Transurban Queensland Holdings 1 Pty Limited and controlled entities

ABN 64 169 090 804

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

Annual report

for the year ended 30 June 2024

Commercial in confidence

Contents

Directors' report

The Directors of Transurban Queensland Holdings 1 Pty Limited (TQH1, the Parent or the Company) and its controlled entities (Transurban Queensland or the Group), Transurban Queensland Holdings 2 Pty Limited and its controlled entities (TQH2), Transurban Queensland Invest Pty Limited (TQI) and Transurban Queensland Invest Trust and its controlled entities (TQIT), present their report on Transurban Queensland for the year ended 30 June 2024 (FY24). The controlled entities of TQH1 include the other members of the stapled group being TQH2, TQI and TQIT.

Directors

The following persons were Directors of the Group during the year and up to the date of this report, unless otherwise stated:

Current

D O'Toole (Chair)
D Clements
N Ficca
N Green (appointed 31 May 2024)
J Walters (appointed 8 March 2024)
H Wehby
M Cameron (alternate Director)
T Lloyd (alternate Director) (appointed 28 August 2024)
J Xu (alternate Director) (appointed 8 March 2024)

Former

S Johnson (until 31 May 2024)
E Rubin (until 7 March 2024)

Principal activities

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

Financial results

Statutory toll and fee revenue from ordinary activities increased by 9.2% to $909.5 million.

Statutory net profit after tax increased from a profit of $49.9 million to a profit of $101.8 million.

Non-statutory earnings before net finance costs, income taxes and depreciation and amortisation[1] (Non-statutory EBITDA) increased by 9.3% to $664.4 million.

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

Distributions

Quarter Ended	2024 $M	2023 $M
30 September	**43.0**	27.0
31 December[1]	**95.0**	93.0
31 March	**48.0**	39.9
30 June[1]	**112.6**	75.0
Total distributions for the financial year	**298.6**	234.9

1. In addition to the above distributions, $580.4 million of shareholder loan note principal was repaid to shareholders during the year ended 30 June 2024 (2023: $103.1 million).

Operating and financial review

Our business

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

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

The Group was established in 2014 by a consortium of investors including the Transurban Group (62.5%), Australian Super (25%) and Platinum Tawreed Investments A 2010 RSC Limited (12.5%).

Concession asset timelines

The concession asset end dates are listed below:

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

Strategy

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

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

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

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

Value proposition

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

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

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

Operating and financial review (continued)

Group financial performance

Financial performance indicators

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

	FY24 $M	FY23 $M
Statutory toll revenue	**909.5**	832.7
Statutory net profit	**101.8**	49.9
Non-statutory EBITDA[1]	**664.4**	607.8

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

Concession asset performance

Asset	Toll revenue contribution[1]	Traffic growth (ADT[2])	Toll revenue growth
Gateway	33.7%	1.9%	9.0%
Logan	32.7%	0.8%	9.3%
AirportlinkM7	17.0%	2.9%	10.4%
Clem7	8.2%	2.4%	10.5%
Legacy Way	6.9%	1.0%	5.6%
Go Between Bridge	1.5 %	(1.6%)	5.2%
	100.0%		

[1] Calculated based on toll revenue for FY24.

[2] Average Daily Traffic.

Health, Safety and Environment (HSE)

Transurban Queensland has implemented HSE leadership and training initiatives. This includes the completion of personal HSE Action Plans, achieving a 98% completion rate and maintaining a three-year period of zero employee recordable injuries.

Transurban Queensland’s collaborative partnership with contractors is evidenced by an achievement of a 23% reduction in contractor recordable injuries compared to the previous year. Transurban Queensland's robust HSE assurance framework has been instrumental in enhancing contractor HSE performance and ensuring worker safety.

Following a challenging FY23, Transurban Queensland's road safety performance has improved with a 14% reduction in serious injury crashes. Initiatives identified through improved road safety analytics have targeted rear end, speeding and merging crashes. Engagement with Queensland Police and Department of Transport and Main Roads continues as a key focus on addressing key safety risks.

Operating and financial review (continued)

Supporting our customers and communities

During FY24, Transurban Queensland continued to support its customers and communities.

With cost of living pressures having an ongoing impact in the community, Transurban Queensland actively promoted its Linkt rewards program, offering discounts on fuel, car servicing, travel, car hire and car washing. An expanded fuel offer was also launched, providing 12 cents a litre off fuel for eligible Linkt customers who took 10 or more trips per month during April, May and June 2024. To support those customers experiencing financial hardship, Transurban Queensland continued to promote its Linkt Assist program; and to address ongoing SMS scams related to toll road accounts, Transurban Queensland promoted scam awareness encouraging customers to report any suspicious text messages received.

On Sunday 15 October 2023, Transurban Queensland was once again a major sponsor of the Sunday Mail Transurban Bridge to Brisbane fun run event, which saw 30,000 people participate in the 4.5km or 10km race, raising more than $1.2 million for charities of South East Queensland. As part of the event, the 300-strong Team Transurban raised a record $417,000 for long-term charity partner Ronald McDonald House Charities SEQ, funding in-hospital emergency accommodation for families of seriously ill and injured children.

In April 2024, Transurban Queensland was the major sponsor of the Tour de Brisbane cycling event which featured key Transurban Queensland assets including Legacy Way and Go Between Bridge. A record 7,000 cyclists took part, raising $93,000 to fund transplant research through The Prince Charles Hospital Foundation.

In late 2023, Transurban Queensland awarded community grants of up to $10,000 to seven organisations across South East Queensland who are bringing social, road safety and environmental benefits to their community. For the first time Linkt customers and the broader community were encouraged to vote for a “people’s choice” award, which saw an additional $1,000 worth of funding to the applicant with the highest votes.

During National Road Safety Week in May 2024, Transurban Queensland hosted an industry event featuring road safety experts from NeuRA, Kidsafe, Queensland State Government and RACQ discussing the safe transportation of children with disabilities and medical conditions; and occupant protection needs for a future of automated vehicles.

Operations

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

- → The Transurban Queensland Network Operations Centre was the command centre for the Bridge to Brisbane event for the first time. Transurban Queensland was joined by the event management company, Queensland Police Service, Queensland Ambulance Service and SES, medical personnel and multiple traffic control companies.
- → Transurban Queensland transitioned to Ventia as the single incident response and maintenance service provider, with successful go-lives for Transurban Queensland’s open roads in August 2023 and Transurban Queensland’s tunnel network in November 2023. This transition is consistent with Transurban Queensland’s consolidation of control room strategy.
- → Portal ventilation optimisation initiatives to reduce energy consumption continued for Clem7 with Legacy Way operationalisation approved in March 2024 and AirportlinkM7 trial approval received in April 2024.

On 23 July 2024, Transurban Queensland announced that it is partnering with the Queensland State Government to further develop plans for widening the western section of the Logan Motorway (Logan West Upgrade Project). The announcement marked the progression of Logan West Upgrade Project to the Binding Upgrade Proposal stage between Transurban Queensland and the Queensland State Government. As a part of this process both parties will agree the final scope and funding model for the Logan West Upgrade Project.

Operating and financial review (continued)

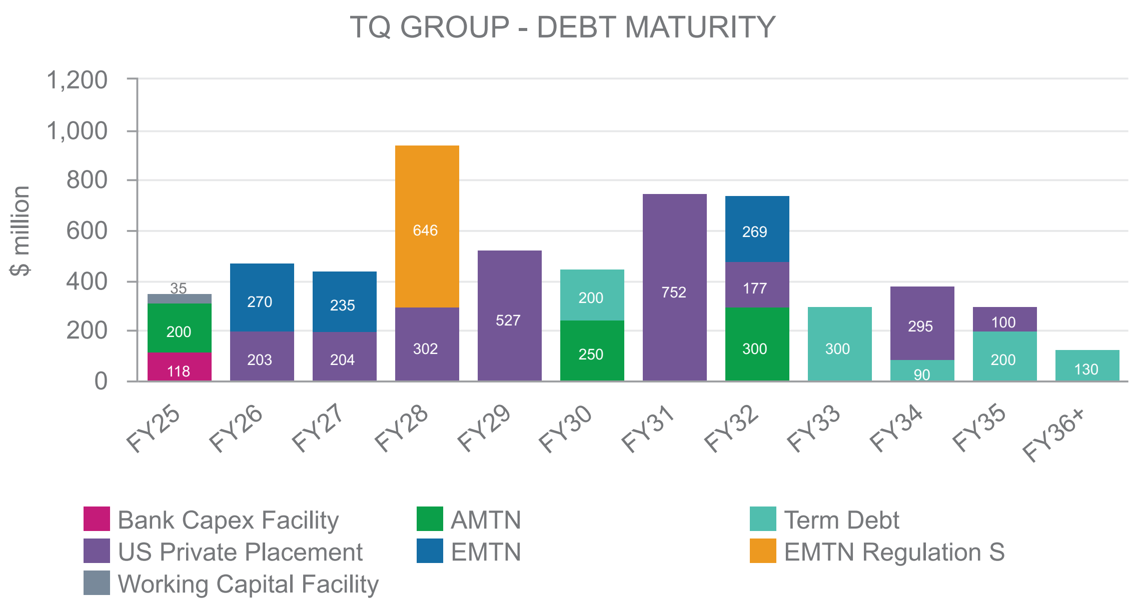
Financing activities

During FY24, and in the interval between the end of FY24 and the date of this report, the Group executed the following financing activities:

- In July 2023, a further $200.0 million was drawn on the syndicated bank facility to repay $200.0 million AMTN. The syndicated bank facility was subsequently repaid via the proceeds from a new $500.0 million institutional term loan (ITL) with tenors of 10 and 12 years which reached financial close in July 2023.
- In November 2023, the Group reached financial close on $250.0 million of senior secured notes under its Australian Medium Term Note (AMTN) Programme with a tenor of 6.5 years.
- In November 2023, the Group reached financial close on a $220.0 million ITL facility with tenors of 10 and 12 years.
- In August 2024, the Group reached financial close on $250.0 million of senior secured notes under its AMTN Programme with a tenor of 10 years.

Debt maturity profiles

The following chart shows the Group's debt maturity profile based on the total facilities available as at 30 June 2024. The full value of available debt facilities is shown. Debt is shown in the financial year in which it matures. Debt values are shown in AUD as at 30 June 2024. CHF and USD debt is converted at the hedged rate where cross currency interest rate swaps are in place, to remove the risk of unfavourable exchange rate movements – refer to Note B12 of the financial statements.



Financial risk management

The Group's exposure to financial risk and its policies for managing that risk can be found in Note B12 of the financial statements. This section outlines the Group's financial risk management objectives in accordance to the Group Treasury Policy and associated Frameworks.

Operating and financial review (continued)

Sustainability

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

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

People, Planet, Places and Partnerships

During FY24, Transurban Queensland delivered a range of sustainability initiatives under these themes, including:

People

- → Continued implementation of the Group Innovate Reconciliation Action Plan (RAP) and the Brisbane based appointment of Transurban's first identified role working in the capacity as a First Nation Program Manager.
- → Released fourth annual Modern Slavery Statement, outlining how Transurban works to identify and address risks of modern slavery in the company's operations and supply chain.
- → Completed a submission to the National Electric Vehicle Strategy, supporting Federal Governments efforts to increase the uptake of electric vehicles.
- → Completed a Queensland circular economy pilot with Project Delivery, outcomes included drafting of targets and identifying process to increase circular economy principles and reduce greenhouse gas emissions.

Planet

- → Maintained leadership across ESG global benchmarks including:
  - → CDP benchmark - achieved an A- rating (2023).
  - → Global Real Estate Sustainability Benchmark for Infrastructure achieved 3-star rating (2023).
  - → The Dow Jones Sustainability Indices (DJSI) achieved top 10% rating in DJSI World Index (2023).
- → Achieved 95% of our electricity needs sourced from renewable energy in FY24.
- → Commenced portal ventilation strategic initiatives to reduce power consumption.

