



**Infrastructure
Australia**

September 2020

Annual Report

Infrastructure Australia
Report to Parliament
2019-20



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Australian Government
Infrastructure Australia

Infrastructure Australia
Level 19, 60 Martin Place, Sydney NSW 2000

25 September 2020

Hon Michael McCormack MP
Deputy Prime Minister
Minister for Infrastructure, Transport and Regional Development
Parliament House
CANBERRA ACT 2600

Dear Deputy Prime Minister,

I am pleased to present the Annual Report of Infrastructure Australia for the period ending 30 June 2020 on behalf of the Infrastructure Australia Board.

The report provides a detailed description of Infrastructure Australia's operations during the year as well as financial statements.

The report has been prepared in accordance with the requirements of s46 of the *Public Governance, Performance and Accountability Act 2013* and s39C of the *Infrastructure Australia Act 2008*. It was approved by a resolution of the Board on 3 September 2020.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Julieanne Alroe'.

Julieanne Alroe
Chair

Chair's Foreword



As the nation's independent infrastructure advisor, Infrastructure Australia is tasked with improving the quality of infrastructure to meet our needs today and for decades into the future.

We do this by building a body of evidence to support good infrastructure planning and decision-making, and by defining an actionable agenda of reforms and investments that will benefit all Australians.

We take a forward-looking view of Australia's infrastructure needs, clearly outlining challenges and opportunities that will influence living standards and our future prosperity.

This vision is grounded in independent, evidence-based analysis, cross-sectoral research and engagement with stakeholders across government, industry and the community.

Response and recovery during the COVID-19 pandemic

Our nation's infrastructure priorities have evolved rapidly since Infrastructure Australia was established in 2008. But 2020 in particular has been defined by a rolling series of crises – of drought, bushfires, dust storms, flooding, a pandemic and economic recession – that have tested our resilience and reset our national priorities. There is no doubt that recovery from the COVID-19 pandemic will drive infrastructure decision-making in the short term.

Australia must focus on productivity-enhancing projects and invest in making our infrastructure networks more resilient for future generations.

History tells us that infrastructure is uniquely placed to support jobs and drive productivity. One of our nation's greatest infrastructure feats, the Sydney Harbour Bridge, was dubbed the 'Iron Lung' because it breathed life back into a failing economy and sustained the lives of thousands of workers and their families during the Great Depression.

In the face of the COVID-19 crisis and subsequent economic downturn, Infrastructure Australia's advice has been consistent and aligned with a four-stage strategy. First, to protect and maintain the existing pipeline of projects. Second to mobilise new projects, both small and large. Stage three uses reform to accelerate mobilisation efforts to boost productivity and increase labour participation. And lastly, stage four reform should address industry capacity, accelerate infrastructure delivery and enhance transparency.

Assessment of Australia's future infrastructure needs

Australia must focus on productivity-enhancing projects and invest in making infrastructure networks more resilient for future generations.

In this context, Infrastructure Australia's work has never been more vital. In August 2019, we launched the second *Australian Infrastructure Audit*. This identified 136 challenges facing our nation over the next 15 years, as well as 44 opportunities that can deliver better community outcomes.

This truly collaborative document reflects insights and experience from 150 contributors and more than 5,000 survey respondents. The Audit is not solely Infrastructure Australia's view. Instead, it is a common platform from which we work together to drive long-term investment and reform.

The 2019 Audit covers the major infrastructure sectors of energy, transport, telecommunications, water – and for the first time, social infrastructure and waste.

Importantly, the Audit emphasises that the historic levels of activity and investment we are seeing in Australian infrastructure is now the 'new normal' to meet the challenges and opportunities of the future. So-called mega projects larger than \$1 billion in value are becoming the default and are, in some cases, exceeding industry capacity.

The 2019 Audit puts the community at the centre of infrastructure planning, applying user-focused measures of access, quality and cost. It also highlights how service quality varies greatly for Australians depending on where they live.

Failure to engage with the community is also a growing concern. The Audit estimates that around \$20 billion of infrastructure projects were delayed, cancelled or mothballed due to community opposition over the past decade alone.

Establishing genuine community buy-in for reform must be a priority for government and industry alike as we meet Australia's changing and growing infrastructure needs.

A guide to future investment

Following the Audit, we published the *Infrastructure Priority List* in February 2020. It identified 147 proposals across transport, water, energy, telecommunications and social infrastructure that offer nationally significant benefits.

Infrastructure projects that enhance resilience emerged as a key theme. Among the new initiatives were proposals to improve water security, address coastal inundation, increase recycling and expand mobile telecommunications coverage in remote and regional areas.

Far from a static list, Infrastructure Australia continued to assess initiatives throughout the year to ensure the Priority List remains relevant and current.

A plan for the next wave of reform

Infrastructure Australia has also laid the groundwork for the 2021 *Australian Infrastructure Plan*, a roadmap for reform that builds on the opportunities and challenges identified in the 2019 Audit.

The Plan will provide solutions to drive Australia's productivity, maintain and enhance our standard of living, and ensure our cities and regions remain world class.

To deliver the Plan, Infrastructure Australia has established a dedicated project team and is engaging closely with our stakeholders. A 12-month consultation process, which commenced during this financial year, will ensure we gather a diverse range of insights, update data to ensure it responds to the 'new normal', test our findings and conclusions with stakeholders and confirm our reform priorities.

The consultation process will conclude in January 2021, with the *Australian Infrastructure Plan* due to be released by July 2021. The Plan will outline Infrastructure Australia's recommendations on the reforms need in our infrastructure sector to support recovery after the COVID-19 pandemic, grounded in the engagement we are currently undertaking with government, industry and the community.

Streamlining infrastructure decision-making

Infrastructure Australia helps governments and industry make decisions on multi-billion-dollar infrastructure investments. To enhance the speed and ease of decision-making on where to best invest, we have undertaken several projects to enhance our processes and improve outcomes for our stakeholders.

A review of our business case evaluation process, through a customer experience lens, has uncovered several opportunities to enhance our processes. A structured improvement program is now underway.

We have also established an intergovernmental reference group to review our Assessment Framework to ensure it remains relevant, practical and easy to use, is applicable to all sectors and geographies and reflects latest research and best practice. This ongoing work includes a review of our cost-benefit analysis methodology.

Infrastructure for all Australians

We are committed to helping government and industry make better decisions on infrastructure for the benefit of all Australians.

We were proud to launch our first Reconciliation Action Plan (RAP) during National Reconciliation Week in May 2020. Our Reflect RAP commits us to learn as an organisation, explore partnerships in our sphere of influence, and support our staff to take practical, actionable steps towards reconciliation.

Additionally, as we currently review and refresh our Assessment Framework, we are exploring how we can enhance outcomes for people living in remote communities. We have commenced a research study and convened a working group to help us gain a more holistic view of how infrastructure contributes to quality of life in remote communities.

Remaking a resilient economy

A high-quality-pipeline of infrastructure projects gives confidence to industry, certainty to government, employs Australians and supports the national economy.

As we build our way to economic recovery, Infrastructure Australia will continue to play a central role in the national conversation.

Our work to identify a high-quality pipeline of infrastructure projects gives confidence to industry, certainty to government, employs Australians and supports the national economy. Maintaining this pipeline is especially important to attract private capital investment in infrastructure.

As Australia's governments rightly work to accelerate major infrastructure projects, it remains critical that we scrutinise proposals prior to investment. Less scrutiny leaves the door open for over-scoping and cost escalation. Relying on a short-term financial injection in infrastructure investment could have unintended consequences if it directs finite resources to projects that are unable deliver outcomes for communities.

We can avoid this by ensuring business cases for large infrastructure projects include rigorous planning, evidence-based problem definition, options analysis and independent assessment – activities that are at the heart of Infrastructure Australia's agenda.

Together, we can develop the infrastructure project pipeline, planning processes and policy reforms we need to stimulate our economy and strengthen our nation's resilience for generations to come.



Overview

Infrastructure Australia was established in 2008 to drive better infrastructure outcomes for all Australians.

As an independent statutory body established under the *Infrastructure Australia Act 2008* (Cth), we advise governments, industry and the community on the investments and reforms needed to deliver better infrastructure for all Australians.

We maintain the *Infrastructure Priority List* to ensure that public funds are directed towards projects that will deliver the best outcomes for our growing communities. Our rigorous and independent analysis identifies infrastructure gaps and opportunities, to ensure that funds are spent where they are needed most.

We also develop research and advice on broader opportunities for infrastructure reform, and publish new and interactive data to support better infrastructure decision-making.

Working closely and collaboratively with stakeholders across government and the infrastructure sector, we are committed to raising the quality of infrastructure planning and delivery throughout Australia.

Our strategy and operational functions are guided by the *Infrastructure Australia Act 2008*, together with Portfolio Budget Statements, Statement of Expectations, and other Commonwealth guiding legislation, including the *Public Governance, Performance and Accountability Act 2013* (Cth).

Infrastructure Australia's five-year policy cycle

Infrastructure Australia's responsibilities over a five-year cycle are to:

- **strategically audit the nation's infrastructure** by developing the *Australian Infrastructure Audit*
- **develop a clear roadmap** for reform in the *Australian Infrastructure Plan*
- **maintain a credible pipeline** of nationally significant infrastructure investments via the *Infrastructure Priority List*
- **assess infrastructure business cases** that are requesting more than \$100 million of Commonwealth funding.

Australian Infrastructure Audit

Released every five years, the Audit is the foundation of Infrastructure Australia's reform and investment recommendations. Looking 15 years into the future, the Audit assesses our nation's infrastructure needs and examines challenges and opportunities.

Developed in collaboration with Australia's governments, industry and communities, the Audit provides the rich evidence base that underpins Infrastructure Australia's advice. In turn, it informs our other key publications: the *Australian Infrastructure Plan*, the *Infrastructure Priority List* and our other advisory papers.

Australian Infrastructure Plan

The Plan sets out policy responses to the infrastructure needs, challenges and opportunities identified in the Audit. A roadmap for infrastructure reform, the plan is intended to support the ambitions of Australia's governments, as well as industry and community. The next Plan will be released in 2021.

Infrastructure Priority List

This prioritised list of nationally significant investments is a live list that is published bi-annually to provide decision-makers with up-to-date advice and guidance on specific infrastructure investments that will underpin Australia's continued prosperity. This consensus list draws on evidence from the Audit and proposals from proponents around Australia.

The February 2020 *Infrastructure Priority List* was developed using data from the *Australian Infrastructure Audit* and more than 250 submissions from state and territory governments, industry and the community.

We rely on a robust assessment process to independently evaluate infrastructure proposals. This process, grounded in transparency, ensures proposals listed on the Priority List offer the best use of public infrastructure funds, supporting community confidence in future infrastructure investments.

Assessing and improving infrastructure business cases

Our publicly available Assessment Framework sets out Infrastructure Australia's process for evaluating infrastructure business cases. We work closely with governments and industry to regularly update this framework so it is practical and easy to use, so stakeholders can develop strong infrastructure proposals and business cases for inclusion on the *Infrastructure Priority List*. We also run education workshops around the country (soon to be delivered online) to support best practice in infrastructure planning.



(Left to right) Infrastructure Australia CEO, Romilly Madew AO, Deputy Prime Minister, the Hon Michael McCormack MP, and Infrastructure Australia Chair, Julieanne Alroe, at the launch of the February 2020 *Infrastructure Priority List* at Parliament House, Canberra.

Board members



Julieanne Alroe

Board Member: 1 June 2015 – 31 October 2017

Chair: 1 September 2017 – 31 August 2020

Julieanne Alroe is the Chair of Infrastructure Australia and of the Queensland Ballet. She is also a Board Member of Watpac. Ms Alroe is a Member of the University of Queensland Senate, the Committee for Brisbane Advisory, the Queensland Thoroughbred Advisory Panel and the Inaugural President of the Queensland Futures Institute.

Ms Alroe retired in June 2018 from Brisbane Airport Corporation, where she held the position of CEO and Managing Director since 1 July 2009. She was the Chair of ERM Power Ltd from 2018 until it was sold to Shell in late 2019.

Ms Alroe has a Bachelor of Economics from the University of Queensland and was granted the Doctor of the Griffith University (*honoris causa*) in December 2016. She is also a member of the Australian Institute of Company Directors and Chief Executive Woman.



Peter Corish AM

Board Member: 1 September 2014 – 31 October 2017; 1 September 2017 – 31 July 2021

Peter Corish was the President of the National Farmers Federation from 2002 to 2006. He was Managing Director and CEO of PrimeAg Australia from 2008 to 2013. From 2007 to 2011, he served as a member of the Council of Australian Governments Reform Council and held the post of Commissioner of the National Water Commission from 2005 to 2008.

Between 2003 and 2006, Mr Corish was a member of the Commonwealth Government Business Roundtable for Sustainable Development. He was founder and now chairs the Corish Group of agricultural businesses.



Mark Balnaves

Board Member: 1 December 2019 – 30 November 2022

Mark Balnaves has more than 20 years of director, strategic advisory and infrastructure experience. Mark is experienced in a wide range of projects, having advised on major property and infrastructure projects around Australia for government, universities and private investors.

Mr Balnaves has significant director experience, including as the independent Chair of Celsus (which designed, financed, constructed and now manages and maintains the Royal Adelaide Hospital PPP) and 12 years as Chair of the National Wine Centre of Australia. Mr Balnaves also acts as independent advisory board Chair of a number of private businesses and has extensive merger and acquisition experience across a wide range of industries.

