

# Annual Report

2014–15







**Infrastructure  
Australia**

# Annual Report 2014–15

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Australian Government  
Infrastructure Australia

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14 October 2015

The Hon Paul Fletcher MP  
Minister for Territories, Local Government and Major Projects  
Parliament House  
CANBERRA ACT 2600

Dear Minister

I am pleased to present the first Annual Report of Infrastructure Australia for the period ending 30 June 2015.

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 the *Public Governance, Performance and Accountability Act 2013*; and the *Infrastructure Australia Act 2008*.

Yours sincerely

A handwritten signature in black ink that reads "Mark Birrell".

Mark Birrell  
Chairman



# Chairman's foreword

I am pleased to present our first Annual Report. This report outlines Infrastructure Australia's operations in our inaugural year as an independent statutory body.

In mid-2014, with bi-partisan support, the *Infrastructure Australia Act 2008* was amended to create an independent board with the right to appoint the organisation's first Chief Executive Officer. Infrastructure Australia was also given a landmark new role to develop a 15 year *Australian Infrastructure Plan*.

The board was formed on 1 September 2014, bringing together a wealth of expertise and perspective from business and academia across both the public and private sectors.

In March 2015, we were pleased to announce the appointment of our inaugural Chief Executive Officer, Philip Davies. Mr Davies is a highly qualified engineer and infrastructure expert with experience in Australia and overseas.

Following Mr Davies' commencement in April, we released the *Northern Australia Audit* report on 8 May 2015 – the first ever audit of Northern Australia's infrastructure. It assesses critical economic infrastructure gaps and requirements to meet projected Northern Australia population and economic growth through to 2031.

On 22 May 2015, we released the landmark *Australian Infrastructure Audit* (the Audit) report – the nation's first ever independent and comprehensive review of Australia's infrastructure and our future needs across

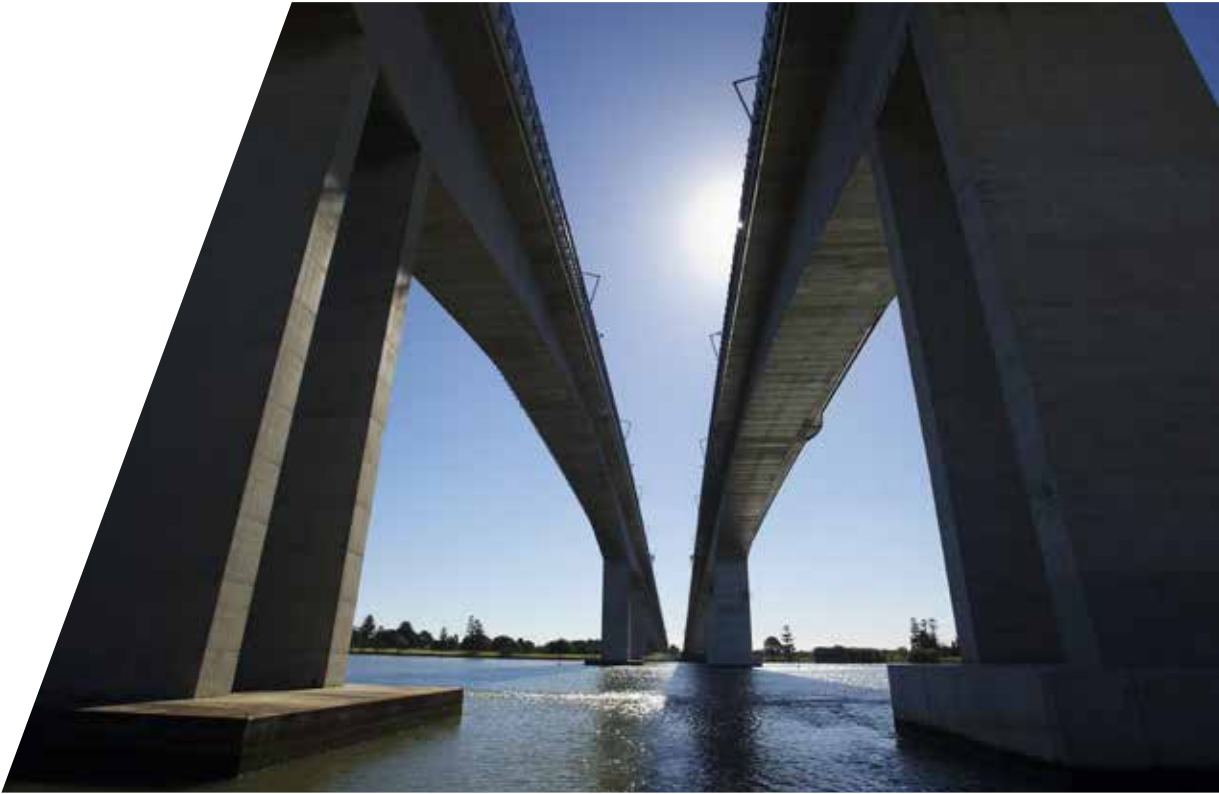
transport, water, energy and telecommunications. The Audit takes a strategic view of what Australia will look like in 2031 and where the pressures on our infrastructure networks will be felt hardest.

Following the release of the Audit we have conducted a nation-wide consultation program and invited public comment on the findings. The Audit, and the public submissions, will feed into the *Australian Infrastructure Plan* (the Plan).

We hope the Plan will also be a platform for governments and the private sector to lead the public debate around what we expect from our infrastructure, and how willing and able we are to pay for it.

Infrastructure projects should only be approved subject to an analysis of their economic, social and environmental benefits and impacts and with transparency about the objectives they are designed to achieve. Therefore, an important part of the Plan will also be a reinvigorated Infrastructure Priority List—a rigorous prioritisation process will result in a highly credible pipeline of nationally significant infrastructure projects.

We want to be able to ensure new infrastructure is constructed for the right reasons at the right time, with equal effort placed on ensuring existing utilities, networks and capital assets are used more effectively.



While our two Audits, and development of the Plan and reinvigorated Infrastructure Priority List have been major deliverables for Infrastructure Australia this year, we have also focussed on the important task of building strong working relationships with all governments, stakeholders, and the owners of infrastructure.

With all areas of the infrastructure sector working together we can better inform strategic government decision-making and progress the projects and reforms Australia needs.

For Infrastructure Australia, 2014–15 marked the beginning of what we hope will be a transformational change in the sector.

The Hon Mark Birrell  
Chairman

“Following the release of the Audit we have conducted a nation-wide consultation program and invited public comment on the findings.”

# Overview

Infrastructure Australia was established in July 2008 to provide advice to the Australian Government under the *Infrastructure Australia Act 2008* (the Act).