Operating and financial review (continued)

Sustainability (continued)

Places

→ Continued to enhance our approach to climate risk and reporting including the ongoing integration of the Climate Change Adaptation Plans (CCAPs) across the Queensland assets.

→ Enhanced wet weather preparations in response to identified flood risk in Queensland, including working with our incident response and maintenance service providers to develop or update Business Continuity Plans, Water Risk Management Strategy, review of flood prone areas and at-risk locations, access during floods, and capacity / catchment vs rainfall heat map.

→ Continued preparation for the new Australian Sustainability Reporting Standards (ASRS) 1 and 2 mandatory climate-related financial impact reporting obligations.

→ In preparation for the Taskforce on Nature-related Disclosure (TNFD):

  → Completed a high-level nature assessment identifying nature risks, impacts and current state of nature in Transurban was completed.

  → Commenced preparation to disclose against TNFD by completing a ‘Locate’ assessment which identifies direct Transurban assets that are in sensitive locations. Every QLD asset was deemed to meet the TNFD’s definition of a priority location via the sensitive ecosystem criteria.

Partnerships

→ Completed offset koala habitat project, a joint initiative with Brisbane City Council (BCC) to enhance areas of bushland and protect koala habitat. 128,808 non-juvenile koala habitat trees planted by 30 June 2024, enhancing and protecting 146.63 hectares of land across 17 different sites.

→ Completed sixth car seat safety blitz in partnership with Kidsafe Qld, which saw more than 290 car seats fitted for free for families across Brisbane and Logan over a four day period. Since Transurban Queensland’s partnership with Kidsafe commenced in 2019, more than 7,800 car seats have been fitted for free.

→ Continued Transurban Queensland’s driver training partnerships with the ARTIE Academy and Women at the Wheel, providing First Nations students and migrant women with access to supervised driving lessons, with more than 1,180 driving hours competed and 39 licenses obtained, opening opportunities for education and employment.

Business risks, threats and opportunities

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

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

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

→ Identification of new business opportunities in the Queensland market.

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

→ Potential impacts of cost of living challenges;

→ Change in government policies or regulatory interpretations including toll reform;

→ Technical infrastructure failure or an inability to respond effectively to a disruption;

→ Maintaining our social licence to operate;

→ Treasury management of debt liquidity and balance sheet;

Operating and financial review (continued)

Business risks, threats and opportunities (continued)

- Inability to attract and retain the workforce capability required for critical roles;
- Maintaining the safety and well being of employees and contractors;
- Dependency on third parties and critical suppliers; and
- Cyber security and information protection, reflecting global geopolitical uplift in the cyber threat landscape.

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

Risk management

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

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

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

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

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

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

Operating and financial review (continued)

Auditor

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

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

	2024 $	2023 $
Amounts received or due and receivable by PricewaterhouseCoopers		
Audit and other assurance services:		
Audit of financial reports	**747,000**	650,000
Other assurance services	**129,600**	35,700
Total remuneration for PricewaterhouseCoopers	**876,600**	685,700
Total auditor's remuneration	**876,600**	685,700

Indemnification

Each officer (including each Director) of the Group is indemnified, to the maximum extent permitted by law, against any liabilities incurred as an officer of the Group pursuant to agreements with the Group. Each officer is also indemnified against reasonable costs (whether legal or otherwise) incurred in relation to relevant proceedings in which the officer is involved because the officer is or was an officer.

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

Rounding of amounts

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

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

D O'Toole
Director

N Green
Director

Brisbane
4 September 2024

Auditor's Independence Declaration

As lead auditor for the audit of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Pty Limited and Transurban Queensland Invest Trust for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Pty Limited and Transurban Queensland Invest Trust and the entities they controlled during the period.

E A Barron
Partner
PricewaterhouseCoopers

Melbourne
4 September 2024

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Transurban Queensland Holdings 1 Pty Limited

ABN 64 169 090 804

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Section A: Group financial statements

Consolidated statement of comprehensive income for the year ended 30 June 2024

	Note	2024 $M	2023 $M
Revenue	B5	**915.9**	841.1
Expenses			
Employee benefits expense		**(33.9)**	(31.8)
Road operating costs		**(157.7)**	(147.6)
Management fees		**(46.7)**	(40.1)
Corporate and other expenses		**(12.6)**	(11.3)
Construction costs		**(0.6)**	(2.5)
Total operating expenses		**(251.5)**	(233.3)
Depreciation		**(22.3)**	(20.2)
Amortisation	B14	**(238.7)**	(238.6)
Total depreciation and amortisation		**(261.0)**	(258.8)
Net finance costs	B10	**(288.1)**	(293.3)
Profit before income tax		**115.3**	55.7
Income tax expense	B6	**(13.5)**	(5.8)
Profit for the year		**101.8**	49.9
Profit attributable to:			
Ordinary securities holders of the stapled group			
- Attributable to TQH1		**25.2**	17.6
- Attributable to TQH2/TQI/TQIT		**76.6**	32.3
		101.8	49.9
Other comprehensive income			
Items that may be reclassified to the profit and loss in the future			
Changes in the fair value of cash flow hedges, net of tax		**0.2**	(79.3)
Changes in the fair value of cost of hedging, net of tax		**(10.5)**	0.2
Other comprehensive loss for the year, net of tax		**(10.3)**	(79.1)
Total comprehensive income/(loss) for the year		**91.5**	(29.2)
Total comprehensive income/(loss) for the year is attributable to:			
Ordinary security holders of the stapled group			
- Attributable to TQH1		**25.2**	17.6
- Attributable to TQH2/TQI/TQIT		**66.3**	(46.8)
Total comprehensive income/(loss) for the year		**91.5**	(29.2)

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

Consolidated balance sheet as at 30 June 2024

	Note	2024 $M	2023 $M
ASSETS			
Current assets			
Cash and cash equivalents	B7	**79.1**	106.4
Trade and other receivables	B7	**61.5**	61.8
Derivative financial instruments	B12	**0.9**	—
Total current assets		**141.5**	168.2
Non-current assets			
Derivative financial instruments	B12	**531.6**	536.6
Property, plant and equipment		**87.8**	102.3
Deferred tax assets	B6	**763.3**	771.9
Goodwill	B13	**204.7**	204.7
Other intangible assets	B14	**6,853.7**	7,089.1
Total non-current assets		**8,441.1**	8,704.6
Total assets		**8,582.6**	8,872.8
LIABILITIES			
Current liabilities			
Trade and other payables	B7	**106.1**	91.0
Borrowings	B11	**245.8**	200.0
Maintenance provision	B15	**63.4**	60.6
Other provisions		**5.8**	5.5
Other liabilities	B8	**59.7**	60.4
Total current liabilities		**480.8**	417.5
Non-current liabilities			
Borrowings	B11	**5,975.3**	5,556.9
Maintenance provision	B15	**640.9**	624.4
Other provisions		**0.5**	0.3
Other liabilities	B8	**20.0**	21.1
Shareholder loan notes	B23	**—**	580.4
Total non-current liabilities		**6,636.7**	6,783.1
Total liabilities		**7,117.5**	7,200.6
Net assets		**1,465.1**	1,672.2
EQUITY			
Contributed equity		**568.9**	568.9
Accumulated losses		**(409.4)**	(434.6)
Equity attributable to other members of the stapled group (TQH2/TQI/TQIT)		**1,305.6**	1,537.9
Total equity		**1,465.1**	1,672.2

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

Consolidated statement of changes in equity for the year ended 30 June 2024

	No. of securities M	Contributed equity $M	Accumulated losses $M	Equity attributable to other members – TQH2, TQI & TQIT $M	Total equity $M
Balance at 1 July 2023	**4,546.0**	**568.9**	**(434.6)**	**1,537.9**	**1,672.2**
Comprehensive income					
Profit for the year	**—**	**—**	**25.2**	**76.6**	**101.8**
Other comprehensive loss	**—**	**—**	**—**	**(10.3)**	**(10.3)**
Total comprehensive income	**—**	**—**	**25.2**	**66.3**	**91.5**
Transactions with owners in their capacity as owners:					
Dividends/distributions provided for[1]	**—**	**—**	**—**	**(298.6)**	**(298.6)**
	—	**—**	**—**	**(298.6)**	**(298.6)**
Balance at 30 June 2024	**4,546.0**	**568.9**	**(409.4)**	**1,305.6**	**1,465.1**
Balance at 1 July 2022	4,546.0	568.9	(452.2)	1,819.6	1,936.3
Comprehensive income					
Profit for the year	—	—	17.6	32.3	49.9
Other comprehensive loss	—	—	—	(79.1)	(79.1)
Total comprehensive income/(loss)	—	—	17.6	(46.8)	(29.2)
Transactions with owners in their capacity as owners:					
Dividends/distributions provided for[1]	—	—	—	(234.9)	(234.9)
	—	—	—	(234.9)	(234.9)
Balance at 30 June 2023	4,546.0	568.9	(434.6)	1,537.9	1,672.2

1. Refer to Note B9 for further details of dividends and distributions provided for.

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

Consolidated statement of cash flows for the year ended 30 June 2024

	Note	2024 $M	2023 $M
Cash flows from operating activities			
Receipts from customers		**995.5**	912.0
Payments to suppliers and employees		**(284.1)**	(250.6)
Payments for maintenance of intangible assets		**(56.9)**	(61.2)
Other cash receipts		**19.0**	7.1
Interest received		**10.3**	5.8
Interest and debt fees paid		**(267.0)**	(243.6)
Shareholder loan note interest paid		**(14.1)**	(33.2)
Income taxes paid		**(0.2)**	—
Net cash inflow from operating activities	(a)	**402.5**	336.3
Cash flows from investing activities			
Payments for intangible assets		**(4.0)**	(9.1)
Payments for property, plant and equipment		**(8.0)**	(18.7)
Net cash outflow from investing activities		**(12.0)**	(27.8)
Cash flows from financing activities			
Proceeds from borrowings (net of costs)	(b)	**1,173.4**	308.2
Repayment of borrowings	(b)	**(711.7)**	(278.6)
Principal repayment of leases		**(0.5)**	(0.6)
Redemption of shareholder loan notes	(b)	**(580.4)**	(103.1)
Dividends and distributions paid	B9	**(298.6)**	(234.9)
Net cash outflow from financing activities		**(417.8)**	(309.0)
Net decrease in cash and cash equivalents		**(27.3)**	(0.5)
Cash and cash equivalents at the beginning of the year		**106.4**	106.9
Cash and cash equivalents at end of the year	B7	**79.1**	106.4

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

	2024 $M	2023 $M
Profit for the year	**101.8**	49.9
Depreciation and amortisation	**261.0**	258.8
Non-cash net finance costs	**11.7**	19.6
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**0.3**	(17.6)
Increase in operating creditors and accruals	**15.5**	5.0
Increase in provisions	**0.7**	13.9
Decrease in deferred tax assets	**13.1**	5.7
(Decrease)/increase in other liabilities	**(1.6)**	1.0
Net cash inflow from operating activities	**402.5**	336.3

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

Consolidated statement of cash flows for the year ended 30 June 2024 (continued)

