-	-	-
Depreciation/amortisation	2(d)	(589)	(589)	(200,618)	-	(200,618)	(3,354)	(19,186)	(22,540)	(223,747)
Net revaluation increments less revaluation decrements	5,972	-	5,972	234,386	27,528	261,914	-	18,524	18,524	286,410
Termination of operating lease <sup>1</sup>	-	-	-	-	72,776	72,776	-	-	-	72,776
<b>Net carrying amount at 30 June 2021</b>	<b>284,563</b>	<b>246,602</b>	<b>531,165</b>	<b>8,345,488</b>	<b>11,472,215</b>	<b>19,817,703</b>	<b>18,306</b>	<b>644,686</b>	<b>662,992</b>	<b>21,011,860</b>

Refer to Note 29 for further details on the correction of prior period error.

# Sydney Metro

## Notes to the financial statements

for the year ended 30 June 2021

### 12. Property, plant and equipment (continued)

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

Reconciliation (continued)				Land and buildings			Infrastructure systems			Plant and equipment			Total Assets
		Land and buildings	Assets under construction	Total	Rail systems	Assets under construction	Total	Plant and equipment	Rolling stock	Total	Total property, plant and equipment		
	Notes	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000		
Opening balance at 1 July 2019		296,823	246,061	542,884	8,156,890	5,213,015	13,369,905	27,491	644,863	672,354	14,585,143		
Additions		-	-	-	-	2,568,061	2,568,061	-	-	-	2,568,061		
Non cash addition		3,117	341	3,458	-	-	-	-	-	-	3,458		
Disposals/write off		4	(100,211)	(165)	(100,376)	(364,048)	(364,048)	-	-	-	(464,424)		
Reclassification between PPE classes			(365)	365	-	(149,475)	(220)	220	-	220	-		
Asset transfer (to)/from equity		23	95,228	-	95,228	(47,635)	(47,635)	-	-	-	47,593		
Reclassifications (to)/from other assets			-	-	-	-	-	-	-	-	-		
Transfer of asset to local councils			(2,645)	(2,645)	-	(7,398)	(7,398)	-	-	-	(10,043)		
Restated transfer (to)/from other transport agencies			-	-	-	(12,992)	(12,992)	-	-	-	(12,992)		
Depreciation/amortisation		2(d)	(60)	(60)	(192,451)	-	(192,451)	(7,516)	(18,655)	(26,171)	(218,682)		
Net revaluation increments less revaluation decrements			(11,710)	(11,710)	198,026	6,884	204,910	-	19,140	19,140	212,340		
Termination of operating lease <sup>1</sup>			1,221	1,221	-	-	-	-	-	-	1,221		
Restated net carrying amount at 30 June 2020		281,398	246,602	528,000	8,311,720	7,206,412	15,518,132	20,195	645,348	665,543	16,711,675		

Refer to Note 1(h) and Note 29 for further details on the AASB 1059 and correction of prior period error.

<sup>1</sup>Upon termination of the leases, the property previous leased out as operating lease became held and used by the Entity.

# Sydney Metro

## Notes to the financial statements

for the year ended 30 June 2021

### 12. Property, plant and equipment (continued)

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

	Land and buildings			Infrastructure systems			Plant and equipment			Total assets
	Land and buildings	Assets under construction	Total	Rail systems	Assets under construction	Total	Plant and equipment	Rolling stock	Total	Total Property, plant and equipment
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>At 30 June 2021</b>										
At cost - Gross carrying amount	-	-	-	-	19,842	19,842	-	-	-	19,842
At fair value - Gross carrying amount	412	-	412	-	-	-	-	-	-	412
Accumulated depreciation and impairment	-	-	-	-	-	-	-	-	-	-
<b>Net carrying amount</b>	<b>412</b>	<b>-</b>	<b>412</b>	<b>-</b>	<b>19,842</b>	<b>19,842</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,254</b>
<b>At 30 June 2020</b>										
At cost - Gross carrying amount	-	-	-	-	92,618	92,618	-	-	-	92,618
At fair value - Gross carrying amount	412	-	412	-	-	-	-	-	-	412
Accumulated depreciation and impairment	-	-	-	-	-	-	-	-	-	-
<b>Net carrying amount</b>	<b>412</b>	<b>-</b>	<b>412</b>	<b>-</b>	<b>92,618</b>	<b>92,618</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93,030</b>

# Sydney Metro

## Notes to the financial statements

for the year ended 30 June 2021

### 12. Property, plant and equipment (continued)

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

##### Reconciliation

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

	Land and buildings			Infrastructure systems			Plant and equipment			Total Assets
	Land and buildings	Assets under construction	Total	Rail systems	Assets under construction	Total	Plant and equipment	Rolling stock	Total	Total property, plant and equipment
Notes	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	412	-	412	-	92,618	92,618	-	-	-	93,030
Purchase of assets	-	-	-	-	-	-	-	-	-	-
Termination of operating lease	-	-	-	-	(72,776)	(72,776)	-	-	-	(72,776)
Net carrying amount at 30 June 2021	412	-	412	-	19,842	19,842	-	-	-	20,254

	Land and buildings			Infrastructure systems			Plant and equipment			Total Assets
	Land and buildings	Assets under construction	Total	Rail systems	Assets under construction	Total	Plant and equipment	Rolling stock	Total	Total property, plant and equipment
Notes	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	1,633	-	1,633	-	82,125	82,125	-	-	-	83,758
Purchase of assets	-	-	-	-	10,493	10,493	-	-	-	10,493
Termination of operating lease	(1,221)	-	(1,221)	-	-	-	-	-	-	(1,221)
Net carrying amount at 30 June 2020	412	-	412	-	92,618	92,618	-	-	-	93,030

<sup>1</sup>Upon termination of the leases, the property previous leased out as operating lease became held and used by the Entity.

12. Property, plant and equipment (continued)

Recognition and measurement

Acquisition of property, plant and equipment

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

(i) Capitalisation and initial recognition

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

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

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

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

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

(ii) Capitalisation thresholds

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

(iii) Valuation of property, plant and equipment

Subsequent to initial recognition, property, plant and equipment assets are valued in accordance with NSW Treasury Accounting Policy “Valuation of Physical Non – Current Assets at Fair Value” Policy and Guidelines paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

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

12. Property, plant and equipment (continued)

Recognition and measurement (continued)

(iv) Revaluation of property, plant and equipment

Fair value of property, plant and equipment is based on a market participant’s perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Refer Note 15 for further information regarding fair value.

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

The current replacement cost is used to revalue specialised buildings (designed for a specific limited purpose), infrastructure systems and certain plant and equipment. Current replacement cost for these types of assets is based on ‘incremental optimised replacement cost’. Optimised replacement cost is the minimum cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent asset with the same economic benefits, adjusting for any overdesign, overcapacity and redundant components. Incremental optimisation is limited to the extent that optimisation can occur in the normal course of business with commercially available technology.