In 2014, the Act was amended to give Infrastructure Australia new powers, and to create an independent board with the right to appoint its own Chief Executive Officer. The amended Act came into effect on 1 September 2014.

The new Infrastructure Australia Board was formed in September 2014. Led by Chairman Mark Birrell, the 12 members bring experience from business, academia, the public and private sectors.

Under the Act, 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.

In 2014–15 Infrastructure Australia (IA) was responsible to the Deputy Prime Minister and Minister for Infrastructure and Regional Development, The Hon Warren Truss MP, and to the Assistant Minister for Infrastructure and Regional Development, The Hon Jamie Briggs MP.

## Statement of Expectations

The Deputy Prime Minister and Minister for Infrastructure and Regional Development, The Hon Warren Truss MP, issued a Statement of Expectations to Infrastructure Australia on 30 October 2014, and issued further correspondence on 5 January 2015, providing guidance on the Australian Government's expectations relating to the strategic direction, operation and performance of Infrastructure Australia.

The full Statement of Expectations is available on our website: [www.infrastructureaustralia.gov.au](http://www.infrastructureaustralia.gov.au)

## Statement of Intent

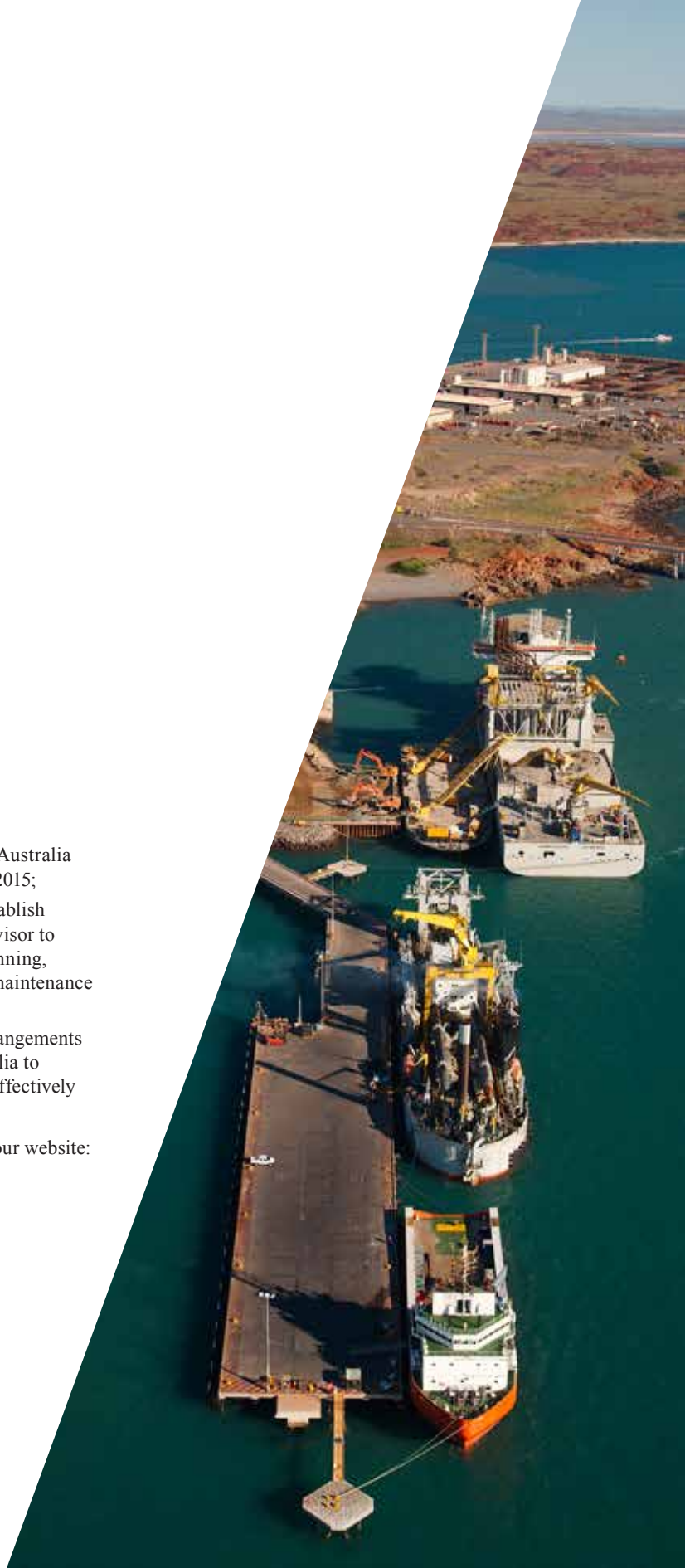
Infrastructure Australia responded to the Statement of Expectations with its Statement of Intent. The Statement of Intent, in conjunction with the portfolio budget statement, responds to the Government's expectations by identifying the key objectives and related initiatives to be delivered by Infrastructure Australia in 2015.



The Statement of Intent outlines:

- The specific priorities Infrastructure Australia will be accountable for delivering in 2015;
- How Infrastructure Australia will establish itself as a trusted collaborator and advisor to governments and industry, on the planning, funding and financing, delivery and maintenance of infrastructure; and
- The governance and performance arrangements that will enable Infrastructure Australia to demonstrate that it is efficiently and effectively performing its statutory functions.

The Statement of Intent is available on our website:  
[www.infrastructureaustralia.gov.au](http://www.infrastructureaustralia.gov.au)



# Governance

## Infrastructure Australia Board

The new Infrastructure Australia Board was formed in September 2014. It has 12 members and met 11 times in the period to June 2015.

Board member	Term Commencement	A	B	ARCC Member
Mark Birrell (Chair)	September 2014	11	11	
Julieanne Alroe	June 2015	0	1	
Gerard Blood	September 2014	11	11	
Michael Carapiet	January 2015	6	6	
Peter Corish	September 2014	10	11	✓
Colin Duffield	September 2014	9	11	
John Ellice-Flint	December 2014	5	7	
Nicole Lockwood	September 2014	11	11	✓
Dan Norton	September 2014	10	11	
Kerry Schott	September 2014	11	11	✓
Gabrielle Trainor	December 2014	6	7	
Peter Watson	September 2014	11	11	✓

A = Number of meetings attended

B = Number of meetings held during the time the Board Member held office during the year



### **Mark Birrell**

#### **Chairman**

Mark Birrell joined the Infrastructure Australia Council in 2008 and assumed the post of Chairman of the new IA Board in September 2014. Mr Birrell, a lawyer by training, has extensive experience

in the industry. He is currently the Chairman of Port of Melbourne Corporation, Regis Health Care Limited and PostSuper Pty. Ltd. He was Chairman of Infrastructure Partnerships Australia from 2005 until 2013 and national leader of the infrastructure group at Minter Ellison Lawyers from 2002 to 2012. From 1992 to 1999, Mr Birrell held a cabinet position in Victoria as Minister for Major Projects and as Minister for Industry, Science and Technology.