(b) Reconciliation of liabilities arising from financing activities

	Borrowings current $M	Borrowings non-current $M	Shareholder loan notes $M	Debt principal related derivatives (included in assets / liabilities)[1] $M	Total debt related financial instruments $M
Balance at 1 July 2023	**200.0**	**5,556.9**	**580.4**	**(635.5)**	**5,701.8**
Proceeds from borrowings (net of costs)	**—**	**1,173.4**	**—**	**—**	**1,173.4**
Repayment of borrowings	**(200.0)**	**(511.7)**	**—**	**—**	**(711.7)**
Redemption of shareholder loan notes	**—**	**—**	**(580.4)**	**—**	**(580.4)**
Total cash flows	**(200.0)**	**661.7**	**(580.4)**	**—**	**(118.7)**
Non-cash changes					
Foreign exchange movements	**—**	**(1.5)**	**—**	**16.8**	**15.3**
Transfer	**245.8**	**(245.8)**	**—**	**—**	**—**
Amortisation of borrowing costs	**—**	**4.0**	**—**	**—**	**4.0**
Total non-cash changes	**245.8**	**(243.3)**	**—**	**16.8**	**19.3**
Balance at 30 June 2024	**245.8**	**5,975.3**	**—**	**(618.7)**	**5,602.4**
Balance at 1 July 2022	303.9	5,238.8	683.5	(562.9)	5,663.3
Proceeds from borrowings (net of costs)	—	308.2	—	—	308.2
Repayment of borrowings	(278.6)	—	—	—	(278.6)
Redemption of shareholder loan notes	—	—	(103.1)	—	(103.1)
Total cash flows	(278.6)	308.2	(103.1)	—	(73.5)
Non-cash changes					
Foreign exchange movements	(25.3)	209.1	—	(72.6)	111.2
Transfer	200.0	(200.0)	—	—	—
Amortisation of borrowing costs	—	0.8	—	—	0.8
Total non-cash changes	174.7	9.9	—	(72.6)	112.0
Balance at 30 June 2023	200.0	5,556.9	580.4	(635.5)	5,701.8

1. Total derivatives balance at 30 June 2024 is an asset of $532.5 million (2023: $536.6 million asset). The difference in carrying value to the table above relates to interest rate swap contracts, the interest portion of cross-currency interest rate swap contracts and credit valuation and debit valuation adjustments which are excluded from the balances above as they do not relate to financing activities.

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

Section B: Notes to Group financial statements

Basis of preparation and significant changes

B1 Corporate information

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

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

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

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

The consolidated financial statements of the Group for the year ended 30 June 2024 (FY24) were authorised for issue in accordance with a resolution of the Board of Directors on 4 September 2024. Directors have the power to amend and reissue the financial statements.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out throughout the notes to the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

B2 Summary of significant changes in the current reporting period

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

B3 Basis of preparation

The Group financial statements are general purpose financial statements which:

- Have been prepared in accordance with the *Corporations Act 2001* (Cth), Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Have applied all accounting policies in accordance with AAS and, where a standard permits a choice in accounting policy, the policy applied by the Group has been disclosed in these financial statements;
- Comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- Have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative financial instruments);
- Are presented in Australian dollars, which is the Group's functional and presentation currency; and
- Have been rounded to the nearest hundred thousand dollars, unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.*

B3 Basis of preparation (continued)

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes the continuity of normal operations, in particular over the next 12 months from the date of this report. This is notwithstanding that the consolidated balance sheet of the Group indicates a net current liability position of $339.3 million (2023: $249.3 million).

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

Directors have assessed cash flow forecasts and the Group's ability to fund its net current liability position as at 30 June 2024. The assessment indicates that the Group is expected to be able to continue to operate within available liquidity levels and the terms of its borrowing facilities, and to fund the Group's net current liability position as at 30 June 2024, for the 12 months from the date of this report.

The Group has also forecast that it does not expect to breach any financial covenants within the 12 months from the date of this report. Financial covenant forecasts utilised the same underlying cash flow forecasts as those used in the going concern assessment.

Furthermore, the Directors have also taken the following matters into consideration in forming the view that the Group is a going concern:

- The Group has cash and cash equivalents of $79.1 million as at 30 June 2024;
- The Group generated positive operating cash flows of $402.5 million for the year ended 30 June 2024;
- In August 2024, the Group refinanced $245.8 million borrowings of which $200.0 million was due to mature in December 2024 and $45.8 million was due to mature in April 2025;
- The Group has the ability to fund the net current liability position through the generation of cash in the next 12 months; and
- The Group has paid $298.6 million of distributions and $580.4 million of shareholder loan note redemptions for the year ended 30 June 2024. Payment of future distributions is at the discretion of the Board.

B3 Basis of preparation (continued)

New and amended accounting standards and interpretations

The Group has adopted the following new and amended accounting standards and interpretations which became effective for the annual reporting period commencing 1 July 2023. The Group's assessment of the impact of these new and amended accounting standards and interpretations is set out below.

Reference	Description and impact on the Group
AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	The standard amends *AASB 7 Financial Instruments: Disclosures, AASB 101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements* to: • Improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements, which requires disclosure of material accounting policy information that is entity specific, where possible, rather than significant accounting policies which are generic • Distinguish changes in accounting estimates from changes in accounting policies. Application of the amendments has not resulted in any change to the Group's accounting policies or accounting estimates. There are a number of accounting policies that were previously disclosed in the Group's financial statements for 30 June 2023, which are no longer disclosed, as they are not considered 'material accounting policy information'. Also, where possible, the material accounting policy information disclosures have been tailored so that they are Group specific.
AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	AASB 2021-5 makes amendments to AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 112 *Income Taxes* which require companies in specified circumstances to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Transactions captured by the amendments include leases where the entity is a lessee and decommissioning obligations. The application of the amendments has had no impact on the Group as the Group has already recognised deferred tax on lease arrangements where the Group is a lessee and there are no other transactions captured within the amendments.
AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*	This standard makes editorial corrections to various AAS and AASB Practice Statement 2 *Making Materiality Judgements*. The corrections include those made by the IASB to IFRS Standards since June 2021. This standard also repeals AAS that: • Have been superseded by either subsequent principal versions of the standard or by other standards without being formally repealed at the time • Made amendments to other standards, being amending standards that have passed their Parliamentary disallowance period and their legal commencement date but have not been formally repealed. The application of the amendments has had no impact on the Group.

B3 Basis of preparation (continued)

New and amended accounting standards and interpretations (continued)

Reference	Description and impact on the Group
AASB 2023-2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules*	The standard amends AASB 112 *Income Taxes* and introduces targeted disclosure requirements in a company's annual financial statements relating to the new Pillar Two global tax rules to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect. The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules which are designed to address the tax challenges arising from the digitalisation of the global economy. Pillar Two legislation has not been enacted or substantively enacted in Australia. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantively enacted and will disclose separately any current tax expense/income related to Pillar Two income taxes when it is in effect.

B3 Basis of preparation (continued)

Accounting standards and interpretations issued but not yet effective

Certain new and amended accounting standards and interpretations have been published but are not mandatory for the year ended 30 June 2024. The Group's assessment of the expected impact of these new and amended accounting standards and interpretations is set out below.

Reference	Description and Impact on the Group	Application of the standard	Application by the Group
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* **AASB 2021-7** *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	The AASB has made limited scope amendments to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in AASB 3 *Business Combinations*). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interest in the associate or joint venture. AASB 2021-7 mainly defers application date of AASB 2024-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2022. Application of the amendments is prospective and is not expected to materially impact the Group.	1 January 2025	1 July 2025
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* **AASB 2020-6** *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* **AASB 2022-6** *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*	AASB 2020-1 amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. AASB 2020-6 deferred the application date of AASB 2020-1 by one year to 1 January 2023. AASB 2022-6 further deferred the application date of AASB 2020-1 by another year to 1 January 2024. AASB 2022-6 also amends AASB 101 *Presentation of Financial Statements* and AASB Practice Statement 2 *Making Materiality Judgements.* The amendments specify that covenants to be complied with after reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the entity is required to disclose information about these covenants in the notes to the financial statements. The amendments also clarify the situations that are considered settlement of a liability. All of these amendments are applicable to the Group on a retrospective basis from 1 July 2024. They are not expected to have a material impact and may result in additional disclosures in the financial statements.	1 January 2024	1 July 2024

B3 Basis of preparation (continued)

Accounting standards and interpretations issued but not yet effective (continued)

Reference	Description and Impact on the Group	Application of the standard	Application by the Group
AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*	The standard amends AASB 16 *Leases* which changes the manner in which the seller-lessee measures its gain or loss based on their proportionate share transferred to the buyer-lessor in the right of use asset from a sale and leaseback transaction. The seller-lessee will be required to further remeasure their lease liability, so that any gain or loss previously recognised will now be removed by way of the lease liability adjustment. The amendments are applicable to the Group on a retrospective basis from 1 July 2024 and are not expected to have a material impact as the Group has not had any sale and leaseback transactions.	1 January 2024	1 July 2024
AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability*	This standard amends AASB 121 *The Effects of Change in Foreign Exchange Rates* and AASB 1 *First time Adoption of Australian Accounting Standards* (severe hyperinflation) to improve the usefulness of information provided to users of financial statements. The amendments require entities to apply a consistent approach to determining whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not exchangeable. The amendments also add new disclosures relating to non-exchangeable currencies affecting an entity's financial statements. Application of the amendments is prospective and is not expected to materially impact the Group.	1 January 2025	1 July 2025
AASB 2023-1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements*	This standard amends AASB 107 *Statement of Cash Flows* and AASB 7 *Financial Instruments: Disclosures* and requires additional disclosures addressing supplier finance arrangements. The additional information will enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities, cash flows and exposure to liquidity risk. Application of the amendments is prospective and is not expected to materially impact the Group.	1 January 2024	1 July 2024

B3 Basis of preparation (continued)

Accounting standards and interpretations issued but not yet effective (continued)

Reference	Description and Impact on the Group	Application of the standard	Application by the Group
AASB 18 *Presentation and Disclosure in Financial Statements*	AASB 18 replaces AASB 101 *Presentation of Financial Statements* and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The key changes include: • on the face of the statement of profit and loss - newly defined 'operating profit' and 'profit before financing and income taxes' subtotals and a requirement for all income and expenses to be allocated between operating, investing and financing activities; • in the notes to the financial statements - disclosure of management-defined performance measures (MPMs) which will form part of the audited financial statements; and • aggregation and disaggregation – enhanced requirements for the aggregation and disaggregation of information (presented in the primary financial statements and in the notes) which focus on grouping items based on their shared characteristics. The amendments are applicable to the Group on a retrospective basis from 1 July 2027 and are expected to have an impact on how the Group presents and discloses information in its financial statements.	1 January 2027	1 July 2027

Key accounting estimates and judgements

Estimates and judgements are regularly made by management and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The estimates and judgements that have the most significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Potential impacts of climate-related threats and opportunities	*Note B3*
Provision for income taxes and recoverability of deferred tax assets	*Note B6*
Fair value of derivatives and other financial instruments	*Note B12*
Recoverability of goodwill and other intangible assets	*Note B13 and Note B14*
Measurement of the maintenance provision	*Note B15*
Contingencies	*Note B19*

B3 Basis of preparation (continued)

Key accounting estimate and judgement

Climate-related risks (threats and opportunities)

The Group continues to progress its assessment of the potential impacts of climate-related risks (threats and opportunities) on its business over the short, medium and long term.

Progress made in FY24

The Group has begun to refresh climate scenarios and conducted workshops with internal stakeholders to review Transurban Group-wide physical and transitional climate-related risks. The outcomes of these workshops are expected in FY25.

To date, the focus of the financial reporting implications has been on acute and chronic physical climate-related risks, which may be more impactful over time. The assessment of potential climate-related financial reporting implications has also been largely qualitative, informed by asset specific indicators identified from the Group's Climate Change Adaptation Plans (CCAPs).

Learnings to date around climate-related risks continue to indicate that the key potential financial impact areas may include the carrying amount of concession intangible assets, maintenance provisions and expenses.