Mr Balnaves holds degrees in Economics and Law and a Masters in Finance from London Business School.

Mr Balnaves is Chair of Infrastructure Australia's Planning Sub-Committee, to oversee the delivery of *the Australian Infrastructure Plan*.



John Fitzgerald

Board Member: 1 December 2019 – 30 November 2022

John Fitzgerald has extensive experience in infrastructure policy and delivery, public transport and urban renewal. He is Chair of the ACT's Suburban Land Agency, Evolution Rail Pty Ltd, Infranexus Management Pty Ltd (an IFM Investors subsidiary) and the Canberra Light Rail Project Board. He is also a Non-executive Director of the Victorian Funds Management Corporation. Previous Board positions included Chair of NSW Government's Convention and Exhibition Centre project, Director

Barangaroo Delivery Authority, Port of Melbourne Corporation and Infrastructure Partnerships Australia.

From 2011 to 2016 he was a Specialist Advisor to KPMG and Interim CEO of Infrastructure Australia. Prior to KPMG, Mr Fitzgerald was Deputy Secretary at the Victorian Treasury. He chaired the Infrastructure Working Group of COAG that created Infrastructure Australia's National PPP Policy. Before joining DTF in 2000, Mr Fitzgerald worked in banking. He holds a Master of Public Infrastructure (Research) (*Hons*) from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors and the Institute of Public Administration Australia (Victoria).



Marion Fulker

Board Member: 1 December 2019 – 30 November 2022

Marion Fulker is the CEO for think-tank organisation Committee for Perth, Board Member of Infrastructure Australia and Adjunct Senior Research Fellow at The University of Western Australia.

She is a dynamic and sought after thought-leader, speaker, board member and community leader. Ms Fulker has an MBA from Curtin Graduate School of Business and is currently studying in the Cities

program at the London School of Economics and Political Science. At the Committee for Perth, Ms Fulker has overseen the development of more than 100 research bulletins and reports on urban issues and has undertaken related field work in more than 30 cities in the developed world.



Peter Harris AO

Board Member: 1 March 2019 – 30 November 2021

Peter Harris is a public policy adviser with extensive experience in Australian economic policy, public service and transport-related business. Most recently, Mr Harris was Chairman of the Productivity Commission and instrumental in the research and recommendations in reports such as *Public infrastructure* (2014), *Data availability and use* (2017) and *Competition in the Australian financial system* (2018).

In his earlier career, Mr Harris served as: Senior Private Secretary handling microeconomic reform for then Australian Prime Minister Bob Hawke; adviser to the Hilmer Inquiry on National Competition Policy; senior positions in the Commonwealth Department of Transport dedicated to rail, road and aviation reforms, including the privatisation of Australia's largest airports; Vice President in the Ansett/Air New Zealand group; and Director General of Public Transport in Victoria. On behalf of the Commonwealth Government, he also led the public policy aspects of negotiations with Telstra over the establishment of the National Broadband Network (NBN) as Secretary of the Commonwealth Department of Broadband, Communications and the Digital Economy. Mr Harris is CEO of the National COVID-19 Coordination Commission and was Chair of the National Transport Commission (Expert panel review of the Heavy Vehicle National Law) and an adviser to Tanarra Capital.



Samantha Hogg

Board Member: 1 March 2019 – 30 November 2021

Samantha Hogg has more than 25 years' experience in executive management across the resources and infrastructure sectors, as well as broader Australian and international experience in finance, marketing and strategic projects. She resides on a farm in northern Tasmania and holds positions on a number of Tasmanian and other boards, including Chair of Tasmanian Irrigation, Non-Executive Director of Hydro-Electric Corporation, MaxiTRANS Industries Limited, North Esk Agriculture, Cleanaway and the National COVID-19 Coordination Commission. She is also a member of the Tasmanian Premier's Social and Economic Advisory Council.

Ms Hogg has been a Non-Executive Director of TasRail since August 2015 and was a Non-executive director of the Australian Renewable Energy Agency Board. Her most recent executive role was as Chief Financial Officer of Transurban, during a period when the business grew to become a top 20 ASX company. Ms Hogg is also a Fellow of the Australian Institute of Company Directors.



Rod Hook

Board Member: 1 April 2019 – 30 March 2022

Rod Hook is the Principal of Rod Hook and Associates, aiding the progress of infrastructure projects for international and domestic clients. He has extensive experience in the public and private sectors, delivering outcomes across property, transport, planning, infrastructure and the environment.

Mr Hook was the Chief Executive of South Australia's Department of Planning, Transport and Infrastructure from 2011 to 2014, and prior to that Deputy Chief Executive from 2007 to 2011. Mr Hook has also held positions as South Australia's Commissioner of Highways, Rail Commissioner and Coordinator-General. He led the delivery of upgrades to Adelaide's light rail, major roads, shipping channels and rail corridors, and has led the development of stadiums, parks and waste water re-use facilities. Mr Hook holds a Bachelor of Civil Engineering with Honours from the University of Adelaide.



Graham Quirk

Board Member: 1 December 2019 – 30 November 2022

During 34 years in public life, including eight years as Lord Mayor of the City of Brisbane, Graham Quirk spent many years responsible for the day-to-day delivery of major infrastructure projects, including the Clem 7 Tunnel, the Go Between Bridge, the Eleanor Schonell Bridge and the Legacy Way Tunnel. As Lord Mayor, Graham oversaw the development of the business case for the Brisbane Metro, before resigning as Lord Mayor in April 2019 to pursue other interests.

Graham is a Graduate of the Australian Institute of Company Directors and serves on the Board of Racing Queensland and provides strategic advice to Grace Education.

As Chairman of the Council of Mayors (South East Queensland), Graham Quirk oversaw the agreement to create Australia's largest City Deal. In that role he also commenced the Olympic Games proposal for 2032 in 2015 overseeing the Prefeasibility and Full Feasibility studies. Graham continues to co-ordinate the Council of Mayors efforts towards a bid proposal in a voluntary capacity.



Deena Shiff

Board Member: 1 September 2017 – 31 August 2020

Deena Shiff has been a senior executive in the telecommunications industry and as Group Managing Director at Telstra, where she ran Telstra Wholesale, set up and managed Telstra Business and established Telstra's corporate venture capital arm, Telstra Ventures. In her legal career, Ms Shiff has acted as government adviser, in-house Counsel and as a Partner at law firm Mallesons Stephen Jaques. She has also served as a non-executive director on a range of private sector and government

boards.

Ms Shiff is Chairman of the Australian Broadband Advisory Council; chairs the Supervisory Board of Marley Spoon AG (ASX:MMM), as well as the Cooperative Research Centre: Alertness, Safety and Productivity; the Australian Centre on China in the World (Advisory Board) and the Australian Research Council (ARC) Centre of Excellence for Automated Decision-making and Society (Advisory Board). She is a non-executive director of Appen Limited (ASX: APX), Promedicus (ASX:PME), Opera Australia and a member of the Musica Viva Members Council. Previous board roles include EFIC and the Citadel Group (ASX: CGL) and Chairman of BAI Communications. In 2015, Ms Shiff chaired the Australian Government's Regional Telecommunications Independent Review Committee. She has also served on the NSW Government Digital Economy Task Force. Ms Shiff has a Bachelor of Science (Economics) with Honours from the London School of Economics and a Bachelor of Laws with Honours from the University of Cambridge and is a Fellow of the Australian Institute of Company Directors.

Ms Shiff is Chair of Infrastructure Australia's People and Culture Committee.



Gabrielle Trainor AO

Board Member: 2 December 2014 – 30 November 2017; 1 December 2017 – 31 July 2021

Gabrielle Trainor is a non-executive director and advisor with more than 25 years' experience on boards ranging from infrastructure, transport and urban renewal to sports, arts and culture and empowerment of Aboriginal and Torres Strait Islander people. Among her current appointments, Ms Trainor is a director of the Western City & Aerotropolis Authority, the ACT City Renewal Authority and the Major Transport

Infrastructure Authority (Vic). She is a commissioner of the Australian Football League and of the Australian Sports Commission. She chairs the Construction Industry Culture Taskforce, comprising a group of senior government representatives, industry and academics. She is a member of the boards of Zurich Australia Ltd and WAM Global Ltd, a listed investment company. Ms Trainor is the Chair of the National Film and Sound Archive. She is a trustee of the Charlie Perkins Trust.

She is a former Churchill Fellow and a Fellow of the Australian Institute of Company Directors. In 2017, Ms Trainor was named an Officer of the Order of Australia.



Reece Waldock AM

Board Member: 1 January 2018 – 1 September 2020

Mr Waldock has more than 35 years' experience in strategic management and is an expert in organisational reform. His appointment as Director General of Transport in Western Australia, which he retired from in 2016, followed a 20-year career with various state government transport agencies and 15 years as Chief Executive Officer. He was appointed the inaugural head of three transport agencies in May 2010: Director General Transport, Commissioner Main Roads WA and Chief Executive Officer of the Public Transport Authority.

Prior to his public sector career, Mr Waldock held a number of senior management roles with BHP. He is currently Chair of the South Australian Public Transport Authority Advisory Board, Chair of the Planning and Research Centre (PATREC) and a Commissioner of the National Transport Commission. Mr Waldock has a Master of Business and a Bachelor of Science (Metallurgy with distinction), and is a Fellow of the Australian Institute of Company Directors and the Chartered Institute of Logistics and Transport.

CEO and management

Romilly Madew AO, Chief Executive Officer (April 2019–time of reporting)

Romilly Madew AO FTSE was appointed Chief Executive Officer of Infrastructure Australia in early 2019 and is responsible for overseeing Infrastructure Australia's critical role in helping governments prioritise projects and reforms that best serve our communities.

Before joining Infrastructure Australia, Ms Madew was CEO of Green Building Council of Australia (GBCA) for 13 years. In acknowledgment of her contribution to Australia's sustainable building movement, Ms Madew was awarded an Order of Australia in 2019.

She is currently a Commissioner for the Northern Territory Economic Reconstruction Commission, Member of Placemaking NSW Advisory Committee and Independent Chair of the Currawong State Park Advisory Board (NSW). Romilly was a member of the Expert Advisory Panel for the CSIRO Report on Climate and Disaster Resilience 2020 and has held Board positions with the Australian Sustainable Built Environment Council, Chief Executive Women and Sydney Olympic Park Authority. She has sat on numerous Federal Government panels including the Cities Reference Group, National Sustainability Council, Climate Futures Independent Expert Group and the National Urban Policy Forum.



Romilly is a Fellow of the Australian Academy of Science and Technology, Honorary Fellow, Planning Institute of Australia and Life Fellow GBCA.

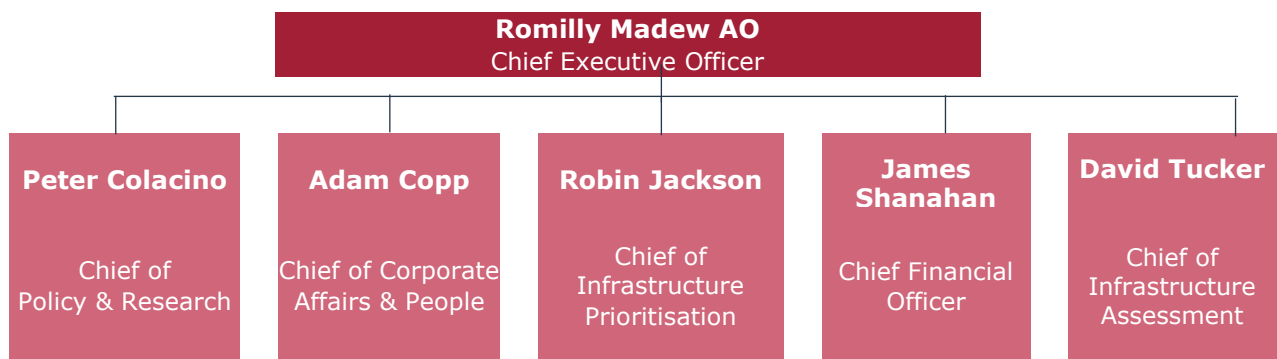
Organisational structure

Infrastructure Australia is managed by the CEO, who is appointed by the Infrastructure Australia Board under s29 of the *Infrastructure Australia Act 2008*. The CEO is supported by an Executive Leadership team overseeing five key functions:

- Infrastructure Assessment
- Infrastructure Prioritisation
- Policy and Research
- Corporate Affairs & People
- Finance & Operations

Further information about the management of Infrastructure Australia is at page 31.

Figure 1: Organisational structure of Infrastructure Australia as at 30 June 2020



Infrastructure Australia CEO, Romilly Madew (centre), addressing the media at the launch of the February 2020 *Infrastructure Priority List*, supported by Chief of Policy & Research, Peter Colacino (far left) and Chief of Infrastructure Assessment, David Tucker (second from right).

Activities and outcomes

Infrastructure Australia continues to champion the national conversation on our infrastructure needs and how to get there. We provide independent evidence and forward-thinking advice, promote best practice and collaborate with government and industry on better infrastructure planning and delivery.

During 2019–20, Infrastructure Australia continued to deliver on its long-term agenda, while also addressing imminent challenges and impacts arising from the COVID-19 crisis.