Land and buildings will be revalued at least once every three years and each other class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Revaluations are performed by independent professionally qualified valuers.

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

Asset type	Latest comprehensive revaluation date
Rail land	30 June 2019
Rail Infrastructure	5 May 2019
Rolling stock	5 May 2019
Specialised plant and equipment	5 May 2019

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. An interim revaluation assessment was completed on 30 June 2021. The Entity used an external professionally qualified valuer to conduct the interim revaluations. Refer Note 15 for detail of the interim revaluation.

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

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

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

## 12. Property, plant and equipment (continued)

### Recognition and measurement (continued)

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

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

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

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

#### (v) Impairment of property, plant and equipment

As a not-for-profit reporting Entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* (AASB 136) is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for the Entity given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and current replacement cost, where current replacement cost is also fair value. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

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

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

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

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

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

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

## 12. Property, plant and equipment (continued)

### Recognition and measurement (continued)

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

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

The Entity adjusted the useful life of its infrastructure assets in FY2019-20. Based on the Entity's assessment, no changes are required to the useful life of the Entity's property, plant and equipment in this financial year.

#### (vii) Major inspection costs

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

#### (viii) Restoration costs

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

#### (ix) Maintenance

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

#### (x) Derecognition

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

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

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Entity has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 13.

#### (xii) Service concession assets

The Entity has adopted AASB 1059 from 1 July 2020. However, comparatives for the year ended 30 June 2020 have been adjusted retrospectively to reflect AASB 1059. Note 1(h) details changes in the Entity's accounting policies and a summary of impacts on the first time adoption. This note provides disclosures required under the new accounting standard and relates to the Entity's service concession arrangements in place during the current year.

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

12. Property, plant and equipment (continued)

Recognition and measurement (continued)

(xii) Service concession assets (continued)

Based on the Entity's assessment, the following arrangements fall in the scope of AASB 1059:

Description	Service concession arrangement
Name & description of the SCA OR group of SCAs	The Entity has a contract with Northwest Rapid Transit relating to the Sydney Metro North West Line & the Sydney Metro City & Southwest project.
Period of the arrangement	The period of the arrangement is from September 2014 to May 2034
Terms of the arrangement	<p>The arrangement involves Northwest Rapid Transit (the operator) being responsible for the design, construction, operations and maintenance of the North West Line and the Sydney Metro City &amp; Southwest Line.</p> <p>Currently, the operator is responsible for:</p> <ul style="list-style-type: none"><li>operation and maintenance of the North West Line that is currently operational between Tallawong Station and Chatswood Station. Operations began in May 2019.</li><li>design and construction of the Sydney Metro City Line, between Chatswood to Sydenham. Design and construction began in December 2019. The Sydney Metro Southwest line will be constructed by the Entity. The operator will be responsible for the Operations and Maintenance of both the Sydney Metro City &amp; Southwest Lines.</li></ul>
Rights and obligations	<p>The Entity regulates the rail services to be provided to the general public.</p> <p>The arrangement represents a service concession arrangement where upon construction completion and operational commencement, the operator is required to deliver a safe and reliable metro passenger service. In return, the Entity pays consideration for the delivery phase across the project term (i.e. design and construction), and payments for operation and maintenance.</p> <p>The operator is required to hand back the significant residual interest of the assets in the project at the end of the project term.</p>
Changes in arrangements occurred during the FY20	<p>The arrangement between the Entity and the operator was renegotiated, effective December 2019, which will result in the eventual augmentation of the existing agreement for the North West Rail Line with the delivery and operational agreement for the Sydney Metro City and Southwest lines This will occur following the completion of construction of the Sydney Metro City Line. There will be no operational changes to Sydney Metro Northwest as a result of the augmentation. The result of the augmentation is that all operations and maintenance for the entire Sydney Metro line are captured in one deed.</p> <p>As part of the renegotiation, the PPP liability in relation to the Sydney Metro North West line was refinanced. The refinancing represents a modification event which amended the cashflows payable by Sydney Metro. This resulted in the recognition of a gain of \$378 million.</p>
Changes in arrangements occurred during the FY21	Change from fixed interest rate to floating interest rate:

Description	Service concession arrangement	
	In April 2021, the interest rate component within the capital service payment cash flows changed from a fixed interest rate to floating interest rate. The change was agreed under the original contractual terms of the Northwest PPP contract with NRT and consequently, it does not represent a debt modification under AASB 9 <i>Financial Instruments</i> . As a result of this change, a new effective interest rate was calculated and applied to the Northwest service concession financial liability using the new estimated future contractual cash flows.	
The carrying amount of service concession assets as at 30 June 2020 (\$'000)	<b>Asset class</b>	<b>Carrying Amount (\$'000)</b>
	Land and buildings	\$233,643
	Rail systems	\$8,311,720
	Rail systems - Asset under construction	\$417,052
	Plant and equipment	\$10,510
	Rolling stock	\$645,348
The carrying amount of service concession assets as at 30 June 2021(\$'000)	<b>Asset class</b>	<b>Carrying Amount (\$'000)</b>
	Land and buildings	\$242,632
	Rail systems	\$8,345,488
	Rail systems - Asset under construction	\$858,746
	Plant and equipment	\$10,194
	Rolling stock	\$644,686

Initial recognition

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

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

Subsequent to initial recognition

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

The Entity applied the 'interest accretion' method in measuring the service concession assets (assets under construction) at current replacement cost. The approach uses the Operator's cost of funding in the service concession arrangement as a proxy for the fair value uplift of service concession assets that are under construction, and is recorded as a revaluation adjustment. Upon construction completion, a comprehensive valuation assessment will be performed by an external professionally qualified valuer. Refer to Note 12 (iv) for further details on revaluation of property, plant and equipment, including service concession assets.

At the end of the arrangement

At the end of the service concession arrangement:

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

### 13. Leases

**(a) Entity as a lessee**

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

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

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of \$6.6 million (2020: \$2.5 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was a net gain to profit and loss of \$0.3 million (2020: \$Nil).

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

The Entity has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value leases are leases with a fair value of \$10,000 or less when new and comprise mainly motor vehicle leases. The Entity has \$0.9 million (2020: \$1.0 million) of short term and low value leases that have not been included in the lease liability or right-of-use assets, and were capitalised in Property, Plant and Equipment as directly attributable costs; there was also \$8,000 of short-term leases expensed in FY2021 (2020: \$9,000).