Based on the qualitative risk data from the Group's CCAPs and the continued focus on asset resilience and business continuity programs, the Group is not currently aware of any material near term financial reporting impacts from climate-related risks at the date of this report. However, further analysis of climate-related risks is planned in FY25 to determine the associated financial impact projections across the Group's concession intangible assets and value chain, including additional analysis of transitional climate-related risks.

With respect to the carrying amount of the Group's concession intangible assets, the potential impacts of climate-related risks on future cash flows are not expected to be significant enough to erode the excess in recoverable amount due to the existing valuation headroom over carrying amount (which is also reducing over time through amortisation).

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

Plan from FY25 and beyond

From FY25, the Group's priority is to build on the scenario analysis and CCAPs work and integrate the potential medium and long-term impacts of climate-related risks into asset adaptation strategies and forward planning.

The Group will continue the assessment of climate-related financial impacts, using qualitative risk data from the Group's CCAPs and the latest science-based climate assumptions relating to the incidence and severity of acute and chronic climate related events.

The Group also intends to investigate transitional climate-related risk drivers and scenario-based assumptions, such as changing commodity prices, new technologies or shifting travel patterns, for incorporation into the Group's financial forecasts in line with expected mandatory climate-related disclosure requirements.

Given the complexity of physical climate-related risk modelling, the ongoing risk assessment process and changes and evolution of the Group's response to climate-related risks, there may be material changes to the Group's financial results and the carrying amount of assets and liabilities in future reporting periods. As the Group better understands the potential financial reporting impacts of climate-related risks, the Group will update the assumptions underlying the financial models to reflect any material climate-related risks.

Operating performance

B4 Segment Information

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

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

	2024 $M	2023 $M
Statutory revenue	**915.9**	841.1
Statutory expenses	**(251.5)**	(233.3)
Non-statutory EBITDA	**664.4**	607.8
Statutory depreciation and amortisation	**(261.0)**	(258.8)
Statutory net finance costs	**(288.1)**	(293.3)
Profit before income tax	**115.3**	55.7

B5 Revenue

	2024 $M	2023 $M
Toll revenue	**909.5**	832.7
Construction revenue	**0.6**	2.5
Other revenue	**5.8**	5.9
Total revenue	**915.9**	841.1

The Group's service concession arrangements are accounted for in accordance with AASB Interpretation 12 *Service Concession Arrangements* (AASB Interpretation 12) and fall into the intangible asset model.

Service concession arrangements – intangible asset model

The revenue streams covered by this model are toll revenue and construction revenue.

B5 Revenue (continued)

Toll and construction revenue accounting policy

The Group's principal revenue generating activities are accounted for in accordance with AASB Interpretation 12 *Service Concession Arrangements* and AASB 15 *Revenue from Contracts with Customers*. These accounting pronouncements specify that operations and maintenance service and construction services provided under the Group's service concession arrangements are two distinct types of services, which are provided in exchange for toll revenue and construction revenue, respectively.

Revenue type	Accounting policy
Toll revenue	The customer of the operations and maintenance services is the user of the infrastructure. Each use made of the toll road by users is considered a performance obligation. The related revenue is recognised at the point in time that the individual service is provided and the amount is probable of being collected by the Group. Total toll revenue is net of any revenue share arrangements that the Group has triggered during the reporting period.
Construction revenue	The customer with respect to construction services is the concession grantor. Construction services are accounted for as one performance obligation and revenue is recognised in line with the progress of construction services provided over time. The progress of construction is measured by reference to costs incurred to date. Revenue is measured at fair value by reference to the stand-alone selling price.

B6 Income tax

Income tax expense/(benefit)

	2024 $M	2023 $M
Current tax	**24.0**	18.4
Deferred tax	**(10.5)**	(12.6)
	13.5	5.8
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:		
(Increase) in deferred tax assets	**(10.7)**	(12.9)
Increase in deferred tax liabilities	**0.2**	0.3
	(10.5)	(12.6)

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

	2024 $M	2023 $M
Profit before income tax	**115.3**	55.7
Tax at the Australian tax rate of 30.0% (2023: 30.0%)	**34.6**	16.7
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Trust income not subject to tax	**(20.3)**	(10.9)
Non-deductible other expenses	**(0.8)**	—
Income tax expense	**13.5**	5.8
Tax benefit relating to items of other comprehensive income		
Cash flow hedges	**(4.5)**	(34.0)
Cost of hedging	**—**	0.1
	(4.5)	(33.9)

B6 Income tax (continued)

Deferred tax assets and liabilities

	Assets		Liabilities	
	2024 $M	2023 $M	2024 $M	2023 $M
The balance comprises temporary differences attributable to:				
Provisions	**217.9**	206.9	**—**	—
Prior year losses	**152.1**	165.5	**—**	—
Fixed assets/intangibles	**532.2**	541.2	**(150.2)**	(149.7)
Lease liabilities	**6.1**	2.6	**—**	—
Accrued expenses	**—**	1.0	**—**	—
Derivatives and foreign exchange	**165.0**	165.4	**(159.8)**	(161.0)
Tax assets/(liabilities)	**1,073.3**	1,082.6	**(310.0)**	(310.7)
Set-off of tax	**(310.0)**	(310.7)	**310.0**	310.7
Net tax assets	**763.3**	771.9	**—**	—
Movements:				
Opening balance at 1 July	**1,082.6**	1,041.3	**(310.7)**	(297.6)
Credited/(charged) to the statement of comprehensive income	**10.7**	12.9	**(0.2)**	(0.3)
Credited/(charged) to equity	**(0.4)**	54.3	**4.9**	(20.4)
Transfers from deferred tax assets/liabilities	**4.0**	(7.8)	**(4.0)**	7.8
Current year losses recognised/(prior year losses utilised) and under/(over) provision in prior years	**(23.6)**	(18.1)	**—**	(0.2)
Closing balance at 30 June	**1,073.3**	1,082.6	**(310.0)**	(310.7)
Deferred tax assets/(liabilities) to be recovered/(paid) after more than 12 months	**1,073.3**	1,082.6	**(310.0)**	(310.7)

B6 Income tax (continued)

Income tax accounting policy

Recognition and measurement

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not recognised for temporary differences relating to the following:

- the initial recognition of goodwill
- the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss (single transactions where both deductible and taxable temporary differences arise on initial recognition that result in deferred tax assets and liabilities of the same amount are excluded from this exemption)
- investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Right to offset income taxes

Deferred tax assets and liabilities are offset in the consolidated balance sheet when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

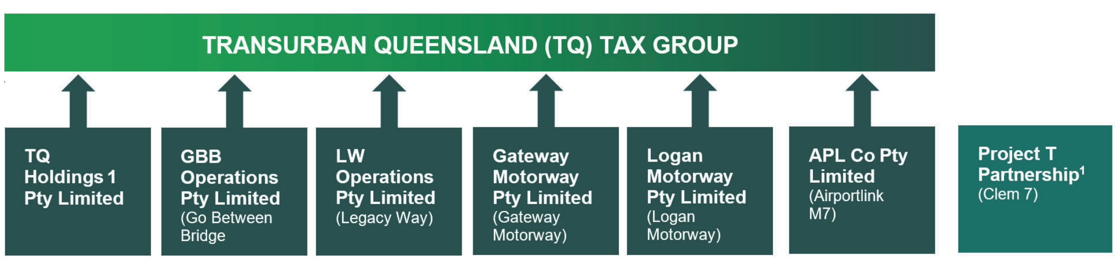
Tax consolidation legislation

The Group operates as a stapled group comprising three corporate entities, TQH1, TQH2, TQI and a trust, TQIT. TQIT operates as a flow-through trust, and is not liable to pay tax. Security holders therefore pay tax on the distributions they receive from TQIT at their individual marginal tax rates. The Group is structured in this way because the initial heavy capital investment and associated debt funding required for infrastructure investments results in accounting losses being generated in the initial years which would otherwise prevent a company from paying dividends. The trust enables distributions to be made to security holders throughout the life of the asset.

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

All entities within the TQH1 tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group is a separate taxpayer within the tax consolidated group.

The TQH1 tax consolidated group is summarised as follows:



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

B6 Income tax (continued)

TQH1 tax consolidated group

The entities in the TQH1 tax consolidated group entered into a Tax Sharing Agreement (TSA) effective from 2 July 2014. The entities in the TQH1 tax consolidated group have also entered into a tax funding agreement (TFA) effective from 2 July 2014. APL Hold Co Pty Ltd (AirportlinkM7) and its subsidiaries entered the TQH1 tax consolidated group effective from 23 November 2015.

Under the TFA the wholly-owned entities fully compensate TQH1 for any current tax payable assumed and are compensated by TQH1 for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. TQH1 determines and communicates the amount payable/receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

Key accounting estimate and judgement

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are various transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for tax audit issues based on whether it is anticipated that additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

The utilisation of tax losses depends on the ability of the Group to satisfy certain tests at the time the losses are recouped. This includes the ability of tax losses to generally be carried forward indefinitely, subject to the satisfaction of loss integrity measures.

Management have reviewed deferred tax assets with reference to the potential impact of the macroeconomic environment on forecast taxable income and have determined that it is probable that future taxable income will be available to utilise against deferred tax assets recognised as at 30 June 2024 in relation to deductible temporary differences and unused tax losses.

B7 Working capital

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

	2024 $M	2023 $M
Current assets		
Cash and cash equivalents	**79.1**	106.4
Total cash	**79.1**	106.4
Trade receivables	**37.5**	36.0
Other receivables	**24.0**	25.8
Total receivables	**61.5**	61.8
Total current assets	**140.6**	168.2
Current liabilities		
Trade and other payables	**(106.1)**	(91.0)
Net working capital	**34.5**	77.2

B7 Working capital (continued)

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. All cash balances are interest bearing.

Trade and other receivables

Trade receivables accounting policy

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components in which case they are recognised at fair value. The Group holds trade receivables with the objective to collect contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less expected credit losses. Trade receivables are generally due for settlement no more than 30 days from revenue recognition.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime of expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of toll revenue over historical periods and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

The loss allowance for trade receivables was determined as follows:

30 June 2024	Current	Up to 90 days past due	More than 90 days past due	Total
Expected loss rate	**—%**	**5%**	**43%**	**N/A**[1]
Gross carrying amount ($M)	**21.3**	**12.5**	**7.6**	**41.4**
Loss allowance ($M)	**0.0**	**(0.6)**	**(3.3)**	**(3.9)**

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

[1] N/A – Not applicable

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

	2024 $M	2023 $M
Opening loss allowance	**6.3**	11.7
Increase in loss allowance recognised in the profit and loss during the year	**1.1**	1.1
Receivables written off during the year as uncollectible	**(3.5)**	(6.5)
Closing loss allowance	**3.9**	6.3

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for an extended period.

B7 Working capital (continued)

Other receivables

Other receivables are financial assets at amortised cost and include other receivables.

Other receivables accounting policy

The Group initially recognises other receivables at fair value and subsequently at amortised cost using the effective interest method, less expected credit losses. The Group applies the general approach to measuring expected credit losses which uses 12 months of expected credit losses after reporting date. However, if at reporting date the credit risk of a financial asset has significantly increased since its initial recognition, the loss allowance is calculated based on the lifetime of expected credit losses.