We continue to champion infrastructure investments that connect Australians to quality services and improve their standard of living, while delivering jobs and economic growth.

Australian Infrastructure Audit

The second annual *Australian Infrastructure Audit* was published in August 2019, following the inaugural Audit in 2015.

The 2019 Audit assessed Australia's infrastructure needs across energy, transport, telecommunications, water and, for the first time, social infrastructure and waste.

The Audit found that since 2015, Australia's governments have made important progress to promote reform, improve planning and address infrastructure gaps. More than \$123 billion of construction work commenced in this time and a forward pipeline of more than \$200 billion was committed.

However, the 2019 Audit recognises there is much more work ahead to ease the pressures of growth, catalyse development and enable our businesses to compete on a global stage.

The 2019 Audit places community at the centre of infrastructure planning. It applies user-focused measures of access, quality and cost to highlight how service quality varies greatly for Australians depending on where they live. This approach uncovers two important themes: outcomes for users and impacts on communities.

The second Australian Infrastructure Audit takes a forward-looking view to identify 136 challenges and 44 opportunities over the next 15 years.

Outcomes for users

- **Access:** Choice in infrastructure services has improved since the 2015 Audit, largely due to new technology. This is strongest in fast-growing cities, but weaker in regional areas and for people from lower socio-economic and diverse backgrounds.
- **Quality:** The quality of infrastructure services is high for most Australians in urban areas, however population growth is impacting some services. The needs of people in low-density areas, emerging industries and lower socio-economic groups are not being met.

- **Cost:** Average household infrastructure costs have grown in real terms, but decreased as a proportion of household incomes. These costs, however, disproportionately impact low-income households.

Impacts on communities

- **Fast-growing cities:** Infrastructure in our four largest cities is failing to keep pace with rapid population growth, particularly on the urban fringe.
- **Smaller cities and regional centres:** These areas are growing as service hubs for their neighbouring regions, including supporting growth as satellites of fast-growing cities.
- **Small towns, rural communities and remote areas:** The quality of infrastructure services for people living in remote communities does not meet the standards Australians expect.
- **Developing regions and northern Australia:** Infrastructure can catalyse quality of life and productivity by improving connectivity and efficiency.

Infrastructure Priority List

The February 2020 *Infrastructure Priority List* presented 147 infrastructure proposals of national significance across transport, water, energy, telecommunications and social infrastructure.

A collaborative document, the List is developed using data from the 2019 *Australian Infrastructure Audit*. It was also compiled from submissions from all levels of government, industry and the community – with a record number of 200 submissions received in the year leading up to its release.

The February 2020 Infrastructure Priority List identifies a project pipeline worth more than \$58 billion, including six new High Priority Projects and 17 new Priority Projects.

Key terms in the Infrastructure Priority List

Nationally significant problem: A problem that has been determined through robust economic analysis to be of significance across the country. These problems are identified by Infrastructure Australia and jurisdictions, working in collaboration.

Business case: A document that presents a proponent's assessment of a proposed infrastructure project. It is the formal means of presenting information about a proposal to aid decision making. It includes all information needed to support a decision to proceed with the proposal and to secure necessary approvals from the relevant government agency.

Project: An advanced proposal supported by a full business case, which Infrastructure Australia has determined will address a nationally significant problem or opportunity and deliver robust economic, social and environmental outcomes. Projects remain on the *Infrastructure Priority List* until construction or delivery is underway.

Initiative: Initiatives are nationally significant infrastructure problems or opportunities and potential 'early stage' solutions for which a business case has not yet been completed. Initiatives are identified through a collaborative process between proponents and Infrastructure Australia, using the *Australian Infrastructure Audit* and other data as evidence.



The Priority List plays a central role in business case assessment, driving national investment and acting as a key reference point for all levels of government. Over the course of the year, seven infrastructure projects graduated off the list as they entered the delivery stage.

Reflecting both the diversity and urgency of our nation's future infrastructure needs, the February 2020 Priority List identified a project pipeline worth more than \$58 billion.

Six new High Priority Projects and 17 new Priority Projects were added, along with five new High Priority national initiatives with a resilience focus.

The five High Priority national initiatives added to the February 2020 Priority List show our focus on resilience:

- **Town and city water security:** Water supply and resilience for town and city populations
- **National water strategy:** Strategic planning for water capture, use and management
- **Coastal inundation protection strategy:** Sea-level rise and flooding impacts
- **National waste and recycling management:** Waste management and recycling challenges
- **National road maintenance strategy:** Maintenance backlog and preventative maintenance.

As Australia faces unprecedented infrastructure demand, environmental challenges and extreme weather events, the Priority List emphasises projects that enhance resilience. The focus on regional Australia is also elevated, with projects prioritised to improve regional road safety and mobile telecommunications coverage in remote areas (the importance of which was made apparent during the bushfire crisis).

To ensure the Priority List is relevant and current, Infrastructure Australia has continued to assess initiatives throughout the year. Some of these updates were approved by the Infrastructure Australia Board in April 2020 and added to the Priority List.

Australian Infrastructure Plan

The *Australian Infrastructure Plan* must be released within two years of the *Australian Infrastructure Audit* under the requirements of the *Australian Infrastructure Act 2008*.

The first Plan, released in February 2016, outlined Australia's infrastructure challenges and opportunities over the next 15 years and the solutions required to drive productivity growth, maintain and enhance living standards, and ensure our cities and regions remain world class.

The next *Australian Infrastructure Plan*, following the 2019 Audit, is due to be released in 2021.

As the scope of the 2019 Audit expanded to include social infrastructure and waste, and as the economic impact of the COVID-19 pandemic prompted accelerated project delivery, the Plan will also consider these issues.

The Plan will also employ place-based methodology, economic benefit quantification modelling and data visualisation to add extra layers of insights. Peer review from a senior panel of industry experts will provide additional technical assurance.

Assessment Framework

The Assessment Framework sets out the process we use to consider initiatives and projects for inclusion in the *Infrastructure Priority List*.

The Framework, which is reviewed and updated every two years in accordance with the *Infrastructure Australia Act 2008*, provides guidance on how we assess projects so proponents can develop their submissions to the Priority List.

We have established an intergovernmental reference group to review the Assessment Framework to ensure it remains relevant, practical and easy to use, is applicable to all sectors and geographies, and reflects latest research and best practice. This review will inform updates to the Assessment Framework, which will be released in mid-2021.

Importantly, the review aligns with the development of the next *Australian Infrastructure Plan*, due for release around the same time.

During the process of reviewing and refreshing the Framework, Infrastructure Australia has emphasised outcomes for people living in remote areas. A research study into appraisal guidance for projects in remote areas has commenced and a working group has been convened.

The revised Framework will include sub-topics to provide a more holistic view of an infrastructure proposal's contribution to the community and living standards.

We are also investigating the use of supplementary tools that can demonstrate value in areas such as quality of life, sustainability and place-making. This work aims to ensure assessments consider factors beyond the economic benefits of infrastructure projects and help proponents better demonstrate these benefits.

Infrastructure Australia uses a standard method using discounted cash flow analysis to compare different costs and benefits, in order to determine a net benefit or a net cost for each project. This approach assumes that all cost and benefit items are equally weighted.

No other methods of preparing a cost-benefit analysis were used in 2019–20. Details of this methodology are set out in the Assessment Framework.



Response to the COVID-19 pandemic

The COVID-19 pandemic has disrupted the infrastructure project pipeline, worksites, and industry preparedness to accept risk. Despite these significant material impacts, the infrastructure sector plays a central role in Australia's economic recovery and rebound.

To support the sector during the pandemic, and to facilitate a rapid economic recovery, Infrastructure Australia along with every state and territory infrastructure body, developed the *Principles of Infrastructure Stimulus and Recovery from COVID-19*.

In May, chairs of Australia's state and national infrastructure boards – Julieanne Alroe, John Langoulant AO, Graham Bradley AM, Anthony Shepherd AO, Jim Miller and Alan Millhouse – met with the Deputy Prime Minister the Hon Michael McCormack MP to discuss the principles.

Additionally, we have developed a four-stage approach to a national COVID-19 response and recovery, which was captured in the principles. The four stages include: protect and maintain; mobilisation; accelerate; and reform.

Our four-stage approach to COVID-19 response and recovery

Stage 1, **Protect and Maintain**, supports transitional measures to ensure the sector maintains critical mass to ensure suppliers, advisors and contractors can sustain their operations. Infrastructure Australia is a strong advocate of infrastructure construction as an essential service and encourages project-by-project interventions.

Stage 2, **Mobilisation**, supports economic recovery while the virus infection risk is managed and community infection contained. Infrastructure Australia advocates stimulus that boosts confidence and accelerates projects on the *Infrastructure Priority List*.

Stage 3, **Accelerate**, calls for reform and policy interventions to accelerate mobilisation, boost productivity and increase labour participation. Reforms include both transitional assistance to accelerate the mobilisation program, and lasting interventions to improve the historically under-productive Australian infrastructure sector.

Stage 4, **Reform**, focuses on longer-term infrastructure investment that considers the economic environment after COVID-19 has abated, and aligns with the ongoing response to drought and the Black Summer bushfires. Areas of reform include sector transformation through digital interventions and innovative business models.

Streamlining assessment

Infrastructure Australia's team has been hard at work to harmonise processes and enhance efficiencies in assessing infrastructure business cases for the last 12 months. We have accelerated our efforts in the context of a COVID-19 economic recovery.

We have welcomed the specific focus from the Australian Government on accelerating government approval processes for infrastructure projects.

We have established jurisdictional reference groups of federal, state and territory governments to further explore streamlining and harmonisation opportunities.

Building better business cases

As the number of city-shaping projects and mega-projects valued at more than \$1 billion grows, so does Infrastructure Australia's work to assess increasingly complex business cases.

Since 2016, Infrastructure Australia has consistently evaluated an average of one business case each month. The number of proposals we are receiving has now grown and we completed 19 evaluations in 2019–20 (see Table 1 on page 28 for a full list).

Additionally, a large pipeline of future submissions has been identified through the Australian Government's Infrastructure Investment Program, State Infrastructure Plans and through the Northern Australia Infrastructure Facility, which was recently granted a five-year extension to its mandate. Assessing this pipeline will require additional resources and expertise in land use and transport planning, demand forecasting and cost estimation.

Looking through a customer experience lens, we have developed a program of improvements to our business case evaluation process, including enhanced engagement with proponents and post-evaluation advice.

Throughout 2019, Infrastructure Australia undertook a review of our business case evaluation process. With the help of feedback from proponents on their experience of this process, we have developed a structured program of improvements. Several changes have already been implemented to restructure the operating model and evaluation summary, improve the efficiency of proponent engagement during evaluation and provide post-evaluation advice. We will continue to implement changes through the next financial year and engage and update stakeholders.

We are also working on options to update our business case education workshops. These workshops, which we have delivered to proponents and their advisors since 2017, provide a forum for stakeholders to ask questions outside of the formal project business case evaluation process. They support open dialogues on best practice infrastructure planning.

Work to further tailor these workshops to the needs of our stakeholders and reach more locations is currently underway. This work will also enable Infrastructure Australia to collaborate with federal, state and territory governments on more complex business cases.

Reconciliation Action Plan

With a vision to enhance the future quality of life of all Australians, we were proud to launch our first Reconciliation Action Plan (RAP) during National Reconciliation Week in May 2020. This document sets out the actions we will be taking over the next year to contribute to the national reconciliation movement. Our Reflect RAP commits us to learn as an organisation, explore partnerships in our sphere of influence, and support our staff to take practical, actionable steps towards reconciliation.

In planning for the future of our infrastructure, we acknowledge the importance of learning from Aboriginal and Torres Strait Islander peoples' unique history of land management and settlement, art, culture and society that began more than 65,000 years ago. We are working hard to build strong, mutually beneficial relationships with Aboriginal and Torres Strait Islander partners who can help us to innovate and deliver better outcomes for communities around Australia.

Towards reconciliation

A number of challenges and opportunities identified in the *Australian Infrastructure Audit* highlight specific outcomes for Aboriginal and Torres Strait Islander people:

- **Challenge 11:** In fast-growing cities, many Aboriginal and Torres Strait Islander people suffer from poor access to services, which can reinforce disadvantage and erode quality of life.
- **Challenge 16:** Failing to improve services for First Australians in remote communities and rural areas undermines potential improvements in quality of life and reinforces gaps in inequality and disadvantage.
- **Opportunity 19:** Development in northern regions could benefit from more detailed information and evidence-based studies of economic opportunities, as well as a better understanding of local needs and values.
- **Challenge 97:** Low service densities can limit the provision of accessible, continuous and quality healthcare in rural communities and remote areas.
- **Opportunity 121:** Leveraging investment in arts and cultural institutions to promote the collection and celebration of Aboriginal and Torres Strait Islander arts and cultural materials can provide wider socio-economic benefits to communities, particularly in rural and remote areas.
- **Challenge 126:** Remote Aboriginal and Torres Strait Islander housing is not meeting the needs of communities, due to overcrowding and poor-quality dwellings.
- **Challenge 174:** Some remote communities do not have access to reliable and safe water and wastewater services, while monitoring is often inadequate. Failure to address these issues will erode social and physical wellbeing, reinforce disadvantage, and undermine our national and international commitments and objectives.