He received a Bachelor of Economics and Bachelor of Laws from Monash University and was admitted to practise as a barrister and solicitor in 1983.



### **Julieanne Alroe**

#### **Board Member**

Julieanne Alroe is CEO and Managing Director of Brisbane Airport Corporation (BAC). With more than 30 years experience in the aviation industry, she is one of only a handful of women in the world

to run a privatised airport. In addition to this role, Ms Alroe currently holds board positions with Tourism and Events Queensland, Urban Futures Brisbane and the Queensland Theatre Company. She is also a Member of the Council of Governors of the American Chamber of Commerce QLD, is a Queensland State Advisory Council Member for the Committee for Economic Development of Australia (CEDA) and is the Inaugural President of the Queensland Futures Council.

Prior to joining BAC, Ms Alroe worked at Sydney Kingsford Smith Airport for over 25 years in various senior management and operational roles.

Previous board appointments include chairman of Airports Coordination Australia Ltd, International Grammar School Sydney, Airports Council International Safety and Technical Standing Committee and Australia Trade Coast Ltd.



### **Gerard Blood**

#### **Board Member**

Gerard Blood has 26 years of experience in creating, managing and restructuring infrastructure and development projects in Australia, UK, Canada, Middle East, North Africa and Asia. Mr

Blood is a board director of Western Health since July 2013 and PPB Advisory's director and head of infrastructure since November 2012. From May 2011 to November 2012, Mr Blood provided interim management and consulting services to Government and private sector clients in the region including Australia, Asia and the Middle East. He was a senior Executive Director at Gulf Finance House from September 2010 until April 2011. Prior to that, Mr Blood was a Dubai-based Managing Director of Macquarie Capital from January 2009 to August 2010. From 2003 to 2008 he was Managing Director at Bilfinger Berger Concessions.

Mr Blood has a Masters of Business Administration from London Business School and a Bachelor of Engineering from the University of Ballarat in Victoria.



### **Michael Carapiet**

#### **Board Member**

Michael Carapiet is the Chairperson of Link Group Limited, the largest administrative services provider to Australian superannuation funds and a leading provider of international share registry and

corporate services. Mr Carapiet is also Chairperson of Smartgroup Corporation Limited, a leading provider of salary packaging and novated leasing services. He is Chairperson of the NSW Government's Insurance and Care Board, which includes NSW Workers Compensation, Lifetime Care and Support, Self Insurance Corporation and NSW Dust Diseases. Mr Carapiet is a board member of Clean Energy Finance Corporation and is Chairperson of Adexum Capital Limited, a boutique private equity fund. He is on the advisory board of Norton Rose Australia, a major international legal firm.



**Peter Corish**  
**Board Member**

Peter Corish was the Executive Chairman of Prime AG Australia from 2007 to 2011 and the Managing Director and CEO 2011 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. From 2002 to 2006, Mr Corish was President of the National Farmers Federation, Chairman of the Cairns Farm Group Leaders and a member of the Trade Policy Advisory Council.



**Colin Duffield**  
**Board Member**

Colin Duffield is an Associate Professor in engineering project management and civil engineering discipline leader at the University of Melbourne's department of infrastructure engineering. He has been

involved as both a researcher and practitioner in infrastructure delivery for public and private clients and his research into projects has been widely cited in Australia and globally. Mr Duffield has also served as an adviser to projects on risk and project restructuring and has been an independent reviewer and researcher of major engineering contracts.

He holds a Doctor of Philosophy and Master of Engineering Science from the University of Melbourne and Bachelor of Engineering from Deakin University.



**John Ellice-Flint**  
**Board Member**

John Ellice-Flint is a businessman and petroleum geologist.

Mr Ellice-Flint has over 40 years of international exploration, production, operations and commercial experience in the oil and gas industry. He worked for Unocal Corporation for 28 years, where he served in a variety of senior executive roles leading global exploration, strategic planning and technology functions.

He was also technical advisor to the governments and national oil companies of a number of different countries.

Mr Ellice-Flint was then Managing Director and CEO of Santos Limited from 2000 to 2008. He has been the Executive Chairman of Blue Energy Limited since June 2013 and has been a Director of The Australian Ballet since 2010. He served as the Chairman of the South Australian Museum Board from 2003 to 2011 and was Chairman of the Board of Clean Seas Limited from 2009 to 2012.



**Nicole Lockwood**  
**Board Member**

Nicole Lockwood is an Associate Director of infrastructure and government management consulting at KPMG and Deputy Chairman of the Regional Development Council since 2012. She has

been a member of Infrastructure Australia Council since 2011 and Chairman of the Pilbara Development Commission between 2011 and 2012. Between 2009 and 2012, she was the Commissioner of the WA Planning Commission and a board member of the Pilbara Development Commission and shire president of the Shire of Roebourne from 2009 until 2011.

Ms Lockwood is a qualified lawyer and holds a Bachelor of Laws as well as Bachelor of Business (Environment) from Notre Dame University.



**Daniel Norton AO,**  
**Board Member**

Daniel Thomas Norton has industry-wide experience at both the corporate and government levels in a wide range of sectors including infrastructure, agriculture, transport and health. He is currently the Chairman

of Tasmanian Ports Corporation and TasNetworks. Mr Norton has been the Deputy Chairman of Tasmanian Water & Sewerage Corporation since February 2013.

He has a Bachelor of Agricultural Science from the University of Melbourne, Master of Economics from the University of New England, a PhD from North Carolina State University's School of Economics and Business and a Hon. LLD from the University of Tasmania.



### **Kerry Schott AO**

#### **Board Member**

Kerry Schott was the CEO for the NSW Government's Commission of Audit and is the current Chair of the Moorebank Intermodal Corporation Ltd and a director of NBN limited and of TCorp NSW. Dr Schott

was a member of the Infrastructure Australia Council since inception in 2008. She was CEO and Managing Director of Sydney Water from 2006 until 2011. Prior she spent many years as an investment banker and public servant.

Dr Schott holds a Doctor of Philosophy from University of Oxford, a Masters of Arts from the University of British Columbia and a Bachelor of Arts from the University of New England.