Trade and other payables

Trade and other payables accounting policy

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

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

B8 Other liabilities

	2024 $M	2023 $M
Current		
Prepaid tolls	**57.4**	58.4
Other liabilities	**0.2**	0.2
Leases (refer to Note B22)	**2.1**	1.8
Total other current liabilities	**59.7**	60.4
Non-current		
Leases (refer to Note B22)	**18.4**	19.4
Other liabilities	**1.6**	1.7
Total other non-current liabilities	**20.0**	21.1
Total other liabilities	**79.7**	81.5

Security holder outcomes

B9 Dividends/distributions

Distributions paid by the Group

	Total $M	Paid in cash $M	cps	Date Paid
Distribution – TQIT				
2024				
Quarter ended 30 September 2023	43.0	43.0	0.9	28 September 2023
Quarter ended 31 December 2023	95.0	95.0	2.1	29 December 2023
Quarter ended 31 March 2024	48.0	48.0	1.1	28 March 2024
Quarter ended 30 June 2024	112.6	112.6	2.5	28 June 2024
Total paid FY24	**298.6**	**298.6**	**6.6**	
2023				
Distribution – TQIT				
Quarter ended 30 September 2022	27.0	27.0	0.6	30 September 2022
Quarter ended 31 December 2022	93.0	93.0	2.0	30 December 2022
Quarter ended 31 March 2023	39.9	39.9	0.9	31 March 2023
Quarter ended 30 June 2023	75.0	75.0	1.7	30 June 2023
Total paid FY23	234.9	234.9	5.2	

Distribution policy

The Group's distribution policy is to align distributions with actual available cash from operations after servicing external debt. For this purpose, distributions are in addition to the redemption of shareholder loan note principal (refer to Note B23).

Capital and borrowings

Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital, so that it can continue to provide returns to security holders and benefits for other stakeholders. The Group's cash flows support security holder distributions and funding of opportunities through a combination of debt and equity funding. The Group monitors covenants and forecast cash flows to ensure ongoing compliance with its obligations which supports capital management decisions including distributions.

B10 Net finance costs

	2024 $M	2023 $M
Finance income		
Interest income on bank deposits held at amortised cost	**10.4**	6.2
Net remeasurement gains on derivative financial instruments[1]	**12.2**	—
Total finance income	**22.6**	6.2
Finance costs		
Interest and finance charges paid/payable	**(276.7)**	(246.8)
Net remeasurement losses on derivative financial instruments[1]	**—**	(5.4)
Shareholder loan note interest and finance charges	**(14.1)**	(33.2)
Unwind of discount and remeasurement on provisions and other liabilities	**(19.9)**	(14.1)
Total finance costs	**(310.7)**	(299.5)
Net finance costs[2]	**(288.1)**	(293.3)

1. Relates to gains and losses on derivative financial instruments in cash flow hedges transferred from other comprehensive income (OCI). These include net unrealised gains or losses which arise from changes in the fair value of derivative financial instruments to the extent that hedge accounting is not achieved or is ineffective. Fair values increase or decrease because of changes in market rates over which the Group does not have control. The periodic remeasurement of cross-currency interest rate swap contracts to fair value includes an element of foreign currency basis spread. For those cross-currency interest rate swap contracts that designate the entire fair value of the cross-currency interest swap contract as the hedging instrument (including the foreign currency basis spread component), this can result in hedge accounting ineffectiveness in the hedging relationship that is recognised in finance costs.

2. In addition to the net finance costs that are included in profit and loss, nil finance costs were capitalised during FY24 (FY23 $0.3 million) relating to assets under construction and included in the carrying amount of property, plant and equipment.

Interest income on bank deposits held at amortised cost accounting policy

Interest income on bank deposits held at amortised cost is recognised using the effective interest method.

B11 Borrowings

The following table shows the carrying values of borrowings included in the Group's consolidated balance sheet.

	2024 $M	2023 $M
Current		
Term debt	**45.8**	—
Capital markets debt	**200.0**	200.0
Total current borrowings	**245.8**	200.0
Non-current		
Capital markets debt	**2,244.2**	2,194.6
US private placements (USPP)	**2,822.2**	2,821.9
Term debt	**908.9**	540.4
Total non-current borrowings	**5,975.3**	5,556.9
Total borrowings	**6,221.1**	5,756.9

Borrowings accounting policy

Initial recognition and subsequent measurement

Borrowings are recognised initially on the trade date (the date on which the Group becomes a party to the contractual provisions of the instrument).

Borrowings are initially recognised at fair value, which typically reflects the proceeds received, net of directly attributable transaction costs. Borrowings are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of direct transaction costs) and the amount payable at maturity is recognised in the profit and loss over the term of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as directly attributable transaction costs of the borrowing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Translation of foreign currency denominated borrowings

The Group revalues its foreign currency denominated borrowings each period using the spot exchange rate at the reporting date.

Classification

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

Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except to the extent to which they relate to the construction of qualifying assets (assets under construction), in which case specifically identifiable borrowing costs are capitalised into the cost of the asset. Borrowing costs include interest on short-term and long-term borrowings.

Derecognition

Borrowings are derecognised when the contractual obligations are discharged, cancelled or expired. Any gain or loss is recognised in the profit and loss when the borrowing is derecognised.

B11 Borrowings (continued)

Financing arrangements and credit facilities

During FY24, and in the interval between the end of FY24 and the date of this report, the Group executed the following financing transactions:

- In July 2023, a further $200.0 million was drawn on the syndicated bank facility to repay $200.0 million AMTN. The syndicated bank facility was subsequently repaid via the proceeds from a new $500.0 million institutional term loan (ITL) with tenors of 10 and 12 years which reached financial close in July 2023.
- In November 2023, the Group reached financial close on $250.0 million of senior secured notes under its Australian Medium Term Note (AMTN) Programme with a tenor of 6.5 years.
    - In November 2023, the Group reached financial close on a $220.0 million ITL facility with tenors of 10 and 12 years.
    - In August 2024, the Group reached financial close on $250.0 million of senior secured notes under its AMTN Programme with a tenor of 10 years.

B11 Borrowings (continued)

Under the Group's debt funding structure, the carrying amount of each facility (drawn component) and debt instrument is shown below:

	Maturity	Carrying value 2024 $M	Carrying value 2023 $M
Capital markets debt			
AMTN AUD 200m[1]	Oct 2023	**—**	200.0
AMTN AUD 200m	Dec 2024	**200.0**	200.0
EMTN CHF 200m	Dec 2025	**335.4**	335.6
EMTN CHF 175m	Nov 2026	**293.5**	293.6
EMTN Reg S USD 500m	Apr 2028	**754.2**	754.4
AMTN AUD 250m	May 2030	**250.0**	—
AMTN AUD 300m	Aug 2031	**300.0**	300.0
EMTN CHF 190m	Nov 2031	**318.6**	318.8
Net capitalised borrowing costs		**(7.5)**	(7.8)
US Private Placement			
Sep 2015 - Tranche A USD 155m	Sep 2025	**233.8**	233.9
Dec 2016 - Tranche A USD 130m	Dec 2026	**196.1**	196.2
Dec 2016 - Tranche D AUD 35m	Dec 2026	**35.0**	35.0
Sep 2015 - Tranche B USD 230m	Sep 2027	**346.9**	347.0
Dec 2016 - Tranche B USD 225m	Dec 2028	**339.4**	339.5
May 2019 - Tranche A AUD 30m	May 2029	**30.0**	30.0
May 2019 - Tranche C USD 144m	May 2029	**217.2**	217.3
Sep 2015 - Tranche C USD 256m	Sep 2030	**386.2**	386.3
Sep 2015 - Tranche D AUD 70m	Sep 2030	**70.0**	70.0
May 2019 - Tranche D USD 245m	May 2031	**369.6**	369.7
Dec 2016 - Tranche C USD 78m	Dec 2031	**117.7**	117.7
Dec 2016 - Tranche E AUD 75m	Dec 2031	**75.0**	75.0
May 2019 - Tranche B AUD 40m	May 2034	**40.0**	40.0
May 2019 - Tranche E USD 180m	May 2034	**271.5**	271.6
Jan 2017 - Tranche F AUD 100m	Jan 2035	**100.0**	100.0
Net capitalised borrowing costs		**(6.2)**	(7.3)
Term debt			
Syndicated bank facility AUD 480m[1]	Dec 2024	**—**	279.3
Capex facility AUD 150m	Apr 2025	**45.8**	62.1
Working capital facility AUD 23m	Apr 2025	**—**	—
Term debt AUD 200m	Apr 2030	**200.0**	200.0
Term debt AUD 300m	Jun 2033	**300.0**	—
Term debt AUD 90m	Oct 2033	**90.0**	—
Term debt AUD 200m	Jun 2035	**200.0**	—
Term debt AUD 130m	Oct 2035	**130.0**	—
Net capitalised borrowing costs		**(11.1)**	(1.0)
Total non-recourse debt, net of capitalised borrowing costs		**6,221.1**	5,756.9

1. Repaid or refinanced during FY24.

B11 Borrowings (continued)

Letters of credit facilities

The Transurban Queensland Finance facility is secured by the respective rights of TQH1, TQH2, TQIT and their assets.

	2024 $M			2023 $M	
	Maturity date	Facility amount	Amount drawn	Facility amount	Amount drawn
Working capital facility[1]	Apr 2025	**11.6**	**11.6**	11.6	11.6

1.$11.6 million letter of credit facility is issued as part of a working capital facility.

Capital markets debt

Transurban Queensland Finance has a secured EMTN programme with a limit of USD2.0 billion. Under the programme, Transurban Queensland Finance may from time to time issue notes denominated in any currency. These notes are secured by the respective rights of TQH1, TQH2, TQIT and their assets.

Transurban Queensland Finance has a secured AMTN programme with a limit of $2.0 billion. Notes issued under the programme are secured by the respective rights of TQH1, TQH2, TQIT and their assets.

US private placement

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

Term debt

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

Covenants

A number of the Group's borrowings include financial covenants, which are listed below. There have been no breaches of any of these covenants during FY24.

The Group monitors covenants by applying forecast cash flows to ensure ongoing compliance with its obligations. This allows capital management and management action decisions to be made at the asset level (including distributions) should actual cash flows not perform to budget.

Financial covenants are calculated on a trailing 12-month basis. A trailing 12-month metric also enables management action to be taken swiftly to mitigate the risks of any covenant breaches.

Non-Recourse Debt

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

B12 Financial risk management and derivatives

Financial risk management

The Group's activities expose it to a number of financial risks, including market risk (currency risk and interest rate risk), credit risk and liquidity risk. These risks arise in the normal course of business and the financial risk management function is carried out centrally under policies approved by the Board. The Group's financial risk management policies allow derivative transactions to be undertaken for the purpose of reducing financial risks and do not permit speculative trading.

The Group continuously monitors risk exposures over time through reviewing cash flow sensitivities, market analysis and ongoing communication within the Group. When measuring financial risk, the Group considers the positive and negative exposures, existing hedges and the ability to offset exposures.

Derivatives

The Group uses derivative financial instruments in the normal course of business to hedge exposures to fluctuations in interest rates and foreign exchange rates. The table below outlines the Group's derivative financial instruments which are recognised and measured at fair value on a recurring basis.

	2024 $M		2023 $M	
	Current	Non-current	Current	Non-current
Assets				
Interest rate swap contracts	**0.9**	**20.0**	—	25.8
Cross-currency interest rate swap contracts	**—**	**511.6**	—	510.8
Total derivative financial instrument assets	**0.9**	**531.6**	—	536.6

Derivatives accounting policy

Initial recognition and subsequent measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Classification

Derivative financial instruments are included as non-current assets or liabilities, except for those that mature in less than 12 months from the reporting date, which are classified as current.

Right to set-off

Derivative financial instruments are recorded on a net basis in the consolidated balance sheet where there is a legally recognised right to set-off the derivative asset and the derivative liability and the Group intends to settle on a net basis. Currently there is no right or basis to present any financial assets or financial liabilities on a net basis, and as such no financial assets or financial liabilities have been presented on a net basis in the Group's balance sheet at the reporting date.

Derecognition

Derivative assets are derecognised when the rights to receive cash flows from the derivative assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of the asset.

Derivative liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.