Infrastructure Australia CEO, Romilly Madew (centre), accepts a new artwork from Kamilaroi artist Dennis Golding (left) and Glen Ella, Co-Founder of Spirit Creative Agency (right), as part of the launch of Infrastructure Australia's first Reconciliation Action Plan.

Governance

Overview

Accountability

Infrastructure Australia is an independent statutory agency within the Infrastructure, Transport, Regional Development and Communications portfolio. Infrastructure Australia is responsible to the Minister for Infrastructure, Transport and Regional Development, the Hon. Michael McCormack MP.

No directions were given to Infrastructure Australia by the Minister under s6(1) of the *Infrastructure Australia Act 2008* during 2019–20.

Statutory framework

Infrastructure Australia was established in July 2008 by the *Infrastructure Australia Act 2008*. On 1 September 2014, Infrastructure Australia became a corporate entity following amendment to the *Infrastructure Australia Act 2008*. At that time, relevant assets, liability and the balance of the Infrastructure Australia Special Account were transferred to Infrastructure Australia from the (then) Department of Infrastructure and Regional Development. The organisation is a corporate Commonwealth entity subject to the *Public Governance, Performance and Accountability Act 2013*.

Infrastructure Australia's functions, as set out in the *Infrastructure Australia Act 2008 (Cth)*, are to:

- conduct audits to determine the adequacy, capacity and condition of nationally significant infrastructure
- develop Infrastructure Priority Lists
- evaluate proposals for investment in, or enhancement to, nationally significant infrastructure
- develop long-term plans that specify infrastructure priorities and identify anticipated productivity gains from those priorities
- promote investment in infrastructure and identify strategies to remove impediments to investment
- provide advice on matters related to infrastructure.

Statement of Expectations

Infrastructure Australia's Statement of Expectations applicable to this reporting period was issued by the then Minister for Urban Infrastructure, the Hon. Paul Fletcher MP on 19 June 2017. This Statement provides guidance on the Australian Government's expectations relating to the strategic direction, operation and performance of Infrastructure Australia from 1 July 2017.

The Statement of Expectations is available on our website:

<https://www.infrastructureaustralia.gov.au/about/accountability-and-reporting>

Statement of Intent

Infrastructure Australia responded to the Statement of Expectations with a Statement of Intent. The Statement of Intent, in conjunction with the Portfolio Budget Statements, responds to the Australian Government's expectations by identifying the key objectives and related initiatives to be delivered by Infrastructure Australia.

The Statement of Intent is available on our website:

<https://www.infrastructureaustralia.gov.au/about/accountability-and-reporting>

The Statement of Intent outlines:

- the specific priorities Infrastructure Australia will be accountable for delivering
- how Infrastructure Australia will establish itself as a trusted collaborator and advisor to Australia's governments and industry, on the planning, funding, financing, delivery and maintenance of infrastructure
- the governance and performance arrangements that will enable Infrastructure Australia to demonstrate that it is efficiently and effectively performing its statutory functions.

Purpose

Infrastructure Australia's purpose is to:

- improve decision-making on matters relating to infrastructure
- advise governments and others on infrastructure matters, including the assessment of infrastructure needs and prioritisation of infrastructure projects
- promote best practice in infrastructure planning, financing, delivery and operation.

This purpose is achieved through the delivery of one program, being to 'contribute to the Government's objective of supporting competitiveness, driving productivity and enhancing quality of life, through the provision of high-quality advice'. Performance against the criteria for that program is reported in the Annual Performance Statements (see page 37).



Infrastructure Australia Board, February 2020.

Board and committees

Infrastructure Australia Board

The Infrastructure Australia Board was established by s6D of the *Infrastructure Australia Act 2008*. It is charged with deciding the objectives, strategies and policies to be followed by Infrastructure Australia and ensuring the proper, efficient and effective performance of the organisation's functions. The Board is the accountable authority of Infrastructure Australia. Membership of the Board is set out at page 12.

Board meetings

The Board held six meetings in the year to 30 June 2020. During the reporting period, the Board approved the release of the *Australian Infrastructure Audit 2019* and continued to update and maintain an *Infrastructure Priority List* as required by s5 of the *Infrastructure Australia Act 2008*.

The *Infrastructure Priority List* is a prioritised list of nationally significant needs and opportunities, which provides decision makers with advice and guidance on specific infrastructure investments that will underpin Australia's continued prosperity. It is updated throughout the year as the Board receives and assesses project business cases. Additionally, an annual refresh is conducted for which submissions for new or updated projects and initiatives are sought.

In 2019–20, the Board evaluated proposals for investment in, or enhancements to, nationally significant infrastructure, as required by s5A of the *Infrastructure Australia Act 2008*. Specifically, the Board completed 19 evaluations in 2019–20, as detailed in Table 1. The Board received an additional three proposals in 2019–20 that are under evaluation. Definitions of 'project' and 'initiative' are set out at page 19.

Table 1: Infrastructure Australia business case activity, 2019–20

| Date accepted for evaluation | State | Proposal | Evaluation outcome as at 30 June 2020 |
|------------------------------|-------|---------------------------------------------------------------|-----------------------------------------------------|
| 16 June 2020 | NSW | Parkes Bypass | Active evaluation |
| 20 March 2020 | ACT | Commonwealth Avenue Bridge | Active evaluation |
| 12 February 2020 | NSW | Sydney Metro Greater West Stage 1 | Active evaluation |
| 20 March 2020 | NSW | M12 Motorway | Complete – added as a High Priority Project 18/6/20 |
| 28 January 2020 | NSW | More Trains, More Services: Stage 2 | Complete – added as a Priority Project 18/6/20 |
| 3 February 2020 | Vic | Gippsland Line Upgrade | Complete – not added to IPL 18/6/20 |
| 13 June 2019 | WA | METRONET: High Capacity Signalling | Complete – added as a Priority Project 7/4/20 |
| 20 November 2019 | WA | METRONET: Morley–Ellenbrook Line | Complete – added as a Priority Project 7/4/20 |
| 16 December 2019 | Qld | Bruce Highway: Townsville Ring Road Stage 5 | Complete – not added to IPL 7/4/20 |
| 23 October 2019 | Qld | Haghton Pipeline Project Stage 2 | Complete – not added to IPL 20/4/20 |
| 2 August 2019 | NSW | Port Botany Rail Line Duplication and Cabramatta Passing Loop | Complete – added as a Priority Project 20/4/20 |

| | | | |
|-------------------------|-----|------------------------------------------------------------|------------------------------------------------|
| 8 March 2019 | Vic | North East Rail Line | Complete – not added to IPL 3/12/19 |
| 29 March 2019 | WA | Bindoon Bypass | Complete – added as a Priority Project 2/12/19 |
| 26 June 2019 | Qld | Peak Downs Highway Realignment (Walkerston Bypass) | Complete – added as a Priority Project 3/12/19 |
| 7 March 2019 | Qld | Bruce Highway: Bribie Island to Steve Irwin Way | Complete – added as a Priority Project 3/11/19 |
| 20 March 2019 | NSW | Nowra Bridge Project | Complete – added as a Priority Project 23/8/19 |
| 7 March 2019 | Qld | Bruce Highway: Maroochydore Road Interchange | Complete – added as a Priority Project 23/8/19 |
| 20 March 2019 | Qld | Bruce Highway: Deception Bay Road Interchange | Complete – added as a Priority Project 23/8/19 |
| 15 February 2019 | Qld | Gold Coast Light Rail: Stage 3A | Complete – added as a Priority Project 23/8/19 |
| 25 February 2019 | Qld | Bruce Highway: Cooroy to Curra Section D: Woondum to Curra | Complete – added as a Priority Project 23/8/19 |
| 15 January 2019 | Tas | Derwent River Crossing Capacity | Complete – not added to IPL 8/7/19 |
| 31 January 2019 | Tas | Northern Transformation Program | Complete – added as a Priority Project 8/7/19 |

Details of board member attendance are outlined in Table 2, below.

Table 2: Infrastructure Australia Board membership and attendance

| Board Member | Meetings attended | Meetings eligible to attend |
|---------------------------------------------------|--------------------------|------------------------------------|
| Julieanne Alroe (Chair) | 6 | 6 |
| Mark Balnaves (term commenced 1 December 2019) | 4 | 4 |
| Peter Corish AM | 6 | 6 |
| Andrew Ethell (term concluded 30 November 2019) | 2 | 2 |
| John Fitzgerald (term commenced 1 December 2019) | 3 | 4 |
| Marion Fulker (term commenced 1 December 2019) | 4 | 4 |
| Peter Harris AO | 6 | 6 |
| Samantha Hogg | 5 | 6 |
| Rod Hook | 6 | 6 |
| Dianne Leeson (term concluded 30 November 2019) | 2 | 2 |
| Nicole Lockwood (term concluded 30 November 2019) | 2 | 2 |
| Graham Quirk (term commenced 1 December 2019) | 4 | 4 |
| Deena Shiff | 6 | 6 |
| Gabrielle Trainor AO | 6 | 6 |
| Dr Peter Wood (term concluded 30 November 2019) | 2 | 2 |
| Reece Waldock AM | 6 | 6 |

People & Culture Committee

The People & Culture Committee (formerly the Human Resources Committee) is a sub-committee of the Board, established to assist the Board to exercise due care, diligence and skill in relation to:

- oversight of human resources strategies to foster high-quality management practices
- the setting of key performance areas for the Chief Executive Officer and the regular review of the Chief Executive Officer's performance
- oversight of executive and staff remuneration and benefits to recognise contributions to the business by staff and to reward these appropriately
- oversight of staff policies and procedures, including superannuation, diversity and a code of conduct
- oversight of compliance with applicable laws and regulations.

Membership of the People & Culture Committee is set out in Table 3.

During the reporting period, the Committee met on four occasions.

In 2019–20 the Committee oversaw the review of the organisation structure and development of the People and Culture Plan, the performance appraisal framework and remuneration strategy. It reviewed work health and safety policies and monitored work health and safety practices within Infrastructure Australia, particularly in the context of the COVID-19 pandemic.

Table 3: People & Culture Committee membership and attendance

| Committee Member | Meetings attended | Meetings eligible to attend |
|-----------------------------------------|-------------------|-----------------------------|
| Deena Shiff (Committee Chair) | 4 | 4 |
| Samantha Hogg (commenced April 2020) | 1 | 1 |
| Rod Hook (commenced November 2019) | 2 | 2 |
| Gabrielle Trainor AO | 3 | 4 |
| Reece Waldock AM (ceased November 2019) | 2 | 2 |

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee is a sub-committee of the Board, established to help the Board satisfy its corporate governance obligations and responsibilities, including:

- understanding the business
- financial reporting
- performance reporting
- risk oversight and management
- internal controls.

The Committee also acts as a forum for communication between the Board, Infrastructure Australia senior management and internal and external auditors and independent advisers. It was established in compliance with s45 of the *Public Governance, Performance and Accountability Act 2008* and rule 17 of the Public Governance, Performance and Accountability Rules.

Membership of the Audit, Risk and Compliance Committee is set out in Table 4.

During the reporting period, the Committee met on five occasions. In 2019–20 the Committee undertook a program of work in order to meet its Charter obligations. This included overseeing the implementation of the internal audit plan including a review of HR processes, cyber-security preparedness and business continuity and fraud risk management. The Committee reviewed and endorsed 12 corporate policies and endorsed the capital and operating budgets, and the 2018–19 financial statements for approval by the Board.

Table 4: Audit, Risk and Compliance Committee membership and attendance

| Committee Member | Meetings attended | Meetings eligible to attend |
|------------------------------------------------------------|-------------------|-----------------------------|
| Nicole Lockwood (Committee Chair, ceased 30 November 2019) | 1 | 2 |
| Peter Corish AM (Committee Chair from 4 December 2019) | 4 | 4 |
| Andrew Ethell (ceased 30 November 2019) | 2 | 2 |
| John Fitzgerald (commenced 20 February 2020) | 1 | 2 |
| Peter Harris (commenced 4 December 2019) | 2 | 2 |
| Dianne Leeson (ceased 30 November 2019) | 2 | 2 |
| Graham Quirk (commenced 20 February 2020) | 2 | 2 |
| Reece Waldock (attended 29 November 2019) | 1 | 1 |

People and operations

Infrastructure Australia’s office was located at 126 Phillip Street, Sydney, NSW 2000 until 30 June 2020, at which time it relocated to 60 Martin Place, Sydney, NSW 2000.

Management structures

Infrastructure Australia is led by the Chief Executive Officer. A number of management structures are in place to support the effective and efficient management and leadership of the organisation.

Executive Leadership team

The Executive Leadership team comprises the heads of each of the five business units:

- Infrastructure Assessment
- Infrastructure Prioritisation
- Policy and Research
- Corporate Affairs and People
- Corporate Services.

The Executive Leadership team meets weekly to make operational decisions and to provide a forum for information sharing between teams.

Assessment Panel

The Assessment Panel meets regularly to review draft initiative assessments and project evaluations and make decisions regarding their submission to the Board. The Panel identifies information gaps to be addressed before submission to the Board and discusses assessment findings with external assessors when required.

Budget Oversight Committee

The role of the Budget Oversight Committee is to consider for endorsement all engagements and proposed engagements with a whole-of-life value of \$20,000 or more. The Budget Oversight Committee is one of the controls established by the Procurement Policy to support sound financial management practices and manage risk.

Executive remuneration

Overview

Infrastructure Australia's executive remuneration includes remuneration in relation to key management personnel and senior executives.