**Right-of-use assets under leases**

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

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

### 13. Leases (continued)

**(a) Entity as a lessee (continued)**

**Right-of-use assets under leases (continued)**

	Notes	Land and buildings \$ '000	Plant and equipment \$ '000	Total \$ '000
<b>Balance at 1 July 2019</b>		16,794	21	16,815
Additions		20,976	17	20,993
Impairment losses	5	(5,950)	-	(5,950)
Depreciation expense	2(d)	(6,519)	(17)	(6,536)
<b>Balance at 30 June 2020</b>		<b>25,301</b>	<b>21</b>	<b>25,322</b>

**Impairment losses for right-of-use assets**

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

The entity had therefore undertaken an impairment assessment for the above right-of-use assets at 30 June 2020, to determine whether the carrying amount exceeded their recoverable amount. Impacted right-of-use assets were written down to their recoverable amounts by reference to the right-of-use assets' fair value less costs of disposal and an impairment loss was recognised.

A similar exercise had been undertaken for the 2020-21 financial year to calculate the impairment loss using life to date market rental forecast movement approach. Further impairment loss was recognised in 2020-21 for the right-of-use assets on which there had been an increase in the life to date accumulated impairment loss.

The entity recognised a net impairment of \$0.7 million for right-of-use assets during the 2020-21 financial year as follows:

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

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

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**13. Leases (continued)**

**(a) Entity as a lessee (continued)**

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

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

Land and Buildings	2021 \$'000	2020 \$'000
<b>Fair value less costs of disposal:</b>		
Level 1	-	-
Level 2	-	-
Level 3	45,018	25,301
<b>Balance at 30 June</b>	<b>45,018</b>	<b>25,301</b>

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

Recoverable amount	Current measurement discount rates	Previous measurement discount rates
Fair value less cost of disposal – discounted cash flow technique	Internal borrowing rates at the valuation date.	Internal borrowing rates as at the Transition to AASB 16 <i>Leases</i> (i.e. 1 July 2019), or at the lease commencement date if the lease commenced after 1 July 2019.

**Lease liabilities**

The following table presents liabilities under leases.

	2021 \$'000	2020 \$'000
Opening balance	31,870	18,441
Additions	32,954	20,993
Interest expenses	795	219
Payments	(14,833)	(7,783)
Other movements	(882)	-
<b>Balance at 30 June</b>	<b>49,904</b>	<b>31,870</b>

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

	2021 \$'000	2020 \$'000
Depreciation expense of right-of-use assets	1,133	116
Interest expense on lease liabilities	795	219
Expense relating to short-term leases	8	9
Expenses relating to leases of low-value assets	-	-
<b>Total amount recognised in the statement of comprehensive income</b>	<b>1,936</b>	<b>344</b>

The Entity had total cash outflows for leases of \$14.8 million in FY2021 (2020: \$7.8 million).

**Sydney Metro**  
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**13. Leases (continued)**

**(a) Entity as a lessee (continued)**

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

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

**Recognition and measurement**

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

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

**(i) Right-of-use assets**

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

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

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

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

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

**(ii) Lease liabilities**

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

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

### 13. Leases (continued)

#### (a) Entity as a lessee (continued)

##### Recognition and measurement (continued)

#### (ii) Lease liabilities (continued)

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

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

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

The Entity's lease liabilities are included in borrowings.

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

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

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

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

### 13. Leases (continued)

#### (b) Entity as a lessor

##### Lessor for finance lease

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

	2021 \$'000	2020 \$'000
Within one year	-	810
One to two years	-	-
Two to three years	-	-
Three to four years	-	-
Four to five years	-	-
Later than five years	-	-
<b>Total (excluding GST)</b>	<b>-</b>	<b>810</b>

##### Reconciliation of net investment in leases

	2021 \$'000	2020 \$'000
Future undiscounted rentals receivable	-	810
Unguaranteed residual amounts - undiscounted	-	-
Less: unearned finance income	-	(3)
<b>Net investment in finance leases</b>	<b>-</b>	<b>807</b>

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

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

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**Notes to the financial statements**  
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**13. Leases (continued)**

**(b) Entity as a lessor (continued)**

**Lessor for operating lease**

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

	2021 \$'000	2020 \$'000
Within one year	150	340
One to two years	150	243
Two to three years	75	243
Three to four years	-	-
Four to five years	-	-
Later than five years	-	-
<b>Total (excluding GST)</b>	<b>375</b>	<b>826</b>

**Recognition and measurement – lessor for operating leases**

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

**14. Intangible Assets**

	Easements	Software work in progress	Biodiversity credits	Total Intangibles
Cost (gross carrying amount)	158	1,705	9,251	11,114
Accumulated amortisation and impairment	-	-	-	-
<b>Net carrying amount at 30 June 2021</b>	<b>158</b>	<b>1,705</b>	<b>9,251</b>	<b>11,114</b>

Cost (gross carrying amount)	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-
<b>Net carrying amount at 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Easements	Software work in progress	Biodiversity credits	Total Intangibles
Net carrying amount at start of year	-	-	-	-
Additions	158	1,705	9,251	11,114
<b>Net carrying amount at 30 June 2021</b>	<b>158</b>	<b>1,705</b>	<b>9,251</b>	<b>11,114</b>

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**14. Intangible Assets (continued)**

**Recognition and measurement**

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

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

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

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

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

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

**15. Fair value measurement of non-financial assets**

**Fair value measurement and hierarchy**

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

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

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

**Sydney Metro**  
**Notes to the financial statements**  
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**15. Fair value measurement of non-financial assets (continued)**

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

**(a) Fair value hierarchy**

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

30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
<b>Property, plant and equipment</b>				
Land and buildings	-	35,162	249,813	284,975
<b>Land and buildings</b>	-	<b>35,162</b>	<b>249,813</b>	<b>284,975</b>
Plant and equipment	-	-	18,306	18,306
Rolling stock	-	-	644,686	644,686
<b>Plant and equipment</b>	-	-	<b>662,992</b>	<b>662,992</b>
Rail systems	-	-	8,345,488	8,345,488
Assets under construction	-	-	858,746	858,746
<b>Infrastructure systems</b>	-	-	<b>9,204,234</b>	<b>9,204,234</b>
	-	<b>35,162</b>	<b>10,117,039</b>	<b>10,152,201</b>

30 June 2020	Level 1 \$'000	Level 2 \$'000	Restated Level 3 \$'000	Restated Total fair value \$'000
<b>Property, plant and equipment</b>				
Land and buildings	-	43,120	238,690	281,810
<b>Land and buildings</b>	-	<b>43,120</b>	<b>238,690</b>	<b>281,810</b>
Plant and equipment	-	-	20,195	20,195
Rolling stock	-	-	645,348	645,348
<b>Plant and equipment</b>	-	-	<b>665,543</b>	<b>665,543</b>
Rail systems	-	-	8,311,720	8,311,720
Assets under construction	-	-	417,052	417,052
<b>Infrastructure systems</b>	-	-	<b>8,728,772</b>	<b>8,728,772</b>
	-	<b>43,120</b>	<b>9,633,005</b>	<b>9,676,125</b>

**(b) Valuation process**

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

The Entity engages external qualified valuers to determine the fair value of the Entity's non-financial assets. An interim desktop revaluation of Metro Northwest rail assets (excluding land) was conducted by AECOM Australia as at 30 June 2021. An interim desktop revaluation of the Sydney Metro Northwest land assets was conducted by Jones Lang LaSalle Advisory Services as at 30 June 2021. The scope of the land valuation excluded developable land under Northwest Property Development Agreement, which remains within asset under construction as they are being developed in partnership with Landcom. Leasehold improvement within land and building category and office fitouts within plant and equipment asset category are measured using depreciated historical cost as an approximation of fair value and do not require revaluation.