### **Gabrielle Trainor**

#### **Board Member**

Ms Gabrielle Trainor is a non-executive director and advisor whose experience covers twenty years involved in boards in the public and private sectors. Her background is as a lawyer, newspaper journalist, public

sector executive and consultant in issues management, public policy and corporate affairs.

Ms Trainor is a director of organisations including the Barangaroo Delivery Authority, Cape York Partnership, the GWS Giants Australian football club and Business Events Sydney. She is a member of the board of trustees of the University of Western Sydney and of the Charlie Perkins Education Trust. She chairs the National Film and Sound Archive and Barnardo's Australia. She has been a director of the NSW State Rail Authority, Rail Access Corporation, State Transit Authority, Power Facilities, VicUrban and Infrastructure Partners Investment Trust and was a member of the advisory board of Leighton Contractors.

Ms Trainor holds a Bachelor of Laws from the University of Melbourne, a Master of Arts from the University of Western Sydney, is a Fellow of the Australian Institute of Company Directors and an Honorary Associate in the Graduate School of Government at the University of Sydney.



### **Peter Watson**

#### **Board Member**

Peter Watson has over 25 years of experience in the engineering, construction and services industries. He has been the non-executive Chairman of ASX-listed LogiCamms since July 2011.

Mr Watson is currently the Chairman of Regional Rail Link Authority in Victoria, a position he assumed in August 2010 and Chairman of AssetCo since June 2010. Before that, Mr Watson was CEO of Transfield Services where he grew the Australian service provider to the resource and energy sectors into a global entity during his 16-year stewardship from 1993 to 2009.



### **Philip Davies**

#### **Chief Executive Officer**

Mr Philip Davies was appointed Chief Executive Officer of Infrastructure Australia in March 2015 and commenced in the role on 20 April 2015. He has had over 25 years shaping policy, delivering nationally

significant infrastructure projects, and leading reform within the infrastructure sector.

Before joining Infrastructure Australia as CEO, he led AECOM's Infrastructure Advisory business in Asia Pacific providing government and private sector clients with infrastructure policy, strategy, business, program, planning and operations advice.

Whilst Director of Traffic Operations for Transport for London (TfL), Philip developed a long term vision for proactive, long term integrated transport management in London, including the development of the London Transport Command and Control Centre.

He is a Chartered Engineer and a Fellow of Engineers Australia.

## Audit and Risk Committee

The Infrastructure Australia Board established the Audit, Risk & Compliance Committee (the Committee) to assist the Board in satisfying its corporate governance obligations and responsibilities including:

- Financial management
- Risk management
- Reporting obligations
- Overseeing frameworks for compliance with relevant laws, standards and regulations.

The Committee assists the board in fulfilling its financial management, risk management and reporting obligations including those set out in:

- *Infrastructure Australia Act* (No.77 as amended)
- *Public Governance and Accountability Act (Cth)* 2013
- *Public Governance, Performance and Accountability Rules (Cth)* 2014

The Committee also acts as a forum for communication between the Board, Infrastructure Australia Senior Management and relevant auditors and independent advisers.

The Committee members are:

- Kerry Schott (Chair)
- Peter Corish
- Nicole Lockwood
- Peter Watson

## Organisational structure

In addition to the 13 holders of public office (The Board and CEO), Infrastructure Australia (IA) engaged a team of 16 in its office in Sydney, NSW as of 30 June 2015, of these 7 were seconded from another Commonwealth entity.

In order to support IA's role as an independent entity that provides high quality advice, IA must establish and develop the necessary corporate capabilities. In 2014–15 IA began the process of development and establishment of relevant processes and systems to reflect its new independent structure, including the recruitment of senior management positions.

## Risk Management

Effective risk management is essential to ensure Infrastructure Australia (IA) achieves its strategic objectives and corporate plans, as well as fulfils its legislative mandate within the *Infrastructure Australia Act 2008*.

As a Corporate Commonwealth entity IA must operate within the relevant rules and regulations prescribed by the *Public Governance, Performance and Accountability Act 2013* and associated rules.

IA's organisational culture will embrace and promote risk management activities. To facilitate this outcome, IA has embedded risk management into its systems and business processes to develop a risk management culture throughout the organisation and to optimise its ability to meet its strategic objectives.

IA has adopted an enterprise risk management framework to support its corporate plan, key objectives and delivery of core business. The framework includes a tailored risk management process to ensure risks are identified and analysed consistently across all areas, and that risk evaluation is linked to practical and cost effective risk response and controls that are appropriate to the business. In addition, the risk management 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 consists of six steps:

1. Identify
2. Analyse
3. Evaluate
4. Respond
5. Monitor and report
6. Review

Risk management is a core responsibility throughout all levels of the organisation. The effective management of risk is a process of continuous improvement, requiring regular review and evaluation mechanisms.

IA will review its risk management framework and the application of its risk management practices at least annually, and implement improvements arising out of such reviews, to ensure that the risk management framework remains current and relevant.



# Performance

## Northern Australia Audit

Infrastructure Australia (IA) completed a comprehensive audit of Northern Australia's infrastructure assets to inform and contribute to the Government's White Paper on developing Northern Australia in December 2014. The *Northern Australia Audit* (the Audit) was submitted to Government in January 2015, and publically released on 8 May 2015.

The Audit is the first-ever audit of Northern Australia's infrastructure, identifying key challenges, and opportunities to support the region's projected growth over the next 15 years. The Audit includes an assessment of Northern Australia's current infrastructure asset base as well identifying infrastructure requirements to support opportunities identified in the White Paper.

The Audit was developed in close consultation with the Department of Infrastructure and Regional Development and the Department of the Prime Minister and Cabinet.

## Australian Infrastructure Audit

Infrastructure Australia (IA) completed an audit of the key demand drivers affecting Australia's infrastructure asset base in April 2015. The *Australian Infrastructure Audit* (the Audit) was submitted to Government in April 2015, and publically released on 22 May 2015.

The Audit is the first ever independent and comprehensive review of Australia's infrastructure and our future needs across transport, water, energy and telecommunications. The Audit takes a strategic view of what Australia will look like in 2031, and where the pressures on our infrastructure networks will be felt hardest.

The Audit considers demographic trends relevant to infrastructure utilisation as well as economic, social and environmental sustainability. The Audit's focus is on identifying the challenges for Australia's current infrastructure asset base to determine the adequacy and capacity of this infrastructure to meet future requirements.

The Audit provides the evidence base for the development of the *Australian Infrastructure Plan* and will be revised at least every five years.

## 15 Year Australian Infrastructure Plan

Infrastructure Australia (IA) began work on developing a 15 year rolling Infrastructure Plan that takes into account the outcomes from audits and where appropriate the lists and evaluations developed and undertaken by IA. IA intends that the Plan will clearly specify infrastructure priorities at national and state levels for the relevant period.