Key management personnel for Infrastructure Australia are the Chair, Board members and Chief Executive Officer. The structure of the key management personnel was reviewed by the Board and it was determined that the Executive Leadership team did not fall within the definition of key management personnel under accounting standard AASB124.

Senior executives of Infrastructure Australia consist of the Executive Leadership team, being the Chief Financial Officer, Chief of Corporate Affairs & People, Chief of Policy & Research, Chief of Infrastructure Prioritisation and Chief of Infrastructure Assessment.

Remuneration policies, practices and governance

Infrastructure Australia's key management personnel are Holders of Public Office. The Chair and Board members' remuneration and allowances are set by the Remuneration Tribunal's determination for Holders of Part-time Public Office. The Chief Executive Officer's remuneration and allowances are set by the corresponding determination for Holders of Full-time Public Office.

The remuneration for senior executives and all other employees of Infrastructure Australia is overseen by the People & Culture Committee through the application of the remuneration strategy.

The People & Culture Committee recommends to the Board the appropriate annual remuneration increase for all employees. This is generally in line with other public sector organisations and guided by CPI and wage inflation figures.

Positions are further benchmarked as required against market data for comparable roles across Australia, New South Wales and organisations with less than 100 staff. This service is provided by Mercer. This, along with employee performance reviews, drives the assessment for any individual salary reviews, which are overseen by the Chief Executive Officer.

Total remuneration for all employees of Infrastructure Australia is fixed.

Remuneration reporting

The following tables report on the remuneration of Infrastructure Australia's key management personnel and senior executive in 2019–20.

Table 7: Key management personnel remuneration, 2019–20

| Name | Position title | Short-term benefits | | | Post-employment benefits | Other long-term benefits | | Termination benefits | Total remuneration |
|----------------------|-------------------------|---------------------|--------------|------------------------------------|------------------------------------|--------------------------|-------------------------------|----------------------|--------------------|
| | | Base salary (\$) | Bonuses (\$) | Other benefits and allowances (\$) | Super-annuation contributions (\$) | Long service leave (\$) | Other long-term benefits (\$) | | |
| Julieanne Alroe | Chair | 119,180 | – | | 11,322 | | | – | 130,502 |
| Andrew Ethell | Board Member | 24,829 | – | | 2,359 | | | – | 27,188 |
| Deena Shiff | Board Member | 59,590 | – | | 5,661 | | | – | 65,251 |
| Diane Leeson | Board Member | 24,829 | – | | 2,359 | | | – | 27,188 |
| Gabrielle Trainor AO | Board Member | 59,590 | – | | 5,661 | | | – | 65,251 |
| Graham Quirk | Board Member | 34,761 | – | | 3,302 | | | – | 38,063 |
| John Fitzgerald | Board Member | 34,761 | – | | 3,302 | | | – | 38,063 |
| Marion Fulker | Board Member | 34,761 | – | | 3,302 | | | – | 38,063 |
| Mark Balnaves | Board Member | 34,761 | – | | 3,302 | | | – | 38,063 |
| Nicole Lockwood | Board Member | 24,829 | – | | 2,359 | | | – | 27,188 |
| Peter Corish AM | Board Member | 59,590 | – | | 5,661 | | | – | 65,251 |
| Peter Harris AO | Board Member | 59,590 | – | | 5,661 | | | – | 65,251 |
| Dr Peter Wood | Board Member | 24,829 | – | | 2,359 | | | – | 27,188 |
| Reece Waldock AM | Board Member | 59,590 | – | | 5,661 | | | – | 65,251 |
| Rod Hook | Board Member | 59,590 | – | | 5,661 | | | – | 65,251 |
| Samantha Hogg | Board Member | 59,590 | – | | 5,661 | | | – | 65,251 |
| Romilly Madew AO | Chief Executive Officer | 461,013 | – | | 21,003 | 7,814 | | – | 489,829 |
| Total | | 1,235,682 | – | – | 94,596 | 7,814 | – | – | 1,338,092 |

Table 8: Senior Executives Remuneration FY2019–20

| Remuneration band (\$) | No. of senior execs. | Short-term benefits | | | Post-employment benefits | Other long-term benefits | | Termination benefits | Total remuneration |
|------------------------|----------------------|--------------------------|----------------------|--------------------------------------------|-------------------------------------------|---------------------------------|---------------------------------------|-----------------------------------|---------------------------------|
| | | Average base salary (\$) | Average bonuses (\$) | Average other benefits and allowances (\$) | Average superannuation contributions (\$) | Average long service leave (\$) | Average other long-term benefits (\$) | Average termination benefits (\$) | Average total remuneration (\$) |
| \$0–\$220,000 | 2 | 138,014 | – | | 12,252 | 3,077 | | – | 153,342 |
| \$245,001–\$270,000 | 2 | 235,121 | – | | 20,665 | 9,779 | | – | 265,565 |
| \$345,001–\$370,000 | 1 | 169,798 | – | | 16,320 | – | | 133,894 | 355,933 |
| \$395,001–\$420,000 | 1 | 374,452 | – | | 21,003 | 7,072 | | – | 402,526 |

People

Composition of workforce

As at 30 June 2020, Infrastructure Australia employed 33 people (28.8 full-time equivalent) under s39 of the *Infrastructure Australia Act 2008*. During the reporting period (1 July 2019 to 30 June 2020), Infrastructure Australia also engaged:

- one person on secondment from Transport for NSW, commencing 7 October 2019 and ending 6 September 2020
- one person on maximum-term to deliver HR Strategic Projects, commencing 19 February 2020 and ending on 31 August 2020
- nine people on maximum-term to deliver the *Australian Infrastructure Plan 2021*, commencing from 17 March 2020 and ending on 30 June 2021.

Table 8: Composition of Infrastructure Australia workforce as at 30 June 2019

| | Male | | Female | |
|---------------------------------------|-----------|-----------|-----------|-----------|
| | No. | % | No. | % |
| Holders of Public Office ^a | 7 | 54 | 6 | 46 |
| Senior management | 4 | 100 | 0 | 0 |
| Other employees | 15 | 52 | 14 | 48 |
| Total^b | 26 | 57 | 20 | 43 |

a. Includes Board members and the Chief Executive Officer.

b. Includes all employees and Holders of Public Office, excludes secondment and temporary labour hire arrangements.

Work Health and Safety

Infrastructure Australia is committed to ensuring the health and safety of its workers and any other person in the workplace. In 2019–20, Infrastructure Australia implemented a number of measures to ensure health and safety in the workplace:

- Refresher online training for all staff on Work Health & Safety and Workplace Bullying.
- Reviewed and updated Work Health & Safety Policy.
- Quarterly Workplace Inspection of the office.
- Delivered First Aid training to two officers.
- Developed COVID-19 office and working from home arrangements and protocols.
- Tested IA's Business Continuity Plan (BCP).
- Delivered an Employee Assistance Program information session to all workers, which include an expansive range of specialist support services available to them.
- Developed a Work Health & Safety and Employee Wellbeing Calendar.
- Staff attended R U OK? Day training.
- Staff attended Mental Health Awareness training.
- Staff were provided with Home Office Ergonomic training to support working from home. Staff also completed a Work From Home Arrangement Self-Assessment. One staff member completed an individual Home Office Ergonomic Assessment to support a pre-existing medical condition when working from home.
- Staff were provided with financial assistance for their home office set ups.

Incidents and accident

In 2019–20, there was one reported work health and safety incident. No new claims for workers' compensation were made.

There were no notifiable incidents arising out of the conduct of Infrastructure Australia's business or undertakings, and no investigations were undertaken by the regulator, Comcare. Further, no improvement notices or prohibition notices were issued under Part 10 of the *Work Health and Safety Act 2011*.

Risk management

Infrastructure Australia has adopted a risk management framework to support its Corporate Plan, key objectives and delivery of core business. The framework includes a process to ensure risks are identified and analysed consistently across all areas. It links the risk evaluation to practical and cost-effective risk responses and controls appropriate to the business. The framework ensures that risks are regularly monitored, reviewed, and communicated to internal and external stakeholders in a timely and effective manner.

The risk management framework is implemented through the Risk Management Policy and risk register. The risk register identifies 14 key strategic risks in four categories, being:

1. financial risks
2. people risks
3. reputational risks
4. operational risks.

A separate fraud risk register is also maintained. The risk register informs the strategic internal audit program, described in the next section.

Management monitors key strategic risks and the risk register is updated regularly in consultation with both the Audit, Risk and Compliance Committee and the Board.

Audit

Internal audit

The objective of the internal audit function is to provide assurance to management and the Audit, Risk and Compliance Committee in relation to the design and operational effectiveness of Infrastructure Australia's internal control environment. Internal audit services are provided by an external provider under contract.

Infrastructure Australia conducts a three-year strategic internal audit program. The program has been developed to ensure internal audit is focused on the organisation's key strategic risks and the effectiveness of internal controls in managing those risks.

In 2019–20, audits of human resources review, fraud risk management review and stakeholder management review were completed.

Annual Performance Statements

Statement of preparation

We, the Infrastructure Australia Board, as the accountable authority of Infrastructure Australia, present the 2019–20 Annual Performance Statements of Infrastructure Australia, as required under paragraph 39(1) (a) of the *Public Governance, Performance and Accountability Act 2013*. In our opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the Act.

Results

Strategic goal 1 - Lead and inform debate about infrastructure policies and reforms across all infrastructure sectors

| Planned activities | Outcome |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Provide robust and independent advice to all levels of government across infrastructure sectors, including the transport, water, telecommunications and energy infrastructure sectors, including social infrastructure, with a focus on building productive cities and regions. | Achieved |
| Release two policy papers each year. | Not achieved. IA focused on advice to government in this period. |
| Deliver the <i>Australian Infrastructure Plan</i> within statutory timeframes. | On track |
| Collaborate with stakeholders and advocate for key reform activities to ensure that Infrastructure Australia is leading and informing debate. | Achieved |
| Consult, and establish productive working relationships with key infrastructure stakeholders, across all levels of government (Commonwealth, state, territory and local governments) and other relevant bodies and organisations, including industry and state infrastructure advisory bodies. | Achieved |
| Provide input into key infrastructure reform initiatives announced through the Australian Government's response to the <i>Australian Infrastructure Plan</i> . | Achieved |
| Support the development of policy on funding and financing, including having regard for the work of the Infrastructure and Project Financing Agency and the Northern Australian Infrastructure Facility. | Achieved. IA engaged with and supported the work of IPFA and advised on 3 projects for NAIF. |
| Measures (2019-20 and forward years) | |
| Delivery of agreed activities. | |
| Stakeholder opinion of Infrastructure Australia's role driving the infrastructure debate. | |
| Target (2019-20 and forward years) | |
| 100% of committed activities completed. | Not achieved (2 papers not published) |
| 75% of stakeholders surveyed agree that Infrastructure Australia is achieving its first strategic goal to 'lead and inform debate' in infrastructure policy and reform. | Exceeded (96%) |

Strategic Goal 2 - Establish a long-term pipeline of nationally significant, productivity-enhancing infrastructure priorities.

| Planned activities | Outcome |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Develop and maintain the <i>Infrastructure Priority List</i> of nationally significant infrastructure projects and initiatives, and produce an annual update. | Achieved |
| Evaluate project proposals of all infrastructure proposals where funding of more than \$100 million is sought from the Commonwealth, excluding defence projects. | Achieved |
| Publish all completed evaluations of project proposals on the Infrastructure Australia website. | Achieved |
| Proactively identify future infrastructure needs in Australia in collaboration with state and territory governments and the private sector. | Achieved |
| Measures (2019–20 and forward years) | |
| Delivery of agreed activities. | |
| Stakeholder awareness and regard for the <i>Infrastructure Priority List</i> . | |
| Timely and accurate assessment of business cases. | |
| Percentage of proponents who are satisfied or highly satisfied with the level of engagement and quality of advice provided in the assessment of their business case. | |
| Number of independently identified infrastructure initiatives added to <i>Infrastructure Priority List</i> . | |
| Target (2019–20 and forward years) | |
| 100% of committed activities completed. | Achieved |
| 75% of stakeholders surveyed are aware of the <i>Infrastructure Priority List</i> and support its role in infrastructure decision-making. | Not achieved (68%) |
| 100% of completed evaluations of project proposals are published on the Infrastructure Australia website within statutory timeframes. | Achieved |
| Clarifying questions are provided to the proponent within 30 working days of receipt of business case 90% of the time. | Achieved |
| Benchmark the percentage of proponents that are satisfied or highly satisfied with the level of engagement and quality of advice provided in the assessment of their business case, with an aim to increase satisfaction year on year. | Level of engagement 100% (63% last year) Clarity of advice 100% (88% last year) |
| Add one or more independently identified infrastructure initiatives to the <i>Infrastructure Priority List</i> each year. | Achieved. Eight new independently identified initiatives added. |