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**Notes to the financial statements**  
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**15. Fair value measurement of non-financial assets (continued)**

**(c) Valuation techniques and input**

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

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

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

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

- Land – sale evidence and market indicator for comparable properties, adjusted for the specific attributes of the property being revalued, such as size, configuration and location of the properties, restricted use for rail transport and infrastructure, as well as risk associated.
- Metro Northwest rolling stock and specialised plant and equipment – replacement cost for modern equivalent assets, expected useful life and remaining life of the assets are estimated and reviewed by the external valuer.
- Metro Northwest infrastructure assets – replacement cost for modern equivalent assets, unit of measure for each asset, appropriate indexation factors, expected useful life and remaining life of the assets as estimated by the external valuer.
- Leasehold improvement makegood assets – restoration costs on the leased property estimated on the rate per square metre basis were discounted, adjusted for inflation and depreciated over the remaining lease period.

## Sydney Metro

### Notes to the financial statements

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

##### (d) Reconciliation of Level 3 fair value measurement

	Land and buildings \$ '000	Plant and equipment \$ '000	Rolling stock \$ '000	Infrastructure systems \$ '000	Total \$ '000
<b>Restated fair value at 1 July 2020</b>	<b>238,690</b>	<b>20,195</b>	<b>645,348</b>	<b>8,728,772</b>	<b>9,633,005</b>
Additions	204	-	-	414,166	414,370
Revaluation increments/decrements recognised in other comprehensive income	11,178	-	18,524	261,914	291,616
Transfer (to)/from local councils	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	(589)	(3,354)	(19,186)	(200,618)	(223,747)
Transfer from other classes of property, plant and equipment	330	1,465	-	-	1,795
Transfer from/(to) assets under construction	-	-	-	-	-
Transfer (to)/from equity	-	-	-	-	-
Transfers to Level 2	-	-	-	-	-
<b>Fair value as at 30 June 2021</b>	<b>249,813</b>	<b>18,306</b>	<b>644,686</b>	<b>9,204,234</b>	<b>10,117,039</b>

	Restated Land and buildings \$ '000	Plant and equipment \$ '000	Rolling stock \$ '000	Infrastructure systems \$ '000	Restated Total \$ '000
<b>Fair value at 1 July 2019</b>	<b>296,406</b>	<b>27,491</b>	<b>644,863</b>	<b>8,156,890</b>	<b>9,125,650</b>
Additions	3,117	-	-	410,168	413,285
Revaluation increments/decrements recognised in other comprehensive income	(11,710)	-	19,140	204,910	212,340
Transfer (to)/from local councils	(2,645)	-	-	-	(2,645)
Disposals	(4,983)	-	-	-	(4,983)
Depreciation	(60)	(7,516)	(18,655)	(192,451)	(218,682)
Transfer from other classes of property, plant and equipment	-	220	-	-	220
Transfer from/(to) assets under construction	(365)	-	-	149,255	148,890
Transfer (to)/from equity	-	-	-	-	-
Transfers to Level 2	(41,070)	-	-	-	(41,070)
<b>Restated fair value as at 30 June 2020</b>	<b>238,690</b>	<b>20,195</b>	<b>645,348</b>	<b>8,728,772</b>	<b>9,633,005</b>

## Sydney Metro

### Notes to the financial statements

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#### 16. Payables

	2021 \$'000	2020 \$'000
Trade creditors	39,995	50,210
Accrued expenses	1,496,412	200,901
Personnel service payables	5,018	4,480
<b>Current payables</b>	<b>1,541,425</b>	<b>255,591</b>

##### Recognition and measurement

Payables represent liabilities for goods and services provided to the Entity and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised net result when the liabilities are derecognised as well as through the amortisation process. Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 25 (f).

#### 17. Borrowings

	2021 \$'000	Restated 2020 \$'000
Lease liabilities	12,318	12,145
Service concession financial liabilities	793,191	868,771
<b>Current borrowings</b>	<b>805,509</b>	<b>880,916</b>
Lease liabilities	37,586	19,725
Service concession financial liabilities	1,542,794	1,325,192
Financial liabilities at fair value	1,225	415
<b>Non-current borrowings</b>	<b>1,581,605</b>	<b>1,345,332</b>

##### Repayment of borrowings

	2021 \$'000	2020 \$'000
Not later than one year	805,509	880,916
Later than one year and not later than five years	811,744	862,351
Later than five years	769,861	482,981
<b>Repayment of borrowings</b>	<b>2,387,114</b>	<b>2,226,248</b>

The service concession financial liability represents the liability under the Public Private Partnership (PPP) with Northwest Rapid Transit for the construction of the Sydney Metro Northwest and City and Southwest projects, as required by AASB 1059, effective for the Entity from 1 July 2020.

## 17. Borrowings (continued)

### Recognition and measurement

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

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

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

### Financial liabilities at fair value through profit or loss

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

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

Derivatives are carried as financial liabilities when the fair value is negative. Gains or losses on liabilities held-for-trading are recognised in the net result. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

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

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

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings, are disclosed in Note 25.

Lease liabilities are determined in accordance with AASB 16.

### Service concession financial liabilities

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

## 17. Borrowings (continued)

### Service concession financial liabilities (continued)

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

### Financial guarantees

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

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, being the premium received. Subsequent to initial recognition, the entity's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation, and an expected credit loss provision. The entity has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2021 and as at 30 June 2020. However, refer to Note 24 regarding disclosures on contingent liabilities.