### **Evaluation of Infrastructure Proposals**

Infrastructure Australia (IA) has assessed project proposals where Commonwealth funding of over \$100 million is sought, excluding any Defence proposals. These assessments have been made public on the project assessment page of the IA website – [www.infrastructureaustralia.gov.au](http://www.infrastructureaustralia.gov.au)

### **Infrastructure Priority Lists**

In conjunction with the *Australian Infrastructure Plan*, IA has begun work on a reinvigorated Infrastructure Priority List (IPL). The IPL will be published alongside the Plan in 2016.

“The Audit is the first-ever audit of Northern Australia’s infrastructure, identifying key challenges, and opportunities to support the region’s projected growth over the next 15 years.”

# Financial performance

## Overview

During 2014–15 the majority of Infrastructure Australia’s corporate services functions were delivered by the Department of Infrastructure and Regional Development (DIRD) through a shared services arrangement. These services included the financial management of the entity.

Infrastructure Australia’s financial statements reflect 10 months of operation from 1 September 2014 – 30 June 2015.

Infrastructure Australia’s revenue in 2014–15 included \$15.037 million which consisted of the \$11.9 million annual budget allocation as well as the residual funds held in the IA special account as of 31 August 2014.

Infrastructure Australia’s 2014–15 expenditure totalled \$10.691 million. Expenditure included; \$2.25 million in employee related expenses, \$8.37 million in supplier expenses and \$0.07 million in depreciation.

## Indemnities and insurances for Officers

In 2014–15 IA held general liability, professional indemnity, officers’ liability, and a range of other corporate insurance.

In 2014–15, IA held insurance protecting directors and officers from liability for the consequences of wrongful acts as defined in IA’s Comcover policy.



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Infrastructure and Regional Development

I have audited the accompanying annual financial statements of Infrastructure Australia for the year ended 30 June 2015, which comprise:

- Statement by the Board, Chief Executive and Director – Operations & Board Secretary;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; and
- Notes to and forming part of the financial statements including a Summary of Significant Accounting Policies.

#### *Accountable Authority's Responsibility for the Financial Statements*

The Directors' of Infrastructure Australia are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Directors' are also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of the accounting policies used and the

reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

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

***Independence***

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

***Opinion***

In my opinion, the financial statements of the Infrastructure Australia:

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

Australian National Audit Office



Sean Benfield  
Acting Executive Director  
Delegate of the Auditor-General

Canberra  
8 October 2015

## INFRASTRUCTURE AUSTRALIA

### **Statement by the Board, Chief Executive and Chief Financial Officer**

In our opinion, the attached financial statements for the year ended 30 June 2015 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.



Mark Birrell  
Chair



Philip Davies  
Chief Executive Officer



Kylie Gillett  
Director Operations  
and Board Secretary

7 October 2015

# Financial statements

## INFRASTRUCTURE AUSTRALIA

### Statement of Comprehensive Income

for the period ended 30 June 2015

	Notes	2015 \$
<b>NET COST OF SERVICES</b>		
<b>Expenses</b>		
Employee benefits	4A	2,249,559
Suppliers	4B	8,370,433
Depreciation	4C	71,978
<b>Total expenses</b>		<b>10,691,970</b>
<b>Net cost of services</b>		<b>(10,691,970)</b>
Revenue from Government	5A	15,037,000
<b>Surplus Deficit attributable to the Australian Government</b>		<b>4,345,030</b>
<b>Total comprehensive income attributable to the Australian Government</b>		<b>4,345,030</b>

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

**INFRASTRUCTURE AUSTRALIA****Statement of Financial Position***as at 30 June 2015*

	Notes	2015 \$
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and cash equivalents	7A	–
Trade and other receivables	7B	4,372,301
<b>Total financial assets</b>		<b>4,372,301</b>
<b>Non-financial assets</b>		
Land and buildings	8A,C	–
Property, plant and equipment	8B,C	62,010
Lease incentive asset	8D	1,550,000
Prepayments	8E	111,686
<b>Total non-financial assets</b>		<b>1,723,696</b>
<b>Total assets</b>		<b>6,095,997</b>
<b>LIABILITIES</b>		
<b>Payables</b>		
Suppliers	9A	1,341,477
Lease incentive liability	9B	1,522,727
Other payables	9C	90,837
<b>Total payables</b>		<b>2,955,041</b>
<b>Provisions</b>		
Employee provisions	10A	59,451
<b>Total provisions</b>		<b>59,451</b>
<b>Total liabilities</b>		<b>3,014,492</b>
<b>Net assets</b>		<b>3,081,505</b>
<b>EQUITY</b>		
Contributed equity		(1,263,525)
Retained surplus/(Accumulated deficit)		4,345,030
<b>Total equity</b>		<b>3,081,505</b>

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

## INFRASTRUCTURE AUSTRALIA

### Statement of Changes in Equity

for the period ended 30 June 2015

	Notes	Retained earnings 2015 \$	Contributed equity/capital 2015 \$	Total equity 2015 \$
<b>Opening balance</b>				
Balance carried forward from previous period		–	–	–
<b>Opening balance</b>		–	–	–
<b>Comprehensive income</b>				
Surplus/(Deficit) for the period		4,345,030		4,345,030
<b>Total comprehensive income</b>		4,345,030	–	4,345,030
<b>Transactions with owners</b>				
<b>Distributions to owners</b>				
Returns of capital				
Restructuring	11A	–	(1,263,525)	–
<b>Total transactions with owners</b>		–	(1,263,525)	(1,263,525)
<b>Closing balance as at 30 June</b>		4,345,030	(1,263,525)	3,081,505

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



**INFRASTRUCTURE AUSTRALIA****Cash Flow Statement***for the period ended 30 June 2015*

	Notes	2015 \$
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
Receipts from Government		10,695,046
Net GST received		697,202
<b>Total cash received</b>		<b>11,392,248</b>
<b>Cash used</b>		
Employees		1,809,554
Suppliers		9,582,694
<b>Total cash used</b>		<b>11,392,248</b>
<b>Net cash used by operating activities</b>	12	–
<b>Net decrease in cash held</b>		–
Cash and cash equivalents at the beginning of the reporting period		–
<b>Cash and cash equivalents at the end of the reporting period</b>	7A	–