Strategic Goal 3 - Be a collaborative, trusted advisor to government and industry providing forward-thinking, relevant and practical advice

| Planned activities | Outcome |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Undertake research and policy development in close collaboration with our stakeholders. | Achieved |
| Develop a sophisticated advocacy and engagement model on issues that are important to our stakeholders and Infrastructure Australia. | Achieved |
| Conduct a stakeholder perceptions Audit. | Achieved |
| Conduct a national engagement program on the <i>Australian Infrastructure Audit</i> . | Achieved |
| Measures (2019–20 and forward years) | |
| Delivery of agreed activities. | |
| Stakeholder regard for the quality of Infrastructure Australia’s advice. | |
| Co-creation of Project Advisory and Policy & Research work with our stakeholders. | |
| Stakeholder regard for the quality of Infrastructure Australia’s engagement. | |
| Target (2019–20 and forward years) | |
| 100% of committed activities completed. | Achieved |
| 75% of stakeholders surveyed are satisfied or highly satisfied with the quality and rigour of Infrastructure Australia’s published policy work. | Exceeded (100%) |
| 75% of stakeholders are satisfied or highly satisfied with the quality of Infrastructure Australia’s stakeholder engagement. | Exceeded (87%) |

Strategic Goal 4 - Work collaboratively with proponents to continuously improve the quality of infrastructure investment decisions.

| Planned activities | Outcome |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Review the processes, procedures and guidelines for project assessment to ensure they are clear, efficient and fit-for-purpose in compliance with legislative timeframes. | Infrastructure Australia delivered a Customer Experience Review of its assessment process and rolled out an internal improvement program. |
| Run a national engagement and education program to improve infrastructure investment decision making. | Programs ran in Sydney, Melbourne, Hobart and Canberra in financial year 2019–20. In calendar year 2019, workshops were held in Adelaide, Townsville, Sydney, Hobart, Melbourne and Canberra. |
| Undertake appropriate research to improve business case development and advice. | Infrastructure Australia conducted an independent review of the Assessment Framework and published it on our website. We also created an inter-governmental reference group to help advise on our review of the Framework. |

| Measures (2019–20 and forward years) | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| Delivery of agreed activities. | |
| Engage proponents on business case development and the expectations of Infrastructure Australia’s assessment process. | |
| Business case development presentations meet needs of proponents. | |
| Target (2019–20 and forward years) | |
| 100% of committed activities completed. | Achieved |
| 75% of states and territories have at least one business case development workshop delivered to both proponents and their advisors each year. | Delivered in 50% of jurisdictions for financial year 2019–20, 75% for calendar year 2019. |
| 75% of attendees at business case development workshops are satisfied or highly satisfied with business case development presentation. | Achieved. 100% with 83% response rate. |

Strategic Goal 5 - Develop the capability of Infrastructure Australia’s systems and people and ensure Infrastructure Australia meets its legislative responsibilities.

| Planned activities | Outcome |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Our Corporate functions have four main activities that ensure Infrastructure Australia has the resources and capability to deliver on its purposes and the Corporate Plan. These are: <ol style="list-style-type: none"> 1. Ensuring our business systems are fit for purpose. 2. Establishing rigorous and efficient processes. 3. Complying with relevant legislation. 4. Building organisational capability. | N/A |
| Measures (2019–20 and forward years) | |
| The Key Performance Indicators for these functions are monitored internally. | N/A |
| Target (2019–20 and forward years) | |
| N/A | N/A |

Other legislative requirements

Freedom of Information Act

In 2019–20, Infrastructure Australia received seven requests for access to documents under the *Freedom of Information Act 1982* (the FOI Act).

A refusal was issued on one of these requests. All others were released in part. No internal reviews or reviews by the Australian Information Commissioner were requested.

Information about documents to which access is granted is published on Infrastructure Australia's Disclosure Log, in accordance with s11C of the *Freedom of Information Act 1982*: www.infrastructureaustralia.gov.au/freedom-information-disclosure-log

Infrastructure Australia reviewed and updated the contents of the material published in accordance with the Information Publication Scheme.

Privacy

In 2019–20, Infrastructure Australia continued to collect, use, disclose, store and dispose of personal information in accordance with the Australian Privacy Principles. No data breaches were identified or reported.

Market research and advertising

The following amounts were paid by or on behalf of Infrastructure Australia in 2019–20:

Advertising agencies: Nil

Market research organisations: \$72,600 to Newgate Communications Pty Ltd and \$111,238 to JWS research Pty Ltd

Polling organisations: Nil

Direct mail organisations: Nil

Media advertising organisations: Nil

Decisions of courts and tribunals

No judicial decisions or decisions of administrative tribunals were made in 2019–20 that had, or which may have, a significant effect on Infrastructure Australia's operations.

Ecologically sustainable development and environmental performance

The *Environmental Protection and Biodiversity Conservation Act 1999* (Cth) requires entities to report on how their activities accord with, and their outcomes contribute to, the principles of ecologically sustainable development, as well as the environmental impacts of their operations during the year, and measures taken to minimise these.

In 2019–20, Infrastructure Australia undertook all of its activities and operations in accordance with the following five principles of ecologically sustainable development:

1. Decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations.
2. If there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.
3. The principle of intergenerational equity. That is, that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations.
4. The conservation of biological diversity and ecological integrity should be a fundamental consideration in decision-making.
5. Improved valuation, pricing and incentive mechanisms should be promoted.

Until 30 June 2020, Infrastructure Australia’s activities were conducted from a central office comprising 746.5m², located at 126 Phillip Street, Sydney. The building is managed by Investa and is reported to have a 5-star NABERS energy rating and a 3 ½ -star NABERS water rating. Infrastructure Australia has sought to reduce the environmental impact associated with air travel through an increased use of telephone and video conferencing where it is appropriate to do so.



Financial performance

Summary of Financial Performance

Revenue and expenditure

Infrastructure Australia's revenue in 2019–20 totaled \$11,616,727, which consisted of the \$11,560,000 annual budget allocation, \$56,154 interest income and \$573 other gains.

Infrastructure Australia's 2019–20 expenditure totaled \$11,512,879. Expenditure included \$5,423,207 in employee related expenses, \$5,608,928 in supplier expenses, \$384,088 in depreciation and amortisation, \$14,873 in finance costs and \$81,783 in relation to the disposal of assets.

The net result for the period was a surplus of \$103,848.



INDEPENDENT AUDITOR'S REPORT

Minister for Infrastructure, Transport and Regional Development

Opinion

In my opinion, the financial statements of Infrastructure Australia ('the Entity') for the year ended 30 June 2020:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Board and Chief Executive Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Board is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Board is also responsible for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office 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 statements.

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

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

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

Australian National Audit Office



Scott Sharp

ANAO Signing Officer

Delegate of the Auditor-General

Canberra

3 September 2020

Statement by the Board and Chief Executive Officer

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that Infrastructure Australia will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the directors.



Julieanne Alroe
Chair
3 September 2020



Romilly Madew AO
Chief Executive Officer
3 September 2020

Statement of Comprehensive Income

Statement of Comprehensive Income

for the period ended 30 June 2020

| | Notes | 2020 \$ | 2019 \$ | Original Budget \$ |
|---------------------------------------------------------------------------------|-------|---------------------|--------------|--------------------------|
| NET COST OF SERVICES | | | | |
| Expenses | | | | |
| Employee benefits | 1.1A | 5,423,207 | 6,049,793 | 6,395,000 |
| Suppliers | 1.1B | 5,608,928 | 5,906,271 | 5,065,000 |
| Depreciation and amortisation | 2.2A | 384,088 | 157,932 | 174,000 |
| Finance costs | 1.1C | 14,873 | - | - |
| Losses from asset disposal | 2.2A | 81,783 | - | - |
| Total expenses | | 11,512,879 | 12,113,996 | 11,634,000 |
| Own-Source Income | | | | |
| Own-source revenue | | | | |
| Interest Income | 1.2A | 56,154 | 103,425 | 74,000 |
| Total own-source revenue | | 56,154 | 103,425 | 74,000 |
| Gains | | | | |
| Other gains | 1.2B | - | 4,923 | - |
| Total gains | | - | 4,923 | - |
| Total own-source income | | 56,154 | 108,348 | 74,000 |
| Net (cost of)/contribution by services | | (11,456,725) | (12,005,648) | (11,560,000) |
| Revenue from government | 1.2C | 11,560,000 | 11,514,000 | 11,560,000 |
| Surplus/(Deficit) before income tax on continuing operations | | 103,275 | (491,648) | - |
| Surplus/(Deficit) after income tax on continuing operations | | 103,275 | (491,648) | - |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items not subject to subsequent reclassification to net cost of services | | | | |
| Changes in asset revaluation surplus | | (380) | - | - |
| Total other comprehensive income | | (380) | - | - |
| Total Comprehensive income/(loss) | | 102,895 | (491,648) | - |

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

Statement of Comprehensive Income

Expenses

Employee benefit expenses are under budget due to higher than expected employees terminating during the year, and either not being replaced or being replaced at a later date.

Supplier expenses are over budget due to the additional work on the structure of the Assessment Framework and the acceleration of work in relation to the *Australia Infrastructure Plan*, which is due for release in June 2021. Expenditure on contract staff and recruitment were also over budget, resulting from the higher than anticipated employee terminations during the year.

Depreciation is over budget as a result of the recognition of Infrastructure Australia's new property lease under AASB16 - *Leases* earlier than anticipated at the time the budget was set. The new lease contractually commenced from 1 July 2020, however Infrastructure Australia had access to the premises for the purpose of completing a fit out to the office space from 1 April 2020. Three months of depreciation in relation to the right of use asset have been recognised in 2019–20.

Losses from asset disposals relate to assets that have not been utilised in our new premises and have been disposed of during 2019–20. This consisted of office furniture and a video conferencing facility that was not compatible with the new office.

Own source revenue

Interest earned on the deposit facilities are under budget, resulting from the budgeted rate on our facilities being higher than the actual rate achieved, as interest rates decreased since the budget was set.

Statement of Financial Position

Statement of Financial Position

as at 30 June 2020

| | Notes | 2020 \$ | 2019 \$ | Original Budget \$ |
|-------------------------------------------|-------|-------------------|------------------|--------------------------|
| ASSETS | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 2.1A | 3,484,714 | 3,843,364 | 3,092,000 |
| Trade and other receivables | 2.1B | 1,290,784 | 120,236 | 52,000 |
| Total financial assets | | 4,775,498 | 3,963,600 | 3,144,000 |
| Non-financial assets | | | | |
| Buildings | 2.2A | 1,197,611 | 96,111 | 20,000 |
| Buildings - right-of-use asset | 2.2A | 4,435,144 | - | - |
| Plant and equipment | 2.2A | 254,339 | 261,064 | 236,000 |
| Computer software | 2.2A | 8,564 | 27,291 | 43,000 |
| Prepayments | | 175,172 | 178,539 | 138,000 |
| Total non-financial assets | | 6,070,830 | 563,005 | 437,000 |
| Total assets | | 10,846,328 | 4,526,605 | 3,581,000 |
| LIABILITIES | | | | |
| Payables | | | | |
| Suppliers | 2.3A | 1,616,681 | 1,014,003 | 659,000 |
| Other payables | 2.3B | 51,845 | 215,159 | 3,000 |
| Total payables | | 1,668,526 | 1,229,162 | 662,000 |
| Interest bearing liabilities | | | | |
| Leases | 2.4A | 5,570,082 | - | - |
| Total interest bearing liabilities | | 5,570,082 | - | - |
| Provisions | | | | |
| Employee provisions | 4.1A | 476,990 | 495,183 | 625,000 |
| Other provisions | 2.5A | 225,575 | - | - |
| Total provisions | | 702,565 | 495,183 | 625,000 |
| Total liabilities | | 7,941,173 | 1,724,345 | 1,287,000 |
| Net assets | | 2,905,155 | 2,802,260 | 2,294,000 |
| EQUITY | | | | |
| Contributed equity | | (1,263,525) | (1,263,525) | (1,263,000) |
| Asset Revaluation Reserve | | (380) | 573 | 1,000 |
| Retained surplus | | 4,169,060 | 4,065,212 | 3,556,000 |
| Total equity | | 2,905,155 | 2,802,260 | 2,294,000 |

The above statement should be read in conjunction with the accompanying notes.

Budget variances commentary

Statement of Financial Position

Financial Assets

Cash is over budget as a result of increased supplier and superannuation payable at 30 June 2020.

Trade and other receivables are over budget due to the recognition of the cost of the fit out for the new premises incurred by Infrastructure Australia at 30 June 2020, due to be reimbursed by the landlord under the fit out incentive in early 2020-21.

Non-financial assets

Buildings are over budget due to recognition of the right of use asset, which was recognised earlier than budgeted.

Plant and equipment is over budget due to the recognition of furniture received in relation to the relocation to new premises. This is offset in part by the disposal of some older furniture and equipment including excess office desks and video conferencing facilities.

Additional computer equipment was also purchased due to the commencement of many new employees at the end of 2019–20, to work on the delivery of the *Australian Infrastructure Plan* in June 2021.

Computer software is below budget due to the budgeted expenditure on a new Customer Relationship Management tool not going ahead.

Prepayments are over budget due to subscriptions in relation to media monitoring and video conferencing being entered in to during 2019–20 that were not budgeted.

Payables

Supplier payables are over budget as a result of work completed on the fit out of the new office premises in June 2020, but invoices not settled or not yet invoiced by supplier. Further, the acceleration of work in relation to the *Australian Infrastructure Plan* in late 2019–20, not settled at 30 June 2020.

Other payables are over budget as a result of Superannuation payable in relation to June 2020 payroll.

Interest bearing liabilities

Leases relate to the lease liability of the new premises lease. This was unbudgeted due to the earlier than anticipated recognition of the property lease, as explained in the non-financial assets commentary above.