B12 Financial risk management and derivatives (continued)

Hedge accounting

Hedging refers to the way in which the Group uses financial instruments, primarily derivatives, to manage its exposure to financial risks. The gain or loss on the underlying item (the 'hedged item') is expected to move in the opposite direction to the gain or loss on the derivative (the 'hedging instrument'), therefore offsetting the risk position. Hedge accounting allows the recognition of gains or losses on the hedged items and associated hedging instruments to reduce volatility in the profit and loss.

The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedge relationship, the Group documents the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge transactions. The Group also documents its assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging relationship continues to meet the hedge effectiveness requirements.

For the Group's hedge accounting transactions, the critical terms of the hedging instrument and hedged item are generally aligned (such as cash flows, maturity and notional amount).

Hedging accounting policy

In order to qualify for hedge accounting, the hedging relationship must meet all of the following hedge effectiveness requirements:

- an economic relationship exists between the hedged item and hedging instrument;
- the effect of credit risk does not dominate the value changes resulting from the economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedge accounting is discontinued when a hedging instrument expires, is sold, terminated, or no longer meets the criteria for hedge accounting.

Cash flow hedges

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

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

If hedge accounting is discontinued, any cumulative gain or loss existing in equity at that time remains in equity and is subsequently reclassified to the profit and loss when the forecast transaction is ultimately recognised in the profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the cash flow hedges reserve in equity is immediately transferred to the profit and loss. When a subsidiary to which the cash flow hedges reserve relates to is disposed of, amounts accumulated in the cash flow hedges reserve are reclassified to the profit and loss.

The Group excludes currency basis spread from its cash flow hedge relationships where the designated hedging instrument is a cross-currency interest rate swap entered into on or after 1 July 2020. Changes in foreign currency basis spread on swaps entered into from 1 July 2020 are recognised through other comprehensive income in the cost of hedging reserve in equity. Amounts accumulated in the cost of hedging reserve are reclassified to the profit and loss if hedge accounting is discontinued.

For cross-currency interest rate swaps entered into before 1 July 2020 that are in a cash flow hedge relationship, the Group has designated the entire fair value of the cross-currency interest swap contract as the hedging instrument (including the foreign currency basis spread component). This can result in ineffectiveness in the hedging relationship that is recognised in the profit and loss, in net finance costs as outlined in Note B10.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting or are specifically not designated in an accounting hedge relationship as natural offset achieves substantially the same accounting results. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit and loss.

B12 Financial risk management and derivatives (continued)

Hedging strategy and instruments used by the Group

Cash flow hedges
The Group enters into cross-currency interest rate swaps and interest rate swaps to hedge exposure to changes in cash flows on borrowings that bear floating interest rates, by converting to fixed interest rate borrowings or are denominated in a foreign currency, by converting to fixed interest rate Australian dollar borrowings. The objective of the Group's cash flow hedges is to hedge the cash flow exposure to movements in variable interest rates and movements in exchange rates.

The Group's policy is to hedge the interest rate exposure on drawn borrowings to between 80% and 100%, and to ensure compliance with any covenant requirements of its funding facilities by issuing fixed interest rate borrowings or by entering into interest rate swap contracts. Interest rate swap contracts currently in place swap floating interest rate commitments back to fixed interest rates. As at 30 June 2024, 87.7% (2023: 94.1%) of the Group's interest rate exposure based on the carrying amount of drawn borrowings at reporting date (excluding letters of credit facilities) was hedged.

Effects of hedge accounting on financial position and performance

Hedging Reserves
The following table presents the gains and losses on the Group's hedging instruments transferred to and from reserves:

	2024		2023	
	$M		$M	
	Cash flow hedges reserve	**Cost of hedging reserve**	**Cash flow hedges reserve**	**Cost of hedging reserve**
Opening balance as at 1 July	**(2.0)**	**5.8**	77.3	5.6
Change in net fair value of derivatives recognised in hedging reserves in OCI	**10.9**	**(15.0)**	65.7	0.3
Transfers in fair value of hedging instruments from OCI to the profit and loss (net finance costs) for hedge ineffectiveness	**(12.2)**	**—**	5.4	—
Transfers in fair value of hedging instruments from OCI to the profit and loss (other expenses) for foreign currency movements[1]	**1.5**	**—**	(184.4)	—
Net revaluation - gross	**0.2**	**(15.0)**	(113.3)	0.3
Tax effect on revaluation movements	**—**	**4.5**	34.0	(0.1)
Closing balance as at 30 June	**(1.8)**	**(4.7)**	(2.0)	5.8

1. There is no significant impact on the profit and loss from foreign currency movements associated with the borrowings portfolio that are swapped to Australian dollars as an offsetting entry will be recognised on the associated hedging instrument. $1.5 million represents unrealised losses transferred (2023: $184.4 million unrealised gains) relating to foreign currency revaluation of the principal component of cross currency interest rate swaps that offsets the unrealised foreign currency revaluation of the principal value of hedged foreign denominated borrowings.

B12 Financial risk management and derivatives (continued)

Market risk

Foreign exchange risk

Foreign currency risk is the risk that the value of a financial commitment, forecast transaction, recognised asset or liability will fluctuate due to changes in foreign exchange rates.

The Group has foreign currency risk from borrowings denominated in foreign currencies. The Group manages exposure to this foreign currency risk over the life of the borrowings by converting these borrowings to Australian dollars using cross-currency interest rate swaps.

Exposure
The Group's borrowing exposures to foreign currency risk and cross-currency interest rate swaps that are hedging foreign denominated borrowings at the reporting date are shown below:

	2024 $M USD	2024 $M CHF	2023 $M USD	2023 $M CHF
Borrowings[1]	**(2,143.0)**	**(565.0)**	(2,143.0)	(565.0)
Cross-currency interest rate swaps				
Receive notional value[1]	**2,143.0**	**565.0**	2,143.0	565.0
Pay notional AUD	**(2,855.8)**	**(774.3)**	(2,855.8)	(774.3)
Average exchange rate	**0.75**	**0.73**	0.75	0.73

1. Balances are presented in respective currency

An analysis by maturities of the Group's borrowings is provided in the liquidity risk section below.

Hedging instruments
Financial instruments designated as hedging instruments of foreign currency risk and the effects of the hedge accounting relationship are as follows:

	2024 $M	2023 $M
Cross-currency interest rate swaps hedging borrowings denominated in foreign currencies		
Carrying amount of cross-currency interest rate swaps	**511.6**	510.8
Notional amount (AUD) at hedged rates	**3,630.1**	3,630.1
Maturity dates	**Sep 2025 to May 2034**	Sep 2025 to May 2034
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 July	**73.8**	122.6
Change in value of hedged item used to determine hedge effectiveness	**(67.7)**	(119.2)

B12 Financial risk management and derivatives (continued)

Market risk (continued)

Foreign exchange risk (continued)

Sensitivity

Sensitivity analysis from the following shifts in exchange rates on foreign currency risk exposures at the reporting date is as follows. These shifts in exchange rates have been selected as a reasonably possible change. This is not a forecast or prediction of future market conditions.

	2024 $M		2023 $M	
	Increase/ (decrease) in post-tax profit	Increase / (decrease) in equity	Increase/ (decrease) in post-tax profit	Increase / (decrease) in equity
AUD/USD				
+ 10 cents	—	(2.7)	—	(6.1)
- 10 cents	—	3.7	—	8.3
AUD/CHF				
+ 10 cents	—	(2.2)	—	1.4
- 10 cents	—	3.1	—	(2.0)

There is no significant impact on the profit and loss from foreign currency movements associated with borrowings which are swapped to Australian dollars as an offsetting amount will be recognised on the associated hedging instrument. There is exposure to equity impacts from foreign exchange movements associated with derivatives in cash flow hedges.

B12 Financial risk management and derivatives (continued)

Market risk (continued)

Interest rate risk

Interest rate risk arises from changes in market interest rates.

Floating interest rate borrowings give rise to cash flow interest rate risk, which is partially offset by cash and cash equivalents balances held at floating interest rates. The Group manages this interest rate risk by entering into fixed interest rate borrowings or by using interest rate swaps to convert floating interest rate borrowings to fixed interest rate borrowings.

Capital expenditure facilities are also utilised for shorter term funding requirements such as project capital expenditure. These are drawn down periodically from available variable rate facilities which as at 30 June 2024 was $45.8 million (2023: $62.1 million). Upon completion of a capital expenditure project, these are refinanced with longer term funding which is then hedged in accordance with the Group interest rate hedging policy.

Exposure

The Group's exposures to interest rate risk after hedging at the end of the reporting period are as follows:

	2024 $M	2023 $M
Floating interest rate borrowings	**1,205.8**	781.4
Less floating interest rate borrowings converted to fixed interest rates using interest rate swaps (notional principal amount)	**(440.0)**	(440.0)
Floating interest rate exposure[1]	**765.8**	341.4
Fixed interest rate debt		
Less than 1 year	**200.0**	200.0
1-5 years	**2,781.5**	2,395.7
Over 5 years	**2,498.6**	2,835.9
Net Capitalised borrowing costs and remeasurement adjustments	**(24.8)**	(16.1)
Total borrowings	**6,221.1**	5,756.9

1. Exposure to floating rate borrowings is partially offset by cash and cash equivalent balances held at variable rates.

An analysis by maturities of the Group's borrowings is provided in the liquidity risk section below.

Hedging instruments

Derivative instruments designated as hedging instruments of interest rate risk and the effects of the hedge accounting relationship are as follows:

	2024 $M	2023 $M
Interest rate swaps hedging cash flow interest rate risk		
Carrying amount	**20.9**	25.8
Notional amount	**440.0**	440.0
Maturity dates	**Dec 2024 to May 2034**	Dec 2024 to May 2034
Hedge ratio	**1:1**	1:1
Change in fair value of outstanding hedging instruments since 1 July	**(4.9)**	3.4
Change in value of hedged item used to determine hedge effectiveness	**5.3**	(4.0)
Weighted average hedged interest rate for the year[1]	**3.0 %**	3.0 %

1 Based on average fixed rate of interest rate swap contracts, which does not include any margins that may be applicable on the hedged debt instruments.

B12 Financial risk management and derivatives (continued)

Market risk (continued)

Interest rate risk (continued)

Sensitivity

Sensitivity analysis on the impacts to profit after tax from movements in benchmark interest rates on floating rate instruments after hedging is as follows.

A sensitivity range of plus and minus 100 basis points has been selected as a reasonably possible shift in interest rates. This is not a forecast or prediction of future market conditions.

	Movement in post-tax profit	
	2024	**2023**
	$M	**$M**
Interest rates +100bps	**(6.9)**	(2.4)
Interest rates –100bps	**6.9**	2.4

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss. The Group actively monitors concentrations of credit risk from operating activities, and has policies in place to ensure that transactions are made with commercial customers with an appropriate credit history.

The Group is exposed to credit risk with its financial counterparties through entering into financial transactions in the ordinary course of business. These include funds held on deposit, cash investments and the use of derivative financial instruments.

The Group manages its counterparty credit risks by dealing with counterparties that are investment grade, use of counterparty credit exposure limits, limiting the amount of credit exposure to any single counterparty and maintaining a diversity of counterparties. Financial counterparties are assessed considering credit ratings provided by multiple independent ratings agencies.

Counterparty credit risk exposures are minimised through the netting of offsetting exposures and are monitored daily across the Group.

An International Swaps and Derivatives Association (ISDA) agreement must be in place between the Group and the counterparty prior to executing any derivatives and netting provisions are included in the event of default.

Credit quality of trade and related party receivables is assessed having regard to potential risk of default, relevant economic indicators and any changes to the nature and collectability of balances. Refer to B7 for further information.

Liquidity risk

The Group manages its liquidity risk in accordance with the liquidity policies approved by the Board. The Group maintains sufficient cash balances and access to committed undrawn borrowing facilities to maintain short-term flexibility and enable the Group to meet financial commitments in a timely manner.