### Changes in liabilities arising from financing activities

	Financial liabilities at amortised cost \$'000	Lease liabilities \$'000	Service Concession arrangements \$'000	Financial liabilities at fair value \$'000	Total liabilities from financing activities \$'000
<b>Balance at 1 July 2020</b>	-	31,870	2,193,963	415	2,226,248
Cash flows	-	(13,276)	(147,093)	-	(160,369)
New leases	-	32,954	-	-	32,954
New service concession arrangements <sup>1</sup>	-	-	274,151	-	274,151
Other	-	(1,644)	14,964 <sup>2</sup>	810	14,130
<b>Balance at 30 June 2021</b>	-	<b>49,904</b>	<b>2,335,985</b>	<b>1,225</b>	<b>2,387,114</b>
<b>Balance at 1 July 2019</b>	1,833,630	-	-	-	1,833,630
Recognition on application of AASB 16	-	18,441	-	-	18,441
Recognition on application of AASB 1059	(1,833,630)	-	2,492,085	-	658,455
<b>Restated balance at 1 July 2019</b>	-	<b>18,441</b>	<b>2,492,085</b>	-	<b>2,510,526</b>
Cash flows	-	(6,749)	(64,063)	-	(70,812)
New leases	-	20,993	-	-	20,993
New service concession arrangements <sup>1</sup>	-	-	252,510	-	252,510
Other	-	(815)	(486,569) <sup>2</sup>	415	(486,969)
<b>Balance at 30 June 2020</b>	-	<b>31,870</b>	<b>2,193,963</b>	<b>415</b>	<b>2,226,248</b>

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

<sup>2</sup> Relates to the non-cash movements associated with the Northwest and City and Southwest service concession financial liability, including accretion of interest, gain on refinancing and gain/loss on measurement of service concession financial liabilities.

**Sydney Metro**  
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**18. Provisions**

	2021 \$'000	2020 \$'000
Land and buildings remediation	846	-
Legal and related claims	-	1,768
Other	38,777	32,002
<b>Current provisions</b>	<b>39,623</b>	<b>33,770</b>
Land and buildings remediation	26,976	20,033
<b>Non-current provisions</b>	<b>26,976</b>	<b>20,033</b>

<sup>1</sup> Other provision include future payment obligation under the Integrated Station Development arrangement.

**Movement in provisions**

	Land and buildings remediation \$'000	Legal and related claims \$'000	Integrated Station Development payment obligations \$'000	Other \$'000	Total \$'000
Carrying amount at the beginning of the financial year	20,033	1,768	31,052	950	53,803
Additional provision recognised	7,789	-	17	7,708	15,514
Provision reversed	-	(1,768)	-	(950)	(2,718)
<b>Carrying amount at the end of the financial year</b>	<b>27,822</b>	<b>-</b>	<b>31,069</b>	<b>7,708</b>	<b>66,599</b>

**Recognition and measurement**

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

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

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

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

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**19. Other liabilities**

	2021 \$'000	2020 \$'000
Other	1,678	-
Income received in advance	7,180	7,180
<b>Current other liabilities</b>	<b>8,858</b>	<b>7,180</b>
Other	2,871	2,866
<b>Non-current other liabilities</b>	<b>2,871</b>	<b>2,866</b>

<sup>1</sup> Other non-current liabilities include future payments required to be made in relation to Integrated Station Development arrangement \$2.2 million (2020: \$2.2 million).

**20. Reconciliation of net cash flows from operating activities to net result**

	2021 \$'000	2020 (Restated) \$'000
Net cash inflows/(outflows) from operating activities	4,052,326	2,425,386
Depreciation and amortisation	(224,880)	(218,798)
Non-cash revenue and expenses	(86,234)	40,819
Increase/(decrease) in receivables and other assets	156,141	(79,519)
(Increase)/decrease in payables and provisions	6,290	70,688
Net gain/(loss) on sale of property, plant and equipment	7,310	(37,347)
Other gains/(losses)	9,419	425,810
<b>Reconciliation to net result</b>	<b>3,920,372</b>	<b>2,627,039</b>

Restatement relates to the correction of prior period error (refer to Note 29 for further details).

**21. Non-cash financing and investing activities**

	Notes	2021 \$'000	2020 (Restated) \$'000
Equity transfers	23	-	47,593
Resources received free of charge	3(e)	2,005	2,284
<b>Non-cash investing activities</b>		<b>2,005</b>	<b>49,877</b>
Gains/(losses) on financial liability at amortised cost		9,748	(14,912)
Refinancing gain on borrowing		-	437,627
<b>Non-cash financing activities</b>		<b>9,748</b>	<b>422,715</b>

**Sydney Metro**  
**Notes to the financial statements**  
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**22. Commitments for expenditure**

	2021 \$'000	2020 \$'000
<b>Capital commitments</b>		
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at reporting date and not provided for:		
Not later than one year	3,509,686	2,148,832
Later than one year and not later than five years	1,529,645	2,656,204
Later than five years	28,501	-
<b>Total (including GST)</b>	<b>5,067,832</b>	<b>4,805,036</b>

Net GST on all commitments estimated at \$461.0 million (2020: \$436.8million) will be recouped from the Australian Taxation Office.

**23. Equity and reserves**

**(a) Asset revaluation reserve**

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Entity's policy on the revaluation of property, plant and equipment as outlined in Note 12.

**(b) Hedge reserve**

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

**(c) Accumulated funds**

Accumulated funds include all current period retained funds.

**(d) Equity transfers**

	2021 \$'000	2020 \$'000
Metro Northwest assets transferred to TfNSW <sup>1</sup>	-	(47,635)
Waterloo Metro Quarter Development transferred from Infrastructure NSW <sup>2</sup>	-	95,228
<b>Equity transfers</b>	<b>-</b>	<b>47,593</b>

<sup>1</sup> The Transport Secretary directed Sydney Metro to transfer land surrounding Metro Northwest Electronic Ticketing, Wayfinding and other Digital assets to Transport for NSW under the *Transport Administration Act 1988*, and it has been accounted for as adjustment to equity in accordance with TPP 09-3.

<sup>2</sup> The Premier approved a transfer of Waterloo Metro Quarter Development from Infrastructure NSW under the *Growth Centres (Development Corporations) Act 1974*, and it has been accounted for as adjustment to equity in accordance with TPP 09-3.

**Sydney Metro**  
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**23. Equity and reserves (continued)**

**Recognition and measurement**

Equity transfers represent the transfer of net assets / liabilities between agencies as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector agencies and 'equity appropriations'. These equity transfers are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'accumulated funds'. This treatment is consistent with TPP 09-3, AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners made to Wholly-owned Public Sector Entities*.

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

All other equity transfers are recognised at fair value.

**24. Contingent assets and contingent liabilities**

There was a dispute in relation to contractual claims and counterclaims relating to the Sydney Metro Northwest project. A non-binding decision was made by the Dispute Avoidance Board (DAB) in relation to that dispute. Both parties have a right to appeal to arbitration against the decision of the DAB. No appeal had been lodged as at 30 June 2021, however a notice of arbitration without supporting documentation was received on 20 July 2021. Accordingly, there is significant uncertainty as to the extent and amount of any potential financial outcome (either liability or amount recoverable by Sydney Metro) that will arise in relation to these disputes.

There are contractual, variation and escalation claims that have been made by contractors engaged by the Entity on the City & Southwest project in the ordinary course of business with an estimated total contingent liability of \$94.6 million (2020: nil). There are also a number of other contractual claims and variations that have arisen on the City & Southwest project. The amount of the liability that may arise from these other claims and variations cannot be measured reliably at this time, and there is significant uncertainty as to whether a future liability will arise in respect to these items.