Provisions

Employee provisions are lower than budgeted due to the reversal of long service leave and settlement of annual leave provision accrued by terminating employees.

Other provisions relate to the make good obligation of the new premises lease. These were unbudgeted due to the earlier than anticipated recognition of the new property lease, as explained in the non-financial assets commentary above.

Statement of Changes in Equity

Statement of Changes in Equity

for the period ended 30 June 2020

| Notes | 2020 \$ | 2019 \$ | Original Budget \$ |
|-------------------------------------------------------------------|--------------------|--------------------|--------------------------|
| CONTRIBUTED EQUITY | | | |
| Opening balance | | | |
| Balance carried forward from previous period | (1,263,525) | (1,263,525) | (1,263,000) |
| Adjusted opening balance | (1,263,525) | (1,263,525) | (1,263,000) |
| Closing balance as at 30 June | (1,263,525) | (1,263,525) | (1,263,000) |
| RETAINED EARNINGS | | | |
| Opening balance | | | |
| Balance carried forward from previous period | 4,065,212 | 4,556,860 | 3,556,000 |
| Adjusted opening balance | 4,065,212 | 4,556,860 | 3,556,000 |
| Comprehensive income | | | |
| Surplus/(Deficit) for the period | 103,275 | (491,648) | - |
| Other comprehensive income | - | - | - |
| Total comprehensive income | 103,275 | (491,648) | - |
| Transfers between equity components | 573 | - | - |
| Closing balance as at 30 June | 4,169,060 | 4,065,212 | 3,556,000 |
| ASSET REVALUATION RESERVE | | | |
| Opening balance | | | |
| Balance carried forward from previous period | 573 | 573 | 1,000 |
| Adjusted opening balance | 573 | 573 | 1,000 |
| Comprehensive income | | | |
| Other comprehensive income - Fair value adjustment on revaluation | (380) | - | - |
| Total comprehensive income | (380) | - | - |
| Transfers between equity components - Plant & equipment disposed | (573) | - | - |
| Closing balance as at 30 June | (380) | 573 | 1,000 |
| TOTAL EQUITY | | | |
| Opening balance | | | |
| Balance carried forward from previous period | 2,802,260 | 3,293,908 | 2,294,000 |
| Adjusted opening balance | 2,802,260 | 3,293,908 | 2,294,000 |
| Comprehensive income | | | |
| Surplus/(Deficit) for the period | 103,275 | (491,648) | - |
| Other comprehensive income | (380) | - | - |
| Total comprehensive income | 102,895 | (491,648) | - |
| Transfers between equity components | - | - | - |
| Closing balance as at 30 June | 2,905,155 | 2,802,260 | 2,294,000 |

The above statement should be read in conjunction with the accompanying notes.

Accounting Policy***Equity injections***

Amounts that are designated as 'equity injections' for a year are recognised directly in contributed equity in that year.

Restructuring of administrative arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Budget Variances Commentary**Statement of Changes in Equity*****Retained earnings***

Retained earnings are over budget. This results mainly to the budgeted opening balance being lower, as Infrastructure Australia was anticipating a larger reportable deficit in 2018-19 than actualised. The variance to budget is further increased by the reportable surplus in the current financial year.

Asset revaluation

A revaluation of non-financial assets in relation to plant and equipment was undertaken in June 2020 with negligible impact on non-financial assets.

Cash Flow Statement

Cash Flow Statement

for the period ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ | Original Budget \$ |
|---------------------------------------------------------------------|------|--------------------|-------------------|--------------------------|
| OPERATING ACTIVITIES | | | | |
| Cash received | | | | |
| Receipts from Government | | 11,560,000 | 11,514,000 | 11,560,000 |
| Interest | | 54,389 | 103,786 | 74,000 |
| GST received | | 588,521 | 478,923 | 613,000 |
| Other | | - | - | - |
| Total cash received | | 12,202,910 | 12,096,709 | 12,247,000 |
| Cash used | | | | |
| Employees | | 5,441,253 | 6,125,568 | 6,219,000 |
| Suppliers | | 6,079,814 | 6,251,172 | 5,861,000 |
| Total cash used | | 11,521,067 | 12,376,740 | 12,080,000 |
| Net cash used in operating activities | | 681,843 | (280,031) | 167,000 |
| INVESTING ACTIVITIES | | | | |
| Cash used | | | | |
| Purchase of property, plant and equipment | | 1,040,493 | 222,787 | 90,000 |
| Total cash used | | 1,040,493 | 222,787 | 90,000 |
| Net cash used by investing activities | | (1,040,493) | (222,787) | (90,000) |
| Net decrease in cash held | | (358,650) | (502,818) | 77,000 |
| Cash and cash equivalents at the beginning of the reporting period | | 3,843,364 | 4,346,182 | 3,015,000 |
| Cash and cash equivalents at the end of the reporting period | 2.1A | 3,484,714 | 3,843,364 | 3,092,000 |

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

Cash Flow Statement

Cash received

Cash received is under budget due to the receipt of lower interest earned on deposits, resulting from the drop in interest rates. GST received from the ATO is further under budget due to the invoicing of the fit out cost to the landlord under the fit out incentive, creating a GST payable which offsets our GST receivable from the ATO.

Cash used

Cash used is over budget mainly due to the additional expenditure on supplier expenses, which is offset in part by cash used on employee expenses being under budget. These variances are explained in the Statement of Comprehensive Income commentary.

Cash used for the purchase of property, plant and equipment is over budget due to the purchase of the new furniture for the new office premises at 30 June 2020.

Notes to and forming part of the Financial Statements

Overview

Objectives of the entity

Infrastructure Australia is a Corporate Commonwealth entity established on 1 September 2014, following amendment of the *Infrastructure Australia Act 2008*. The objective of Infrastructure Australia is to support the Australian Government's plan to build a strong and prosperous economy, through the provision of high-quality independent advice on nationally significant infrastructure investments and reforms.

On 1 September 2014, relevant assets, liabilities and the balance of the Infrastructure Australia Special Account were transferred to Infrastructure Australia from the then Department of Infrastructure, Regional Development and Cities, making up the current contributed equity balance.

Infrastructure Australia is structured to meet the following outcome:

Outcome 1: Improve decision-making on matters relating to infrastructure; advise governments and others on matters relating to infrastructure, including better assessment of infrastructure needs and prioritisation of infrastructure projects; and promote best practice infrastructure planning, financing, delivery and operation.

The continued existence of Infrastructure Australia in its present form is dependent on Government policy and on continuing funding by Parliament for the entity's administration and program.

Infrastructure Australia's activities contributing toward its outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the entity in its own right.

The basis of preparation

The financial statements are general purpose financial statements and are required by Section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a. Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR); and
- b. Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

The comparative figures have been adjusted to reflect any re-classifications made in the current year.

Indemnities and insurance for officers

In 2019–20 Infrastructure Australia held general liability, professional indemnity, officers' liability, and a range of other corporate insurance. Infrastructure Australia held insurance protecting directors and officers from liability for the consequences of wrongful acts as defined in Infrastructure Australia's Comcover policy.

New accounting standards

Adoption of new Australian accounting standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The following new standards were issued prior to the signing of the statement by the Chair and Chief Executive Officer of Infrastructure Australia, were applicable to the current reporting period, and on adoption at 1 July 2019 had no impact on the financial statements. Throughout the period a lessee transaction was entered in to that had a material effect on Infrastructure Australia's financial statements:

| Standard | Nature of change in accounting policy and adjustment to financial statements |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AASB 16 Leases | <p>AASB 16 became effective on 1 July 2019. This new standard has replaced AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p> |

Application of AASB 16 Leases

Infrastructure Australia adopted AASB 16 – Leases (the standard) on 1 July 2019 under the modified retrospective method. Infrastructure Australia employed the practical expedient allowing the exclusion of leases with a term of less than 12 months from the date of initial application. As a result, the adoption of AASB 16 – Leases, had no financial impact.

During the period, Infrastructure Australia entered into a new lease, which commenced in March 2020. While the contractual commencement date was 1 July 2020, access to these premises was given prior to the contractual commencement date for the purposes of completing a fit out on the premises.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Entity's incremental borrowing rate as at 1 July 2019. The Entity's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 1.07%.

Taxation

Infrastructure Australia is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Events After the Reporting Period

No events have occurred after the reporting period that require disclosure in these financial statements.

Financial Performance

This section analyses the financial performance of Infrastructure Australia for the year ended 2020.

1.1 Expenses

| | 2020 | 2019 |
|--------------------------------|------------------|------------------|
| | \$ | \$ |
| 1.1A: Employee benefits | | |
| Wages and salaries | 4,510,052 | 4,938,970 |
| Superannuation | | |
| Defined contribution plans | 419,126 | 477,727 |
| Leave and other entitlements | 360,135 | 495,788 |
| Separation and redundancies | 133,894 | 137,308 |
| Total employee benefits | 5,423,207 | 6,049,793 |

Accounting Policy

Accounting policies for employee related expenses are contained in the People and Relationships section (4.1).

1.1C: Suppliers

| | | |
|------------------------------------------------------|------------------|------------------|
| Goods and services supplied or rendered | | |
| Consultants | 2,576,001 | 3,207,465 |
| Contractors | 410,910 | 168,979 |
| Travel | 237,583 | 292,017 |
| Property operating costs | 288,221 | 250,419 |
| Publications and subscriptions | 215,854 | 313,759 |
| Recruitment expenses | 200,611 | 43,535 |
| Training, conferences and seminars | 95,201 | 115,828 |
| Audit fees - external | 40,000 | 42,000 |
| Audit fees - internal | 110,402 | 81,295 |
| Stationery, printing and postage | 99,330 | 45,096 |
| IT services | 381,573 | 374,488 |
| Other | 91,538 | 109,944 |
| Total goods and services supplied or rendered | 4,747,224 | 5,044,825 |
| Goods supplied | 106,796 | 153,383 |
| Services rendered | 4,640,428 | 4,891,441 |
| Total goods and services supplied or rendered | 4,747,224 | 5,044,825 |
| Other suppliers | | |
| Operating lease rentals (lease term under 12 months) | 861,704 | 861,446 |
| Total other suppliers | 861,704 | 861,446 |
| Total suppliers | 5,608,928 | 5,906,271 |

Accounting Policy

Leasing commitments

Infrastructure Australia has elected not to recognise a right-of-use asset and lease liabilities for its property lease with a remaining term of 12 months or less. Infrastructure Australia recognises the lease payments associated with this lease as an expense on a straight-line basis over the lease term.

1.1D: Finance costs

| | | |
|-------------------------------|---------------|----------|
| Interest on lease liabilities | 14,873 | - |
| Total finance costs | 14,873 | - |

1.2 Own-source revenue

| | 2020 | 2019 |
|--|------|------|
| | \$ | \$ |

Own-Source Revenue

1.2A: Interest

| | | |
|-----------------------|---------------|----------------|
| Deposits at bank | 56,154 | 103,425 |
| Total interest | 56,154 | 103,425 |

Accounting Policy

Interest revenue is recognised using the effective interest method.

1.2B: Other gains

| | | |
|----------------------------|----------|--------------|
| Gain on disposal of assets | | |
| Plant & Equipment | - | 4,923 |
| Total other gains | - | 4,923 |

1.2C: Revenue from government

| | | |
|--------------------------------------------|-------------------|-------------------|
| Corporate Commonwealth entity payment item | 11,560,000 | 11,514,000 |
| Total revenue from Government | 11,560,000 | 11,514,000 |

Accounting Policy

Revenue from Government

Funding received or receivable from the Department of Infrastructure, Transport, Regional Development and Communications is recognised as Revenue from Government, unless they are in the nature of an equity injection or loan. Appropriations for the year are recognised when Infrastructure Australia gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

Financial position

This section analyses Infrastructure Australia's assets used to conduct its operations and the operating liabilities incurred as a result.

Employee-related information is disclosed in the People and Relationships section.

2.1 Financial Assets

| | 2020 | 2019 |
|----------------------------------------|------------------|------------------|
| | \$ | \$ |
| 2.1A: Cash and cash equivalents | | |
| Cash on hand or on deposit | 3,484,714 | 3,843,364 |
| Total cash and cash equivalents | 3,484,714 | 3,843,364 |

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents include cash on hand.

2.1B: Trade and other receivables

| | | |
|-------------------------------------------------------|------------------|----------------|
| Other receivables | | |
| Interest Receivables | 2,647 | 882 |
| Fitout costs receivable under the leasehold incentive | 1,286,359 | - |
| GST receivable from the Australian Taxation Office | 1,778 | 119,354 |
| Total other receivables | 1,290,784 | 120,236 |
| Total trade and other receivables (gross) | 1,290,784 | 120,236 |

Accounting Policy

Trade and other receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest expense is recognised by applying the effective interest rate.

Accounting Judgements and Estimates

No expected credit losses are recorded against the fit out costs receivable, as this amount is backed by the value of the future lease payments.