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

## INFRASTRUCTURE AUSTRALIA

### Schedule of Commitments

as at 30 June 2015

	2015 \$
<b>BY TYPE</b>	
Commitments receivable	
Net GST recoverable on commitments	519,363
<b>Total commitments receivable</b>	<b>519,363</b>
<b>Commitments payable</b>	
<b>Other commitments</b>	
Operating leases	(5,088,393)
Project commitments	(624,602)
<b>Total other commitments</b>	<b>(5,712,995)</b>
<b>Total commitments payable</b>	<b>(5,712,995)</b>
<b>Net commitments by type</b>	<b>(5,193,632)</b>
<b>BY MATURITY</b>	
<b>Commitments receivable</b>	
<b>Other commitments receivable</b>	
Within 1 year	139,725
Between 1 to 5 years	379,638
More than 5 years	–
<b>Total other commitments receivable</b>	<b>519,363</b>
<b>Total commitments receivable</b>	<b>519,363</b>
<b>Commitments payable</b>	
<b>Operating lease commitments</b>	
Within 1 year	(912,371)
Between 1 to 5 years	(4,176,022)
More than 5 years	–
<b>Total operating lease commitments</b>	<b>(5,088,393)</b>
<b>Project Commitments</b>	
Within 1 year	(624,602)
Between 1 to 5 years	–
More than 5 years	–
<b>Total project commitments</b>	<b>(624,602)</b>
<b>Total commitments payable</b>	<b>(5,712,995)</b>
<b>Net commitments by maturity</b>	<b>(5,193,632)</b>

#### Notes

1. Commitments are GST inclusive where relevant.
  2. Infrastructure Australia in its capacity as a lessee has entered into an operating lease for office accommodation purposes. Lease payments are subject to a fixed price increase as per the lease agreement. The operating lease is effectively non-cancellable.
  3. Project commitments primarily relate to engagements for assessment of proposals for the Infrastructure Priority List.
- The above schedule should be read in conjunction with the accompanying notes.



# Notes to and forming part of the financial statements

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## INFRASTRUCTURE AUSTRALIA

*Notes to and forming part of the financial statements*

### Note 1: Summary of Significant Accounting Policies

---

#### 1.1 Objectives of Infrastructure Australia

Infrastructure Australia (IA) is a Corporate Commonwealth entity established on 1 September 2014 following amendment of the *Infrastructure Australia Act 2008*. IA is a not-for profit Australian Government owned entity. The objective of IA is to support the Australian Government's plan to build a strong and prosperous economy. This is to be done through the provision of high quality independent advice concerning nationally significant infrastructure.

On 1 September relevant assets, liabilities and the balance of the Infrastructure Australia Special Account were transferred to IA from the Department of Infrastructure and Regional Development (DIRD).

IA 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 IA in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for IA's administration and programs.

#### 1.2 Basis of Preparation of the Financial Statements

During 2014–15 the majority of Infrastructure Australia's corporate services functions were delivered via shared services arrangements from DIRD, this includes financial management services. IA utilised DIRD's financial management information system, processes and controls throughout 2014–15.

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:

- Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; and
- 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 recorded 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 and are rounded to the nearest dollar.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to IA or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments.

Unless an alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

## INFRASTRUCTURE AUSTRALIA

*Notes to and forming part of the financial statements*

### 1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, IA has made judgements that have the most significant impact on the amounts recorded in the financial statements for:

- a) the fair value of leasehold improvements and property, plant and equipment assets was determined using depreciated replacement cost as determined by an independent valuer; and
- b) employee provisions included in note 10A 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.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

### 1.4 New Australian 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, revised standards, interpretations, and amending standards were issued prior to the signing of the statement by accountable authority and had a material impact on IA's financial statements:

Standard/Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 1055 Budgetary Reporting	Major variance explanation disclosures have been included in the notes to the accounts where a budgeted statement of financial position, comprehensive income, changes in equity or cash flows, has been presented to Parliament.

All other new standards, revised standards, amending standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the entities financial statements.

#### Future Australian Accounting Standard Requirements

All new standards, revised standards, interpretations and amending standards that were issued by the Australian Accounting Standards Board prior to the sign-off date and are applicable to the future reporting period(s) are not expected to have a future material impact on IA's financial statements.

Standard/Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 9 Financial Instruments	Reduced disclosure for financial instruments has decreased the disclosure from four notes to two.
AASB 2015-6 Related Party Disclosures	Related party disclosures will need to be disclosed in the financial statements for the reporting period beginning on 1 July 2016.

All other new standards, revised standards, amending standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on IA's financial statements.

## INFRASTRUCTURE AUSTRALIA

*Notes to and forming part of the financial statements*

### 1.5 Revenue

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) IA retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to IA.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to IA.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed on an ongoing basis and at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

### Revenue from Government

Funding received or receivable from the Department of Infrastructure and Regional Development (appropriated to the Department as a special appropriation payment item for payment to IA) is recognised as Revenue from Government, unless they are in the nature of an equity injection or loan.

### 1.6 Gains

#### Assets Received Free of Charge

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

#### Sale of Assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

## INFRASTRUCTURE AUSTRALIA

*Notes to and forming part of the financial statements*

### 1.7 Transactions with the Government as Owner

#### 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.

#### Other Distributions to Owners

The FRR require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

### 1.8 Employee Benefits

Liabilities for ‘short-term employee benefits’ (as defined in AASB 119 Employee Benefits) and termination benefits expected within twelve 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.

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 (as described in the note below).

#### Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of IA is estimated to be less than the annual entitlement for sick 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 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.

#### Separation and Redundancy

Provision is made for separation and redundancy benefit payments. IA recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

#### Superannuation

Staff of IA are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) and other superannuation funds held outside the Commonwealth.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and other non-Commonwealth funds are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance’s administered schedules and notes.



## INFRASTRUCTURE AUSTRALIA

### *Notes to and forming part of the financial statements*

IA makes employer contributions to the employees' superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of IA employees. IA accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final pay fortnight of the reporting period.

#### **1.9 Leases**

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis, which is representative of the pattern of benefits derived from the leased assets.

IA had no finance leases at 30 June 2015. Where applicable, the minimum lease payment and contingent rent payment component are separately recognised and disclosed.

Contingent rent is defined as that portion of the lease payment that is not fixed in amount but is based on the future amount of a factor that changes other than with the passage of time. Lease incentives taking the form of 'free' leasehold improvement and rent holidays, are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability over the life of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line basis unless another systematic basis is more reflective of the time pattern of the lessee's benefit.

#### **1.10 Borrowing Costs**

All borrowing costs are expensed as incurred.

#### **1.11 Fair Value Measurement**

IA deems transfers between levels of fair value hierarchy to have occurred at the date of the event or change in circumstances that caused the transfer.