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

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

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

## 25. Financial instruments (continued)

### (b) Derecognition of financial assets and financial liabilities

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

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

Where the Entity has neither transferred nor retained substantially all the risk and rewards or transferred control, the asset continues to be recognised to the extent of the Entity's continuing involvement in the asset. In that case, the Entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Entity has retained.

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

### (c) Derecognition of financial assets and financial liabilities (continued)

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

### (d) Derivatives

The Entity only uses derivatives for hedging purposes and not as trading or speculative instruments. The Entity has \$1.2 million (2020: \$0.4 million) derivative financial liabilities.

All derivatives are measured at fair value. Information about the exposure is provided: credit risk in Note 25(e), foreign exchange risk in Note 25 (g), the methods and assumptions used in determining fair values of derivatives in Note 25(h).

### Energy price risk management

The Entity is exposed to energy price risk associated with the purchase of energy to operate transport services.

It is the Entity's policy to manage the energy price exposure arising from its energy load by entering into fixed price supply arrangements with retailers or to hedge forecast exposures on a portion of its energy load for periods up to 15 years.

The exposure to fluctuations in the wholesale market prices is managed through the use of a derivative financial instrument.

## 25. Financial instruments (continued)

The following table indicates the periods in which the cash flow associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

	Notional MW/h	Expected cash flow			Total \$'000
		Less than 12 months \$'000	1 - 5 Years \$'000	Greater than 5 Years \$'000	
<b>2021</b>					
Energy derivative contract	134,000	(3,819)	(1,715)	4,309	(1,225)
<b>2020</b>					
Energy derivative contract	134,000	(3,332)	(3,749)	6,666	(415)

### (e) Credit risk

Credit risk arises when there is a possibility that the counterparty will default on their contractual obligations, resulting in financial loss to the Entity. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment).

Credit risk arises from financial assets of the reporting Entity, including cash and cash equivalents, as well as credit exposure to customers, including outstanding receivables and committed transactions and derivative financial instruments. The Entity holds bank guarantees for significant contractors. The Entity has not granted any financial guarantees.

Credit risk associated with Entity's financial assets other than receivables, is managed through the sound selection of counterparties and establishment of minimum credit rating standards.

The Entity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Entity may also consider a financial asset to be in default when internal or external information indicates that the Entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Entity. Credit risk impacts on the following financial instruments which are discussed below.

### Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury banking system. Interest is earned on daily bank balances at the current Reserve Bank of Australia official cash rate.

### Derivatives

The Entity limits its exposure to credit risk by entering into derivative financial instruments only with approved counterparties that have an acceptable credit rating. Derivative counterparties are limited to high creditworthy organisations in the energy industry. The Entity also utilises International Swaps and Derivative Association (ISDA) agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from and amounts payable to individual counterparties.

### Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Entity applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.



**25. Financial instruments (continued)**

**(e) Credit risk (continued)**

**Receivables – trade debtors (continued)**

Trade debtors are written off when there is no reasonable expectation of recovery. The Entity is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Most of trade debtors are NSW Government agencies, where the risk of credit loss is not material and there is no reasonable expectation of non-recovery of receivables. Therefore, Entity’s loss allowance for trade debtor as at 30 June 2021 and 30 June 2020 was determined as nil. The Entity is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

**(f) Liquidity risk**

Liquidity risk is the risk that the Entity will be unable to meet its payment obligations when they fall due. The Entity continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

During the current year, there were no defaults on borrowings or loans payable and no assets have been pledged as collateral. The Entity’s exposure to liquidity risk is deemed insignificant based on current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

# Sydney Metro

## Notes to the financial statements

for the year ended 30 June 2021

### 25. Financial instruments (continued)

#### (f) Liquidity risk (continued)

The table below summarises the maturity profile of the Entity's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities			Interest rate exposure			Maturity dates		
	Weighted average effective Int. rate (%)	Nominal amount \$ '000	Fixed interest rate \$ '000	Variable interest rate \$ '000	Non- interest bearing \$ '000	< 1 year \$ '000	1 - 5 years \$ '000	> 5 years \$ '000
<b>2021</b>								
<b>Payables</b>								
Trade creditors	-	39,995	-	-	39,995	39,995	-	-
Accrued expenses	-	1,496,412	-	-	1,496,412	1,496,412	-	-
Personnel services payable	-	5,018	-	-	5,018	5,018	-	-
Other liabilities	-	4,549	-	-	4,549	1,678	2,871	-
<b>Borrowings</b>								
Service concession financial liability	1.63	3,191,546	1,401,035	1,790,511	-	796,188	1,023,041	1,372,317
Lease liabilities	1.41	51,991	-	51,991	-	12,804	29,064	10,123
		<b>4,789,511</b>	<b>1,401,035</b>	<b>1,842,502</b>	<b>1,545,974</b>	<b>2,352,095</b>	<b>1,054,976</b>	<b>1,382,440</b>
<b>2020</b>								
<b>Payables</b>								
Trade creditors	-	50,210	-	-	50,210	50,210	-	-
Accrued expenses	-	200,901	-	-	200,901	200,901	-	-
Personnel services payable	-	4,480	-	-	4,480	4,480	-	-
Other liabilities	-	2,866	-	-	2,866	-	2,866	-
<b>Borrowings</b>								
Service concession financial liability	2.87	3,454,595	3,454,595	-	-	913,066	976,719	1,564,810
Lease liabilities	1.42	32,954	-	32,954	-	12,459	20,495	-
		<b>3,746,006</b>	<b>3,454,595</b>	<b>32,954</b>	<b>258,457</b>	<b>1,181,116</b>	<b>1,000,080</b>	<b>1,564,810</b>

**Sydney Metro**  
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**25. Financial instruments (continued)**

**(g) Market risk**

Market risk relates to fluctuations in the fair value of future cash flows of financial instruments because of changes in market prices. The Entity's exposure to market risk is primarily through foreign exchange risks associated with overseas purchase commitments and commodity price risk associated with energy purchases.

The effect on net result and equity due to a reasonable possible change in risk variable is outlined in the information provided below, for interest rate risk and other price risk including currency movements. A reasonable possible change in risk variable has been determined after taking into account the economic environment in which the Entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance date. The analyses is performed on the same basis as for 2020. The analysis assumes that all other variables remain constant.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Entity's interest bearing liabilities. The Entity does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Entity's exposure to interest rate risk is set out in the table below:

	Carrying amount	-1%		+1%	
		Net result	Equity	Net result	Equity
	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
<b>Financial assets</b>					
Cash and cash equivalents	1,551,545	(15,515)	(15,515)	15,515	15,515
<b>Financial liabilities</b>					
Service concession financial liability	(1,790,511)	286	286	(3,324)	(3,324)
	Carrying amount	-1%		+1%	
		Net result	Equity	Net result	Equity
	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
<b>Financial assets</b>					
Cash and cash equivalents	285,448	(2,854)	(2,854)	2,854	2,854

**Foreign exchange risk**

Exposure to foreign exchange risk arises primarily through the contractual commercial transactions denominated in a foreign currency.