2.2 Non-Financial Assets

2.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

| | Buildings - leasehold improvement | Buildings - right-of- use asset | Plant and equipment | Computer software | Total |
|-------------------------------------------------------------------|-----------------------------------------|---------------------------------------|------------------------|----------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| As at 1 July 2019 | | | | | |
| Gross book value | 364,836 | - | 342,954 | 64,300 | 772,090 |
| Accumulated depreciation, amortisation and fair value adjustments | (268,725) | - | (81,890) | (37,009) | (387,624) |
| Total as at 1 July 2019 | 96,111 | - | 261,064 | 27,291 | 384,466 |
| Additions | | | | | |
| Purchase | 1,197,612 | 4,656,901 | - | - | 5,977,443 |
| Depreciation and amortisation | (96,112) | - | 122,930 | (18,727) | (162,331) |
| Depreciation on right-of-use assets | - | (221,757) | (47,492) | - | (221,757) |
| Revaluations recognised in asset revaluation reserve | - | - | (380) | - | (380) |
| Disposals | - | - | (81,783) | - | (81,783) |
| Total as at 30 June 2020 | 1,197,611 | 4,435,144 | 254,339 | 8,564 | 5,895,659 |
| Total as at 30 June 2020 represented by | | | | | |
| Gross book value | 1,562,448 | 4,656,901 | 326,278 | 64,300 | 6,609,927 |
| Accumulated depreciation, amortisation and FV adjustments | (364,837) | (221,757) | (71,939) | (55,736) | (714,269) |
| Total as at 30 June 2020 | 1,197,611 | 4,435,144 | 254,339 | 8,564 | 5,895,659 |
| Carrying amount of right-of-use assets | - | - | - | - | - |

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated below. On 30 June 2020, an independent valuer conducted the revaluations of Infrastructure Australia's non-financial assets in relation to plant and equipment. Infrastructure Australia has relied on the valuations made by these experts.

No property, plant and equipment or intangibles are expected to be sold or disposed of within the next 12 months.

No indicators of impairment have been identified over the above non-financial assets as at 30 June 2020.

No assets have been held for collateral as at 30 June 2020.

Accounting Policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs, where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

An impairment review is undertaken for any right-of-use lease asset that shows indicators of impairment and, if required, an accumulated impairment balance is recognised against the asset.

Revaluations

Following initial recognition at cost, property, plant and equipment (**excluding ROU assets**) are carried at fair value (or an amount not materially different from fair value) less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve, except to the extent that it reverses a previous revaluation decrement of the same asset class that was recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

| Asset class | 2020 | 2019 |
|------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| Buildings (right-of-use asset) | Shorter of lease term or expected useful economic life | N/A |
| Buildings (leasehold improvements) | Shorter of lease term or expected useful economic life | Shorter of lease term or expected useful economic life |
| Plant and equipment | 3 to 10 years | 3 to 10 years |
| Computer Software | 3 to 6 years | 3 to 6 years |

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Impairment

All assets were assessed for impairment at 30 June 2020. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss is recognised on the statement of comprehensive income.

Accounting Judgements and Estimates

A property lease was entered into with a contractual commencement date of 1 July 2020. As a result of Infrastructure Australia being provided with physical access to the leased asset on 31 March 2020, the commencement date under the guidance of AASB 16 – Leases was deemed to be 31 March 2020.

The useful life of the right-of-use asset has been determined to be the length of the lease term.

The discount rate applied to the lease recognition calculation is the applicable 5-year discount rate provided by the Department of Finance, being 1.07%.

The fair value of property, plant and equipment assets was determined using depreciated replacement cost as determined by an independent valuation experts.

2.3 Payables

| | 2020 | 2019 |
|-------------------------------------------------------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| 2.3A: Suppliers | | |
| Trade creditors and accruals | 1,481,125 | 948,395 |
| Payable to the Department of Infrastructure, Transport, Regional Development and Communications | 135,556 | 65,608 |
| Total suppliers | 1,616,681 | 1,014,003 |
| Settlement is usually made within 30 days. | | |
| 2.3B: Other payables | | |
| Salaries and wages | 3,987 | 8,830 |
| Superannuation | 47,857 | 42,868 |
| Lease incentive ¹ | - | 163,461 |
| Total other payables | 51,845 | 215,159 |

1. The Entity has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

2.4 Interest Bearing Liabilities

| | 2020 | 2019 |
|-----------------------------------------------------------|------------------|------|
| | \$ | \$ |
| 2.4A: Leases | | |
| Lease Liabilities - likely to be settled within 12 months | 1,060,416 | - |
| Lease Liabilities - likely to be settled post 12 months | <u>4,509,666</u> | - |
| Total leases | 5,570,082 | - |

1. The Entity has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Amount excludes outflows on operating leases during the period.

Accounting Policy

Refer to Overview section for accounting policy on leases.

2.5 Other Provisions

2.5A: Other provisions

| | Provision for restoration \$'000 | Total \$'000 |
|------------------------------------------------|----------------------------------------|-----------------|
| As at 1 July 2019 | - | - |
| Make good provision | 225,575 | 225,575 |
| Total as at 30 June 2020 | 225,575 | 225,575 |
| Other provisions expected to be settled | | |
| No more than 12 months | - | - |
| More than 12 months | 225,575 | 225,575 |
| Total other provisions | 225,575 | 225,575 |

Infrastructure Australia currently has one (2019: none) agreement for the leasing of premises, which has provisions requiring the entity to restore the premises to their original condition at the conclusion of the lease. The entity has made a provision to reflect the present value of this obligation.

Accounting Policy

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by Infrastructure Australia at the end of the respective lease term.

Accounting Judgements and Estimates

The estimated cost of the make good provision to restore the premises to their original condition at the conclusion of the lease was determined using advice from an independent design expert, considering all costs associated with restoring the leased premises to its original condition.

Funding

This section identifies Infrastructure Australia's funding structure.

3.1 Net Cash Appropriation Arrangements

| | 2020 | 2019 |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations | 487,363 | (333,715) |
| Plus: depreciation/amortisation expenses previously funded through revenue appropriation | (162,331) | (157,932) |
| | (221,757) | - |
| Total comprehensive income/(loss) - as per the Statement of Comprehensive | 103,275 | (491,648) |

People and relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

4.1 Employee Provisions

| | 2020 | 2019 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| 4.1A: Employee provisions | | |
| Annual leave | 235,713 | 225,833 |
| Long service leave | 241,277 | 269,350 |
| Total employee provisions | 476,990 | 495,183 |

Accounting Policy

Liabilities for 'short-term employee benefits' and termination benefits expected within 12 months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly (as described in the note below).

Leave

The liability for employee benefits includes provision for annual leave and long-service leave.

Leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long-service leave has been determined by reference to the shorthand method as permitted in the Financial Reporting Rule (FRR). The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation and is discounted using Commonwealth Government bond rates.

Superannuation

Staff of Infrastructure Australia are members of the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government. The PSSap is a defined contribution scheme.

The liability for superannuation recognised as at 30 June 2020 represents outstanding contributions.

Accounting Judgements and Estimates

Employee provisions included in this note have been estimated using present value techniques in accordance with the shorthand method as permitted by the FRR. This takes into account expected salary growth and future discounting using bond rates.

4.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Infrastructure Australia, directly or indirectly. Infrastructure Australia has determined the key management personnel to be the Board Members and Chief Executive Officer. Key management personnel remuneration is reported in the table below:

| | 2020 | 2019 |
|-------------------------------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| Short-term employee benefits | 1,235,682 | 1,211,185 |
| Post-employment benefits | 94,596 | 94,254 |
| Other long-term employee benefits | 7,814 | 8,912 |
| Total key management personnel remuneration expenses¹ | 1,338,092 | 1,314,351 |

The total number of key management personnel that are included in the above table are 17 (2019: 18).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

4.3 Related Party Disclosures

Related party relationships:

Infrastructure Australia is an Australian Government controlled entity. Related parties to this entity are board members, Chief Executive Officer and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by Infrastructure Australia, it has been determined that there are no related party transactions to be separately disclosed.

Managing uncertainties

This section analyses how Infrastructure Australia manages financial risks within its operating environment.

5.1 Contingent Assets and Liabilities

Infrastructure Australia does not have any quantifiable or unquantifiable contingencies (2019: nil).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position, but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

5.2 Financial Instruments

| | 2020 | 2019 |
|---------------------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| 5.2A: Categories of financial instruments | | |
| Financial assets at amortised cost | | |
| Loans and receivables | | |
| Cash on hand or on deposit | 3,484,714 | 3,843,364 |
| Other receivables | 1,290,784 | 882 |
| Total financial assets at amortised cost | 4,775,498 | 3,844,246 |
| Total financial assets | 4,775,498 | 3,844,246 |
| Financial Liabilities | | |
| Financial liabilities measured at amortised cost | | |
| Trade creditors and accruals | 1,616,681 | 1,014,003 |
| Other payables | 51,845 | 51,698 |
| Total financial liabilities measured at amortised cost | 1,668,526 | 1,065,701 |
| Total financial liabilities | 1,668,526 | 1,065,701 |

Accounting Policy

Financial assets

With the implementation of AASB 9 Financial Instruments in 2019, the entity classifies its financial assets in the following categories:

a) financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period, based on Expected Credit Losses, using the general approach that measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

| | 2020 | 2019 |
|--|--------|--------|
| | \$'000 | \$'000 |

5.2B: Net gains or losses on financial assets

Financial assets at amortised cost

| | | |
|-----------------------------------------------------------------|---------------|----------------|
| Interest revenue | 56,154 | 103,425 |
| Net gains/(losses) on financial assets at amortised cost | 56,154 | 103,425 |
| | | |
| Net gains on financial assets | 56,154 | 103,425 |

Other information

6.1 Aggregate Assets and Liabilities

6.1A: Aggregate assets and liabilities

| | 2020 | 2019 |
|-----------------------------------------------|-------------------|------------------|
| | \$ | \$ |
| Assets expected to be recovered in: | | |
| No more than 12 months | 4,950,669 | 4,142,138 |
| More than 12 months | 5,895,659 | 384,467 |
| Total assets | 10,846,328 | 4,526,605 |
| | | |
| Liabilities expected to be settled in: | | |
| No more than 12 months | 1,420,999 | 1,546,227 |
| More than 12 months | 6,520,175 | 178,118 |
| Total liabilities | 7,941,173 | 1,724,345 |

Index

Regulatory reporting index

Under s17BE(u) of the Public Governance, Performance and Accountability Rule 2014, entities are required to provide an index identifying where the requirements of s17BE are located in the Annual Report.

This is provided below:

| Contents of Annual Report | Page no. |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Approval of the Annual Report by the accountable authority. | 3 |
| Details of the legislation establishing the body; both of the following: <ul style="list-style-type: none"> • a summary of the objects and functions of the entity as set out in the legislation; • the purposes of the entity as included in the entity's Corporate Plan for the period. | 25-26 |
| The names of the persons holding the position of responsible Minister or responsible ministers during the period, and the titles of those responsible ministers. | 25 |
| Any directions given to the entity by a minister under an Act or instrument during the period. | 25 |
| Any government policy orders that applied in relation to the entity during the period under s22 of the PGPA Act. | N/A |
| If, during the period, the entity has not complied with a direction or order particulars of the non-compliance. | N/A |
| The annual performance statements for the entity for the period. | 35-38 |
| A statement of any significant issue reported to the responsible Minister under s19(1)(e) of the PGPA Act that relates to non-compliance with the finance law in relation to the entity. If a statement is included under s19(h)—an outline of the action that has been taken to remedy the noncompliance. | N/A |
| If a statement is included under s19(h)—an outline of the action that has been taken to remedy the noncompliance. | N/A |
| Information on the accountable authority, or each member of the accountable authority, of the entity during the period, including: <ul style="list-style-type: none"> • the name of the accountable authority or member; and • the qualifications of the accountable authority or member; and • the experience of the accountable authority or member; and • for a member—the number of meetings of the accountable authority attended by the member during the period; and • for a member—whether the member is an executive member or non-executive member. | 11-15, 28 |
| An outline of the organisational structure of the entity (including any subsidiaries of the entity). | 16 |
| An outline of the location (whether or not in Australia) of major activities or facilities of the entity. | 30 |
| Information in relation to the main corporate governance practices used by the entity during the period. | 25-40 |
| Any significant activities and changes that affected the operations or structure of the entity during the period. | N/A |
| Particulars of judicial decisions or decisions of administrative tribunals made during the period that have had, or may have, a significant effect on the operations of the entity. | N/A |

| Contents of Annual Report | Page no. |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Particulars of any report on the entity given during the period by: <ul style="list-style-type: none"> • the Auditor-General, other than a report under s43 of the PGPA Act (which deals with the Auditor-General’s audit of the annual financial statements for Commonwealth entities); or • a Committee of either House, or of both Houses, of the Parliament; or • the Commonwealth Ombudsman; or • the Office of the Australian Information Commissioner. | 42-43 |
| If the accountable authority has been unable to obtain information from a subsidiary of the entity that is required to be included in the Annual Report—an explanation of the information that was not obtained and the effect of not having the information on the Annual Report | N/A |
| Details of any indemnity that applied during the period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer’s liability for legal costs). | N/A |
| An index identifying where the requirements of this section and s17BF (if applicable) are to be found. | 66-67 |

Infrastructure Australia is an independent statutory body that is the key source of research and advice for governments, industry and the community on nationally significant infrastructure needs.

It leads reform on key issues including means of financing, delivering and operating infrastructure and how to better plan and utilise infrastructure networks.

Infrastructure Australia has responsibility to strategically audit Australia's nationally significant infrastructure, and develop 15-year rolling infrastructure plans that specify national and state level priorities.

www.infrastructureaustralia.gov.au