#### **1.12 Cash**

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

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value;
- c) cash held by outsiders; and
- d) cash in special accounts.

## INFRASTRUCTURE AUSTRALIA

*Notes to and forming part of the financial statements*

### 1.13 Financial Assets

IA classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) available-for-sale financial assets; and
- c) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

#### **Effective Interest Method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

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

#### **Financial Assets at Fair Value Through Profit or Loss**

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- a) have been acquired principally for the purpose of selling in the near future;
- b) are derivatives that are not designated and effective as a hedging instrument; or
- c) are parts of an identified portfolio of financial instruments that are managed together and have a recent actual pattern of short-term profit-taking.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Assets in this category are classified as current assets.

#### **Available-for-Sale Financial Assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in the surplus or deficit for the period.

#### **Loans and 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 is recognised by applying the effective interest rate.

## INFRASTRUCTURE AUSTRALIA

*Notes to and forming part of the financial statements*

### **Impairment of Financial Assets**

Financial assets are assessed for impairment at the end of each reporting period.

**Financial assets held at amortised cost** – If there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

**Available-for-sale financial assets** – If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.

### **1.14 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 Fair Value Through Profit or Loss**

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

#### **Other Financial Liabilities**

Other 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 yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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).

### **1.15 Contingent Liabilities and Contingent Assets**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent a liability or asset 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.

IA does not have any quantifiable or unquantifiable contingencies.

## INFRASTRUCTURE AUSTRALIA

*Notes to and forming part of the financial statements*

### 1.16 Acquisition of Assets

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.

### 1.17 Property, Plant and Equipment

#### Initial Recognition

Purchases of property plant and equipment are recognised initially at cost in the statement of financial position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

#### Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class	Fair value measurement
Leasehold improvements	Depreciated replacement cost
Other Property, Plant and Equipment	Depreciated replacement cost

Following initial recognition at cost, property plant and equipment are carried at 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 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 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

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.

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

## INFRASTRUCTURE AUSTRALIA

*Notes to and forming part of the financial statements*

Asset Class	2015
Leasehold improvements	Shorter of lease term or expected useful economic life
Property, Plant and Equipment	3 to 100 years

### Impairment

All assets were assessed for impairment at 30 June 2015. 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 to sell 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 IA 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.

### 1.18 Taxation

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

Revenues, expenses, assets and liabilities are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

## Note 2: Events after the Reporting Period

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

## Note 3: Net Cash Appropriation Arrangements

	2015 \$
<b>Total comprehensive income less depreciation expenses previously funded through revenue appropriations<sup>1</sup></b>	<b>4,417,008</b>
Plus: depreciation expenses previously funded through revenue appropriation	(71,978)
<b>Total comprehensive income – as per the Statement of Comprehensive Income</b>	<b>4,345,030</b>

<sup>1</sup> From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

**INFRASTRUCTURE AUSTRALIA***Notes to and forming part of the financial statements***Note 4: Expenses**

	2015 \$
<b>Note 4A: Employee and Members Benefits<sup>1</sup></b>	
Wages and salaries	1,618,231
Superannuation	
Defined contribution plans	187,653
Defined benefit plans	63,657
Leave and other entitlements	167,731
Separation and redundancies	212,287
<b>Total employee benefits</b>	<b>2,249,559</b>

<sup>1</sup> Employee expenses include payments for employees seconded from the Department of Infrastructure and Regional Development.

**INFRASTRUCTURE AUSTRALIA***Notes to and forming part of the financial statements*2015  
\$**Note 4B: Suppliers****Goods and services supplied or rendered**

Consultants	57,046
Contracted Services	6,672,736
Property operating costs	242,926
Travel	214,431
Audit fees	55,000
Other	280,193

<b>Total goods and services supplied or rendered</b>	<b>7,522,332</b>
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**Goods supplied in connection with**

Related parties	-
External parties	47,618

<b>Total goods supplied</b>	<b>47,618</b>
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**Services rendered in connection with**

Related parties <sup>2</sup>	455,000
External parties	7,019,714

<b>Total services rendered</b>	<b>7,474,714</b>
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<b>Total goods and services supplied or rendered</b>	<b>7,522,332</b>
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<sup>2</sup> Related parties services rendered include the costs involved in the shared services arrangements with DIRD and Audit fees paid to the Australian National Audit Office

**Other suppliers**

Operating lease rentals in connection with

External parties	
Minimum lease payments	848,101

<b>Total other suppliers</b>	<b>848,101</b>
------------------------------	----------------

<b>Total suppliers</b>	<b>8,370,433</b>
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**Note 4C: Depreciation****Depreciation**

Property, plant and equipment	20,620
Buildings - leasehold improvements	51,358

<b>Total depreciation</b>	<b>71,978</b>
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## INFRASTRUCTURE AUSTRALIA

Notes to and forming part of the financial statements

### Note 5: Revenue from Government

<b>Note 5A: Revenue from Government</b>		<b>2015</b>
		<b>\$</b>
Department of Infrastructure and Regional Development		
Special appropriations		<b>15,037,000</b>
<b>Total revenue from Government</b>		<b>15,037,000</b>

### Note 6: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Unobservable inputs for the asset or liability.

#### Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used

Fair value measurements at the end of the reporting period			For Levels 2 and 3 fair value measurements	
	2015	Category		
	\$	(Level 1, 2 or 3)	Valuation technique(s)	Inputs used
<b>Non-financial assets</b>				
Buildings – leasehold improvements	–	3	The fair value of leasehold improvements is taken to be the depreciated replacement cost as determined by an independent valuer.	Inputs include, costs to repair current infrastructure including costs of architects and legal fees.
Property, plant and equipment	<b>62,010</b>	3	The fair value of property, plant and equipment is taken to be the depreciated replacement cost as determined by an independent valuer.	Inputs include cost of materials to repair or replace existing assets.
<b>Total non-financial assets</b>	<b>62,010</b>			
<b>Total fair value measurements of assets in the statement of financial position</b>	<b>62,010</b>			



## INFRASTRUCTURE AUSTRALIA

### *Notes to and forming part of the financial statements*

The remaining assets and liabilities reported by IA are not measured at fair value in the statement of financial position.

Non-financial assets were revalued in 2013-14 (when reported by the Department) by valuation experts. IA have relied on the valuations made by these experts. The experts provided written assurance that the model developed to value assets is in compliance with AASB13 and represents their highest and best use.

The methods and valuation techniques used for the purpose of measuring fair value are disclosed in Note 1.

Changing inputs to the level 3 hierarchy valuations to reasonably possible alternate assumptions would not significantly change amounts recognised in net cost of service or other comprehensive income.