There is no foreign exchange exposure for the Entity as at 30 June 2021 (2020: nil exposure).

**Sydney Metro**  
**Notes to the financial statements**  
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**25. Financial instruments (continued)**

**(g) Market risk (continued)**

**Commodity price risk**

The Entity is exposed to commodity price risk from electricity purchases.

The Entity is exposed to electricity price risk associated with the purchase of electricity to operate Metro services. The exposure to fluctuations in wholesale market prices is managed by entering into fixed price supply arrangements with retailers or to hedge forecast exposure on a portion of the consolidated Entity's energy load. Generally, electricity swap contracts are designated as cash flow hedges. However as at 30 June 2021, the only electricity derivative financial instrument was not designated in a hedge relationship under AASB 9 *Financial Instruments*. This derivative is classified as held for trading. The derivative is carried as financial liabilities when the fair value is negative. Gains or losses on liabilities held for trading are recognised in the net result.

The Entity's exposure to commodity price risk is set out in the table below, with all other variables being held constant.

The impact on other comprehensive income is due to changes in the fair value of the financial instruments.

A sensitivity of 10% movement in the spot price of the respective commodities has been selected for use in the sensitivity analysis at the reporting date.

		Notional MW/h	10%		-10%	
			Net result \$ '000	Equity \$ '000	Net result \$ '000	Equity \$ '000
2021	Energy derivatives	134,000	5,678	-	(8,129)	-
2020	Energy derivatives	134,000	7,242	-	(8,072)	-

**(h) Fair value compared to carrying amount**

Financial instruments are generally recognised at cost, with the exception of derivatives, which are measured at fair value.

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

The following table details the financial instruments where the fair value differs from the carrying amount:

	2021		2020	
	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000
<b>Borrowings</b>				
Service concession financial liabilities <sup>1</sup>	\$2,484,652	\$2,335,985	\$2,437,034	\$2,193,963

<sup>1</sup>The fair value of service concession financial liabilities is determined using the discounted cash flow analysis method that reflects the Entity's incremental borrowing rates, which is TCorp lending rates at the end of the reporting period.

**Sydney Metro**  
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**25. Financial instruments (continued)**

**(h) Fair value compared to carrying amount (continued)**

The fair values of financial instrument assets and liabilities are determined as follow:

- the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial instrument assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The amortised cost of all other financial instruments recognised in the Statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

**Fair value recognised in the Statement of financial position**

	Level 1 2021 \$'000	Level 2 2021 \$'000	Level 3 2021 \$'000	Total
<b>Financial liabilities at fair value</b>				
Derivative financial instruments	-	-	(1,225)	(1,225)
	-	-	(1,225)	(1,225)

	Level 1 2020 \$'000	Level 2 2020 \$'000	Level 3 2020 \$'000	Total
<b>Financial liabilities at fair value</b>				
Derivative financial instruments	-	-	(415)	(415)
	-	-	(415)	(415)

The Entity uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Derived from quoted prices in active markets for identical assets / liabilities.
- Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 – Derived from valuation techniques that include inputs for the asset / liability not based on observable market data (unobservable inputs)

The fair value of the energy derivative is determined as the present value of future contracted cash flows and credit adjustments (Level 3). Cash flows are discounted using standard valuation techniques at applicable market yield having regard to timing of cash flows.

There were no transfers between Level 1, 2 or 3 during the year.

**Sydney Metro**  
**Notes to the financial statements**  
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**26. Budget review**

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfers of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed on the primary financial statements are explained below.

**(a) Net Result**

The actual net surplus result was lower than budgeted by \$1,969 million, mainly due to the following:

	<b>\$M</b>
<b>Net result per the Budget</b>	<b>5,889</b>
<b>Variance between budget and actual comprises</b>	
Lower grant funding from TfNSW	(1,725)
Lower gain on asset disposal	(136)
Lower sales of goods and services	(50)
Lower interest expense due to AASB 1059 adjustments	4
Lower depreciation expense	7
Higher operating expenses	(5)
Grant expense not included in the original budget	(83)
Interest income on unwinding of Integrated Station Development projects not budgeted	10
Other gains/(losses)	9
<b>Actual net result</b>	<b>3,920</b>

**(b) Assets and liabilities**

The actual net assets were \$1,699 million lower than the original budget, mainly due to the following:

<b>Closing net assets as per the Budget</b>	<b>21,731</b>
<b>Variance between budget and actual comprises</b>	
Lower capital purchases	(1,209)
Receivables from integrated station developments lower	(85)
Higher payables	(1,336)
Higher AASB 1059 adjustments	(697)
Higher provisions	(13)
Higher cash balance	1,414
Higher receivables	229
Other variances	(2)
<b>Actual net assets</b>	<b>20,032</b>

**(c) Cash flows**

The closing cash position was \$1,414 million higher than budget due to

<b>Closing cash and cash equivalents per budget</b>	<b>137</b>
<b>Variance between budget and actual comprises</b>	
Lower than budgeted net cash flow from operating activities mainly due to lower grant funding	(1,791)
Lower than budgeted net cash flow from investing activities due to lower capital spend	2,526
Lower than budgeted net cash flow from financing activities	679
<b>Closing Actual cash and cash equivalents</b>	<b>1,551</b>

**27. Related party disclosures**

**a) Key management personnel compensation**

During the year, the Entity incurred \$1.1 million (2020: \$1.1 million) in respect of the key management personnel services that are provided by the Transport Service of NSW. The amount incurred excludes long service leave and defined benefit superannuation scheme benefits assumed by the Crown in accordance with NSWTC 16-12 Related party disclosures.

**b) Transactions and outstanding balances with key management personnel of the Entity and its parent during the financial year**

There were no material transactions or outstanding balances with key management personnel of the Entity and its parent during the financial year.

**c) Transactions and outstanding balances with other related parties during the financial year**

There were no transactions or outstanding balances with other related parties during the financial year.