The Group monitors liquidity by monitoring rolling forecasts of liquidity position on the basis of expected cash flows and liquidity metrics. Rolling forecasts consider operating expenses, committed capital expenditure, debt maturities and payments to security holders. Long-term liquidity requirements are refreshed semi-annually as part of the Group's funding plan updates and annual strategic planning process.

Liquidity risk is also managed by maintaining a minimum level of liquidity comprising cash balances plus committed undrawn borrowing facilities. This protects against potential changes in short-term commitments and additionally a liquidity buffer is held which supports the Group's forecasted annual operating costs and committed capital expenditures.

B12 Financial risk management and derivatives (continued)

Liquidity risk (continued)

Financing arrangements

The Group had access to the following undrawn working capital and general purpose borrowing facilities at the end of the reporting period:

	2024 $M	2023 $M
Floating rate		
Expiring within one year	55.5	—
Expiring beyond one year	—	63.1
Total undrawn borrowing facilities	55.5	63.1

Contractual maturity of financial liabilities

The table below shows the maturity profile of the Group's financial liabilities and includes derivative financial assets as these are directly relevant for an understanding of the Group's contractual cash flow commitments.

The cash flows disclosed in the below table are the contractual undiscounted future cash flows including principal and interest payments and therefore will not reconcile to the amounts disclosed in the consolidated balance sheet.

2024 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	106.1	—	—	—	—	—	106.1	106.1
Borrowings[1]	448.1	806.7	691.3	1,300.5	738.2	3,649.0	7,633.8	6,221.1
Interest rate swaps[2,3]	(5.1)	(3.6)	(3.0)	(3.1)	(3.3)	(7.8)	(25.9)	(20.9)
Cross-currency swaps[1,2]	30.7	(72.2)	(70.3)	(144.3)	(50.1)	(138.6)	(444.8)	(511.6)
Shareholder loan notes	—	—	—	—	—	—	—	—
Lease liabilities	2.1	3.4	3.6	3.7	3.8	7.8	24.4	20.5
Total	581.9	734.3	621.6	1,156.8	688.6	3,510.4	7,293.6	5,815.2

2023 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	91.0	—	—	—	—	—	91.0	91.0
Borrowings[1,4]	423.4	669.0	731.8	686.9	1,250.1	3,160.8	6,922.0	5,756.9
Interest rate swaps[2,3]	(6.2)	(5.3)	(3.0)	(2.8)	(3.2)	(11.3)	(31.8)	(25.8)
Cross-currency swaps[1,2,4]	30.8	30.7	(72.4)	(70.6)	(144.7)	(189.4)	(415.6)	(510.8)
Shareholder loan notes	32.0	31.9	31.9	31.9	32.0	1,283.9	1,443.6	580.4
Lease liabilities	1.8	3.5	3.6	3.7	3.9	8.9	25.4	21.2
Total	572.8	729.8	691.9	649.1	1,138.1	4,252.9	8,034.6	5,912.9

1. Cash flows have been estimated using spot translation rates at the end of the reporting period.
2. The carrying value of the interest rate and cross-currency swaps are presented on a net basis. The gross position is disclosed in the Derivatives table above in this Note B12.
3. Cash flows have been estimated using forward interest rates at the end of the reporting period.
4. Amounts have been restated to conform to current year basis of preparation.

B12 Financial risk management and derivatives (continued)

Fair value measurements

Financial instruments are measured either at fair value or their carrying amount approximates fair value, except for borrowings which are subsequently measured at amortised cost.

All financial instruments for which fair value is measured are categorised within the fair value hierarchy.

Fair value measurements accounting policy

In determining fair value, the Group can use both observable and unobservable inputs and classifies the inputs according to a three level hierarchy under which the inputs to the valuation method used are categorised based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the fair value hierarchy by reassessing categorisation at the end of each reporting period.

Financial instruments measured at fair value

The table below summarises the methods used to estimate the fair value of financial instruments measured at fair value and the level within the fair value hierarchy they are categorised in. As at 30 June 2024 and 30 June 2023 there were no financial instruments measured using level 1 inputs or level 3 inputs. All of the Group's financial instruments measured at fair value are valued using market observable inputs (level 2). There has been no change in the valuation techniques applied and there were no transfers between levels within the fair value hierarchy during the current or prior year reporting period.

Fair value hierarchy level	Financial instrument	Valuation method
Level 2: the lowest level input that is significant to the fair value measurement is directly (as prices) or indirectly (derived from prices) observable	Cross-currency interest rate swaps and interest rate swaps	Present value of estimated future cash flows based on observable market yield curves. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the counterparties.

Key accounting estimate and judgement

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select valuation techniques which where possible use observable market inputs based on market conditions existing at each reporting date. These valuation techniques are outlined in the fair value hierarchy table above.

Concession summary

B13 Goodwill

	2024 $M	2023 $M
Cost	**204.7**	204.7
Carrying amount	**204.7**	204.7

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

Key accounting estimate and judgement

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

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

Impairment testing of goodwill

The recoverable amount of the Group's CGUs has been determined based on value-in-use calculation.

The following table sets out the key assumptions on which management have based their cash flow projections. The calculations use four-year cash flow projections based on financial plans reviewed by the Board. Cash flows beyond this period are modelled using a consistent set of long-term assumptions up to the end of the applicable concession period:

	2024	2023
Long term CPI (% annual growth)	**2.5 %**	**2.5%**
Long term average weekly earnings (% annual growth)	**3.5 %**	**3.5%**
Pre-tax discount rate (%)	**8.2 %**	**8.2%**

The values assigned to each of the key assumptions have been determined as follows:

Assumption	Approach used to determine values
Traffic volume	Forecasts are developed based on historical trends and the Group's long-term forecasting models.
Long term CPI (% annual growth)	Based on independent external forecasts.
Long term average weekly earnings (% annual growth)	Based on independent external forecasts.
Pre-tax discount rate	Given the long term nature of the Group's concession intangible assets, a discount rate is determined, considering historical, current and forecast risk free rates. This results in a change to the discount rate when there is a change to long term trends in risk-free rates. A specific rate is selected for each CGU reflecting the term of the asset, the nature and risks inherent in the asset, and where appropriate, the implied discount rate on acquisition. In performing the value-in-use calculations for each CGU, the Group has applied pre-tax discount rates to discount the forecast pre-tax cash flows. The pre-tax discount rates are disclosed in the table above.

The impairment testing indicates the recoverable amount of the Group CGU to which goodwill has been allocated exceeds its carrying amount (after allocating goodwill). Therefore, there is no goodwill that is impaired as at 30 June 2024.

B14 Other intangible assets

	2024 $M	2023 $M
Cost	**9,053.7**	9,050.4
Accumulated amortisation	**(2,200.0)**	(1,961.3)
Net carrying amount	**6,853.7**	7,089.1

Movement in intangible assets

	2024 $M	2023 $M
Net carrying amount at 1 July	**7,089.1**	7,318.7
Additions	**3.3**	9.0
Amortisation charge	**(238.7)**	(238.6)
Net carrying amount at 30 June	**6,853.7**	7,089.1

Concession intangible assets

Concession intangible assets represent the Group's rights to operate and maintain roads under Service Concession Arrangements. Service Concession Arrangements are accounted for in accordance with AASB Interpretation 12.

Intangible asset model

Concession intangible assets accounting policy

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

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

	2024 Years	2023 Years
Gateway and Logan	**27**	28
Clem7 Tunnel	**27**	28
AirportlinkM7	**29**	30
The Go Between Bridge	**39**	40
Legacy Way Tunnel	**41**	42

There were no indicators of impairment of the Group's service concession intangible assets as at 30 June 2024.

B15 Maintenance provision

Movement in maintenance provision

	Current $M	Non-current $M
Carrying value at 1 July 2023	**60.6**	**624.4**
Additional provision recognised	**1.8**	**63.9**
Amounts paid/utilised	**(65.5)**	**—**
Unwinding of discount	**—**	**19.1**
Transfer	**66.5**	**(66.5)**
Carrying value at 30 June 2024	**63.4**	**640.9**
Carrying value at 1 July 2022	75.1	582.6
Additional provision recognised	13.9	62.4
Amounts paid/utilised	(62.1)	—
Unwinding of discount	—	13.1
Transfer	33.7	(33.7)
Carrying value at 30 June 2023	60.6	624.4

The Group's service concession arrangements include certain obligations to maintain the publicly owned roads (concession intangible assets) it operates and in some cases the concession intangible assets it designed and constructed. These maintenance obligations may include:

- obligations for routine or minor maintenance over the life of the concession intangible asset, for which costs are expensed as incurred; and
- major maintenance, remediation and handover obligations for which the Group recognises a maintenance provision reflecting its present obligation under the concession deeds.

Maintenance provision accounting policy

The maintenance provision is included in the financial statements at the present value of expected future payments. The calculations to discount these amounts to their present value are based on the estimated timing and profile of expected expenditure.

Key accounting estimate and judgement

The maintenance provision reflects the Group's best estimate of the costs that are expected to be incurred in meeting its obligations (based on information available at the reporting date) and reflects how and when the maintenance obligations under the concession deeds will be met under its asset management programs. Given the length of the service concession arrangements, uncertainty arises in estimating the costs expected to be incurred in the future.

The Group periodically reassesses the estimate of its present obligation, which includes the results of routine inspections performed over the condition of the concession intangible assets. In addition, the Group assesses whether it has sole responsibility for the maintenance obligations or whether the obligations are the responsibility of other parties. To the extent the Group believes other parties are responsible for the maintenance activities, it may initiate claims on those parties and will consider those claims in assessing its present obligations.

Group structure

B16 Material subsidiaries

The Group's material subsidiaries are outlined below.

Name of entity	Principal Activities	Country of incorporation	% Equity Interest[1] 2024	2023
Transurban Queensland Finance Pty Limited	Financing entity	Australia	100	100
Project T Partnership	Road/operating entity	Australia	100	100
Gateway Motorway Pty Limited	Road/operating entity	Australia	100	100
Logan Motorways Pty Limited	Road/operating entity	Australia	100	100
Queensland Motorways Management Pty Limited	Road/operating entity	Australia	100	100
GBB Operations Pty Limited	Road/operating entity	Australia	100	100
LW Operations Pty Limited	Road/operating entity	Australia	100	100
Queensland Motorways Services Pty Limited	Service entity	Australia	100	100
Transurban Queensland Property Trust	Concession leasing	Australia	100	100
Transurban Queensland Property Pty Limited	Trustee	Australia	100	100
APL Co Pty Limited	Road/operating entity	Australia	100	100
TQ APL Finance Co Pty Limited	Financing entity	Australia	100	100
TQ APL Asset Co Pty Limited	Trustee	Australia	100	100
TQ APL Asset Trust	Concession leasing	Australia	100	100

Ultimate parent

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

B17 Non-controlling interests

Set out below is summarised financial information for each material subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed are before intercompany eliminations of balances and transactions between TQIT and other entities within the Group that are not included within TQIT.

	TQIT[1]	
	2024 $M	**2023 $M**
Summarised balance sheet		
Current assets	**305.0**	74.9
Non-current assets	**7,332.7**	7,451.8
Current liabilities	**(348.0)**	(268.0)
Non-current liabilities	**(5,987.9)**	(5,723.3)
Net assets	**1,301.8**	1,535.4
Carrying amount of non-controlling interests	**1,301.8**	1,535.4
Summarised statement of comprehensive income		
Revenue	**479.6**	441.8
Profit for the year	**75.3**	32.1
Other comprehensive loss	**(10.3)**	(79.1)
Total comprehensive income/(loss)	**65.0**	(47.0)
Loss allocated to non-controlling interests	**75.3**	32.1
Other comprehensive loss allocated to non-controlling interests	**(10.3)**	(79.1)
Summarised cash flows		
Cash flows from operating activities	**290.1**	251.2
Cash flows from investing activities	**(3.7)**	(9.5)
Cash flows from financing activities	**(293.6)**	(232.0)
Net (decrease)/increase in cash and cash equivalents	**(7.2)**	9.7

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

B18 Deed of cross guarantee

Deed of cross guarantee

TQH1 and Queensland Motorways Holding Pty Limited are party to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Instrument 2016/785 issued by the Australian Securities and Investments Commission. The companies represent a 'closed group' for the purposes of the Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by TQH1, they also represent the 'extended closed group'.