**d) Transactions and outstanding balances with government related entities during the financial year**

During FY2020-21, the Entity entered into the following transactions with other entities consolidated as part of the NSW Total State Sector (the ultimate parent) within the normal course of business:

- Grant revenue received from Transport for NSW;
- Monthly reimbursements from TAHE (formerly RailCorp) for the design and construction of major rail projects by Sydney Metro;
- Recoupment of project and other costs incurred by Transport for NSW on behalf of Sydney Metro;
- Payments for personnel services provided by Transport Service of NSW;
- Payments for shared services provided by Transport for NSW, these are charges for personnel services, finance, human resources, and information technology services;
- Lease arrangements with Transport for NSW for the use of a community centre and an office building;
- Payments for services and works provided by other agencies, including Transport for NSW and Sydney Trains;
- Reimbursement of replacement bus service payments to Transport for NSW;
- Contribution from Infrastructure NSW in relation to Waterloo Metro Quarter Development;
- Receipt of the Affordable Housing Contribution Fund from Infrastructure NSW to apply to the affordable housing component of the Waterloo Metro Quarter Development;
- Sydney Metro asset transfer to TAHE (formerly RailCorp) for Chatswood/Northern Connection Works;
- Prepayments made to Transport for NSW in consideration for future land acquisition relating to Western Sydney Airport project works;
- Lease arrangements with Newcastle Port Corporation for the use of facilities as a construction site;
- Recoupment of project and other costs incurred by Sydney Metro on behalf of Infrastructure NSW;
- Recoupment of project and other costs incurred by Sydney Metro on behalf of Sydney Trains;
- Impairment loss on right-of-use assets on certain lease arrangements with Transport for NSW; and
- Selling cost incurred from Landcom for the sale of Northwest surplus land.

**28. Trust funds**

The Entity holds funds in trust for compulsory land acquisition compensation payable under the *Land Acquisition (Just Terms Compensation) Act 1991*. As the Entity performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Entity's own objectives, these funds are not recognised in the financial statements.

The following is a summary of the transactions in the trust account:

	2021	2020
	\$'000	\$'000
Cash balance 1 July	6,563	8,070
Add: Receipts	11	49
Less: Expenditure	(4,876)	(1,556)
<b>Cash balance at 30 June</b>	<b>1,698</b>	<b>6,563</b>

**29. Correction of prior year errors**

**Transfer of assets**

As part of project delivery, the Entity is required to undertake works to build assets for third parties such as councils, utility providers and other Government agencies, and once completed, the assets are transferred or handed over to the third parties. These works are generally undertaken via interface agreements or work authorisation packages with the relevant third party. Whilst the costs incurred in undertaking third party works are considered to be part of the capitalised project costs during construction, they are expensed as non-cash grant expense upon handover or transfer to the respective third parties, due to the loss of control/risks associated with the assets.

Further analysis of the third party works completed by the Entity this year has identified additional assets that were completed and transferred to TAHE during FY2020. As such, the Entity has derecognised the carrying value of these assets from property, plant and equipment (\$11.3 million) with a corresponding adjustment to non-cash grant expense in the prior year.

The impact of the Statement of comprehensive income and Statement of financial position from restating the balances in the prior year due to the above matters are shown below.

*Impact on Statement of Comprehensive Income*

	Original	Correction	Impact of	Restated
	2020	of errors	AASB	
	\$'000	2020	1059 <sup>1</sup>	2020
Notes	\$'000	\$'000	\$'000	\$'000
<b>Expenses excluding losses</b>				
Grants and subsidies	11,759	11,276	-	23,035
<b>Total expenses excluding losses</b>	<b>758,592</b>	<b>11,276</b>	<b>(63,854)</b>	<b>706,014</b>
<b>Net result</b>	<b>2,211,144</b>	<b>(11,276)</b>	<b>427,171</b>	<b>2,627,039</b>
<b>Total comprehensive income</b>	<b>2,409,221</b>	<b>(11,276)</b>	<b>434,055</b>	<b>2,832,000</b>

<sup>1</sup> The 2020 comparative figures have also been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 1(h) for the full disclosure of impacts of AASB 1059.

**Sydney Metro**  
**Notes to the financial statements**  
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**29. Correction of prior year errors (continued)**

*Impact on Statement of Financial Position*

		Original	Correction of errors	Impact of adoption of AASB 1059 <sup>1</sup>	Restated
		2020	2020	2020	2020
	Notes	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property plant and equipment					
Land and buildings	12	528,412	-	-	528,412
Plant and equipment	12	665,543	-	-	665,543
Infrastructure systems	12	15,204,974	(11,276)	417,052	15,610,750
Property, plant and equipment	12	16,398,929	(11,276)	417,052	16,804,705
<b>Total non-current assets</b>		<b>17,710,168</b>	<b>(11,276)</b>	<b>259,394</b>	<b>17,958,286</b>
<b>Total assets</b>		<b>18,142,605</b>	<b>(11,276)</b>	<b>259,394</b>	<b>18,390,723</b>
<b>Net assets</b>		<b>16,060,618</b>	<b>(11,276)</b>	<b>(224,400)</b>	<b>15,824,942</b>
<b>EQUITY</b>					
Accumulated funds		15,200,266	(11,276)	(231,284)	14,957,706
<b>Total equity</b>		<b>16,060,618</b>	<b>(11,276)</b>	<b>(231,284)</b>	<b>15,824,942</b>

*Impact on Statement of Changes in Equity*

		Original	Correction of errors	Impact of adoption of AASB 1059 <sup>1</sup>	Restated
		2020	2020	2020	2020
	Notes	\$'000	\$'000	\$'000	\$'000
<b>Accumulated funds</b>					
Net result for the year		2,211,144	(11,276)	427,171	2,627,039
Total comprehensive income for the year		2,409,221	(11,276)	434,055	2,832,000
<b>Balance at 30 June 2020</b>		<b>15,200,266</b>	<b>(11,276)</b>	<b>(231,284)</b>	<b>14,957,706</b>
<b>Total Equity</b>		<b>16,060,618</b>	<b>(11,276)</b>	<b>(224,400)</b>	<b>15,824,942</b>

<sup>1</sup> The 2020 comparative figures have also been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 1(h) for the full disclosure of impacts of AASB 1059. This is not considered a correction of prior year errors but included in this Note to reflect the revised 2020 restated balances.

**30. After balance date events**

The COVID-19 pandemic is ongoing and continues to impact the operations of the Entity. The Entity has assessed that there is no material impact on the operating result and the carrying values of assets and liabilities as at 30 June 2021. The on-going pandemic continues to significantly impact revenue and expenses. The financial impact is anticipated to be funded by Government.

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**30. After balance date events (continued)**

The real estate market is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions could change within a relatively short period of time. The Entity engaged an independent external valuer to undertake a market review to identify any material market movement in values since 30 June 2021. The external valuer advised that since the 30 June 2021 land valuation, there has been limited sales data in the area where the land are located to indicate material movement in the value; and that majority of the Entity's land asset has restricted zoning and therefore is less susceptible to market movement in the larger sense. Additionally, the external valuer noted that the impact of the additional COVID-19 restriction in Sydney is not yet known, however, they noted that the restrictions on public movements will have a short term impact to the market. The Entity noted that the present situation is evolving and will continue assess the implications of COVID-19 on the fair value of its land assets when new information becomes available.

There are no other events that have occurred after the balance date that would have a significant impact on the financial statements.

**End of audited financial statements.**



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ABN: 12 354 063 515

ISSN: 2652-9262