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

B18 Deed of cross guarantee (continued)

	2024 $M	2023 $M
Summarised statement of comprehensive income		
Revenue	**159.5**	151.9
Operating costs	**(0.2)**	(0.5)
Net finance costs	**(31.1)**	(23.5)
Profit before income tax	**128.2**	127.9
Income tax benefit	**14.2**	13.7
Profit for the year	**142.4**	141.6
Total comprehensive income for the year	**142.4**	141.6
Summarised movements in retained earnings		
Retained earnings at 1 July	**506.7**	365.1
Profit for the year	**142.4**	141.6
Retained earnings at the end of the year	**649.1**	506.7
Summarised balance sheet		
Current assets		
Cash and cash equivalents	**—**	0.3
Trade and other receivables	**238.9**	191.6
Total current assets	**238.9**	191.9
Non-current assets		
Other financial assets	**1,810.3**	1,810.3
Other receivables	**867.1**	1,259.4
Deferred tax assets	**152.8**	166.5
Total non-current assets	**2,830.2**	3,236.2
Total assets	**3,069.1**	3,428.1
Current liabilities		
Trade and other payables	**221.0**	210.8
Total current liabilities	**221.0**	210.8
Non-current liabilities		
Payables	**1,630.1**	2,099.4
Other liabilities	**—**	42.3
Total non-current liabilities	**1,630.1**	2,141.7
Total liabilities	**1,851.1**	2,352.5
Net assets	**1,218.0**	1,075.6
Equity		
Contributed equity	**568.9**	568.9
Retained earnings	**649.1**	506.7
Total equity	**1,218.0**	1,075.6

Items not recognised

B19 Contingencies

Contingencies accounting policy

Contingent assets are possible recoveries whose existence will only be confirmed by uncertain future events not wholly within the control of the Group. Contingent assets are not recognised on the balance sheet unless they are virtually certain but are disclosed if the inflow of economic resources is probable.

Contingent liabilities are possible obligations whose existence will only be confirmed by uncertain future events and present obligations where the transfer of economic resources is not probable or cannot be reliably estimated. Contingent liabilities are not recognised on the balance sheet unless they are probable but are disclosed if the outflow of economic resource is possible but not remote.

Key accounting estimate and judgement

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

Note B15 discusses the accounting for maintenance expenses where the Group has a present obligation to remediate concession intangible assets.

The Group has existing claims that it has initiated against other parties in connection with its construction projects. In other instances, the Group has received claims. Contingent assets and liabilities may exist in respect of actual or potential claims and recoveries and commercial payments arising from these matters. As at 30 June 2024, any inflow of economic resources associated with these matters is not considered virtually certain and any possible payments are not considered probable of being made and are remote.

Parent entity

The Parent entity does not have any contingent liabilities at reporting date (2023: $nil).

B20 Commitments

	Capital commitments	
	2024	**2023**
	$M	**$M**
Within one year	**1.9**	3.0
Total commitments	**1.9**	3.0

B21 Subsequent events

On 23 July 2024, Transurban Queensland announced that it is partnering with the Queensland State Government to further develop plans for widening the western section of the Logan Motorway (Logan West Upgrade Project). The announcement marked the progression of Logan West Upgrade Project to the Binding Upgrade Proposal stage between Transurban Queensland and the Queensland State Government. As a part of this process both parties will agree the final scope and funding model for the Logan West Upgrade Project.

Other than as disclosed above and in Note B11 to the Group financial statements, in the interval between the end of the financial year and the date of this report, no matter or circumstance has arisen that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or Group's state of affairs, in future years.

Other

B22 Leases

Leases as a lessee

Information about leases for which the Group is a lessee is presented below.

Right-of-use asset

The Group's right-of use assets relate to leased office buildings and are included in property, plant and equipment on the Group's consolidated balance sheet.

Right-of-use assets accounting policy

Right-of-use assets have finite lives, are depreciated on a straight-line basis and are carried at cost less accumulated depreciation and accumulated impairment.

The net carrying amount of right-of-use assets is presented below:

	2024 $M	2023 $M
Net carrying amount at 1 July	**13.8**	15.6
Depreciation charge for the year	**(1.4)**	(1.8)
Remeasurement of lease liability	**(1.0)**	—
Net carrying amount at 30 June	**11.4**	13.8

Lease liability

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

	2024 $M	2023 $M
Current	**(2.1)**	(1.8)
Non-current	**(18.4)**	(19.4)
Total lease liability	**(20.5)**	(21.2)

Refer to Note B12 for contractual maturities for lease liabilities.

Reconciliation of lease liabilities arising from financing activities

	2024 $M	2023 $M
Balance at 1 July	**21.2**	20.8
Principal repayment of leases	**(0.5)**	(0.6)
Total cash flows	**(0.5)**	(0.6)
Non-cash changes		
Remeasurement of lease liability	**(1.0)**	—
Unwind of discount	**0.8**	1.0
Total non-cash changes	**(0.2)**	1.0
Balance at 30 June	**20.5**	21.2

The total cash outflow for leases in the year ended 30 June 2024 was $0.5 million (2023: $0.6 million). The Group presents lease payments as 'principal repayments of leases' in 'cash flows from financing activities' and the finance cost as 'interest paid' in 'cash flows from operating activities' within the consolidated statement of cash flows.

B23 Related party transactions

	2024 $'000	2023 $'000
Transactions with related parties		
Shareholder loan note interest expense - Transurban Sun Holdings Pty Limited	**(8,817.9)**	(20,775.1)
Shareholder loan note interest expense - Entities with significant influence	**(5,290.8)**	(12,465.1)
Service fees - Transurban Limited	**(52,156.1)**	(45,605.7)
Roaming fee revenue - CityLink Melbourne Limited	**357.6**	302.7
Roaming fee revenue - Airport Motorway Pty Limited	**43.9**	46.6
Roaming fee revenue - LCT-MRE Pty Limited	**62.8**	67.6
Roaming fee revenue - Transurban CCT Pty Ltd	**29.5**	28.6
Roaming fee revenue - The Hills Motorway Limited	**195.3**	199.4
Roaming fee revenue - Interlink Roads Pty Ltd	**124.0**	114.1
Roaming fee revenue - Roam Tolling Pty Ltd	**399.9**	400.4
Roaming fee revenue - WCX M4 Project Trust	**130.8**	120.2
Roaming fee revenue - WCX M5 Project Trust	**81.9**	77.8
Roaming fee revenue - WCX M4-M5 Link Project Trust	**32.2**	7.5
Roaming fee expense - CityLink Melbourne Limited	**(2,316.0)**	(2,064.0)
Roaming fee expense - TollAust Pty. Limited	**(1,394.7)**	(1,311.5)
Distributions paid to security holders		
Transurban Sun Holdings Trust	**(186,625.0)**	(146,812.5)
Other security holders	**(111,975.0)**	(88,087.5)
	(298,600.0)	(234,900.0)
Outstanding balances with related parties		
Current assets		
Related party receivables - CityLink Melbourne Limited	**358.2**	71.3
Related party receivables - Tollaust Pty. Limited	**235.0**	81.9
Related party receivables - Other	**69.8**	38.7
	663.0	192.0
Current liabilities		
Related party payables - Transurban Sun Holdings Pty Limited	**(33.9)**	—
Related party payables - Transurban Limited	**(3,833.3)**	(3,287.7)
Related party payables - Other	**(348.7)**	—
	(4,215.9)	(3,287.7)
Shareholder loan notes - Transurban Sun Holdings Pty Limited	**—**	(362,750.0)
Shareholder loan notes - Entities with significant influence	**—**	(217,650.0)
	—	(580,400.0)

Transactions with related parties

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

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

B23 Related party transactions (continued)

Shareholder loan notes

The shareholder loan notes comprised of $750,000 thousand of loan notes issued on July 2014, which were redeemable on 31 December 2048. The full amount was repaid to shareholders as at 30 June 2024 of which $580,400 thousand was redeemed in FY24 (2023:$103,100 thousand). Interest was payable on a quarterly basis, based on an interest rate equal to the Group's weighted average cost of debt plus a margin of 0.5%, which was re-set annually on 1 July. The shareholder loan notes were unsecured.

B24 Key management personnel compensation

Key management personnel compensation

	2024[1]	2023
	$	$
Short-term employee benefits	**2,324,471**	2,535,371
Post-employment benefits	**145,395**	110,753
Termination benefits	**803,175**	—
Long-term benefits	**(327,678)**	(4,952)
Share-based payments	**378,654**	351,230
Deferred short-term incentives	**473,755**	529,158
	3,797,772	3,521,560

1.As a result of changes to the Transurban Group operating model, the role of Group Executive Queensland ended 31 May 2024. Compensation for new executive roles is borne by related parties and is not disclosed above

The amount of compensation paid by the Group to key management personnel during the year disclosed above does not include compensation that has been borne by related parties. Fees have been paid to related parties which include consideration for key management personnel services rendered (refer to note B23). It is not possible to separately identify the amount of key management personnel compensation within fees paid to related parties. Accordingly, this disclosure includes no remuneration details for key management personnel compensation that has been borne by related parties.

B25 Remuneration of auditors

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

Amounts received or due and receivable by PricewaterhouseCoopers

	2024	2023
	$	$
Audit of financial reports	**747,000**	650,000
Other assurance services	**129,600**	35,700
Total remuneration for PricewaterhouseCoopers	**876,600**	685,700
Total auditor's remuneration	**876,600**	685,700

B26 Parent entity disclosure

Parent entity information

The financial information for the parent entity, TQH1, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries parent entity accounting policy

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

Dividends received from associates are recognised in the parent entity's profit and loss, rather than being deducted from the carrying amount of these investments.

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

Tax consolidation legislation

In addition to its own current and deferred tax amounts, TQH1 also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Guarantees entered into by the parent entity

There are cross guarantees given by TQH1 and Queensland Motorways Holding Pty Limited as described in Note B18.

Summary financial information

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

	2024 $M	2023 $M
Balance sheet		
Current assets	**315.2**	214.1
Total assets	**1,857.2**	1,811.8
Current liabilities	**(230.2)**	(209.6)
Total liabilities	**(748.4)**	(856.0)
Net assets	**1,108.8**	955.8
Shareholders' equity		
Contributed equity	**568.9**	568.9
Retained earnings	**539.9**	386.9
Total equity	**1,108.8**	955.8
Profit for the year	**153.0**	145.9
Total comprehensive income	**153.0**	145.9

Section C: Signed reports

Directors' declaration

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

1. In the opinion of the Directors:

   (c) the financial statements and notes of the Group set out on pages pages 14 to 59 ('Financial Statements') are in accordance with the *Corporations Act 2001* (Cth) including:

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

   (ii) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

   (d) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

   (e) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note B18 will be able to meet any obligations or liabilities to which they are, or may become liable, subject by virtue of the deed of cross guarantee described in Note B18.

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

Signed in accordance with a resolution of the Directors.

D O'Toole
Director

N Green
Director

Brisbane
4 September 2024

Independent auditor's report

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

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended

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

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 30 June 2024
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors of the Parent are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Group are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

E A Barron
Partner

Melbourne
4 September 2024