#### **Note 6B: Level 1 and Level 2 Transfers for Recurring Fair Value Measurements**

There have been no transfers between levels during the period.

#### **Note 6C: Reconciliation for Recurring Level 3 Fair Value Measurements**

	Non-financial assets		
	Buildings – leasehold improvements 2015	Property, plant and equipment 2015	Total 2015
<b>Recurring Level 3 fair value measurements - reconciliation for assets</b>			
<b>As at 1 September 2014</b>	–	–	–
Additions (including restructuring)	51,358	82,630	
Total losses recognised in net cost of services <sup>1</sup>	(51,358)	(20,620)	(71,978)
<b>Total as at 30 June 2015</b>	–	62,010	(71,978)

<sup>1</sup> These losses are presented in the Statement of Comprehensive Income under 'Depreciation'.

## INFRASTRUCTURE AUSTRALIA

Notes to and forming part of the financial statements

### Note 7: Financial Assets

	2015 \$
<b>Note 7A: Cash and Cash Equivalents</b>	
Cash on hand or on deposit	–
<b>Total cash and cash equivalents</b>	–
<b>Note 7B: Trade and other Receivables</b>	
<b>Appropriations receivables</b>	
Department of Infrastructure and Regional Development	
Special Appropriations	4,341,954
<b>Total appropriations receivables</b>	4,341,954
<b>Other receivables</b>	
Other	1,750
GST receivable from the Australian Taxation Office	28,597
<b>Total other receivables</b>	30,347
<b>Total trade and other receivables</b>	4,372,301
<b>Trade and other receivables expected to be recovered</b>	
No more than 12 months	4,372,301
More than 12 months	–
<b>Total trade and other receivables</b>	4,372,301
<b>Trade and other receivables aged as follows</b>	
Not overdue	4,370,551
Overdue by	
0 to 30 days	–
31 to 60 days	–
61 to 90 days	–
More than 90 days	1,750
<b>Total trade and other receivables</b>	4,372,301

## INFRASTRUCTURE AUSTRALIA

Notes to and forming part of the financial statements

### Note 8: Non-Financial Assets

	2015 \$
<b>Note 8A: Land and Buildings</b>	
<b>Leasehold improvements</b>	
Fair value	51,358
Accumulated depreciation	(51,358)
<b>Total leasehold improvements</b>	–
<b>Total land and buildings</b>	–

All leasehold improvement assets were revalued by an independent valuer in 2014 (when reported by the Department). All revaluations were conducted in accordance with the revaluation policy stated in Note 1.

No indicators of impairment were found for leasehold improvements.

<b>Note 8B: Property, plant and equipment</b>	
<b>Property, plant and equipment</b>	
Fair value	82,630
Accumulated depreciation	(20,620)
<b>Total property, plant and equipment</b>	<b>62,010</b>

All property, plant and equipment assets were revalued by an independent valuer in 2014 (when reported by the Department). All revaluations were conducted in accordance with the revaluation policy stated in Note 1.

No indicators of impairment were found for property, plant and equipment assets.

## INFRASTRUCTURE AUSTRALIA

Notes to and forming part of the financial statements

### Note 8C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment

	Buildings \$	Property, plant & equipment \$	Total \$
<b>Reconciliation of the opening and closing balances of property, plant and equipment for 2015</b>			
<b>As at 1 September 2014</b>			
Gross book value	–	–	–
Accumulated depreciation and impairment	–	–	–
<b>Total as at 1 September 2014</b>	<b>–</b>	<b>–</b>	<b>–</b>
Additions			
Acquisition of entities or operations (including restructuring)	51,358	82,630	133,988
Depreciation	(51,358)	(20,620)	(71,978)
<b>Total as at 30 June 2015</b>	<b>–</b>	<b>62,010</b>	<b>62,010</b>
<b>Total as at 30 June 2015 represented by</b>			
Gross book value	51,358	82,630	133,988
Accumulated depreciation and impairment	(51,358)	(20,620)	(71,978)
<b>Total as at 30 June 2015</b>	<b>–</b>	<b>62,010</b>	<b>62,010</b>
			2015 \$

### Note 8D: Lease incentive asset

#### Lease incentive asset expected to be recovered

No more than 12 months	550,000
More than 12 months	1,000,000
<b>Total Lease Incentive asset</b>	<b>1,550,000</b>

### Note 8E: Prepayments

#### Prepayments expected to be recovered

No more than 12 months	
More than 12 months	
<b>Total prepayments</b>	<b>111,686</b>

No indicators of impairment were found for other non-financial assets.

## INFRASTRUCTURE AUSTRALIA

Notes to and forming part of the financial statements

### Note 9: Payables

	2015 \$
<b>Note 9A: Suppliers</b>	
Trade creditors and accruals	445,028
Payable to Department of Infrastructure and Regional Development	843,517
Operating lease rentals	52,932
<b>Total suppliers</b>	<b>1,341,477</b>
<b>Suppliers expected to be settled</b>	
No more than 12 months	1,288,545
More than 12 months	52,932
<b>Total suppliers</b>	<b>1,341,477</b>
<b>Suppliers in connection with</b>	
Related parties <sup>1</sup>	898,517
External parties	442,960
<b>Total suppliers</b>	<b>1,341,477</b>
<p><sup>1</sup> In 2014–15 Infrastructure Australia's financial management services were provided by the Department of Infrastructure and Regional Development, the payable amount refers to payments made on behalf of Infrastructure Australia by DIRD in the period and Audit fees paid to be paid to the Australian National Audit Office</p> <p>Settlement is usually made within 30 days.</p>	
<b>Note 9B: Lease incentive liability</b>	
<b>Lease incentive liability expected to be settled</b>	
No more than 12 months	304,545
More than 12 months	1,218,182
<b>Total lease incentive liability</b>	<b>1,522,727</b>
<b>Note 9C: Other Payables</b>	
Wages and salaries	80,264
Superannuation	10,573
<b>Total other payables<sup>1</sup></b>	<b>90,837</b>
<b>Other payables expected to be settled</b>	
No more than 12 months	90,837
More than 12 months	-
<b>Total other payables</b>	<b>90,837</b>

<sup>1</sup> Other payables includes the accrued wages and salaries and superannuation calculation for days worked by IA staff but as yet unpaid on 30 June 2015 in accordance with IA's ordinary pay cycle.

## INFRASTRUCTURE AUSTRALIA

Notes to and forming part of the financial statements

### Note 10: Provisions

<b>Note 10A: Employee Provisions</b>		2015 \$
Leave		59,451
<b>Total employee provisions</b>		<b>59,451</b>
<b>Employee provisions expected to be settled</b>		
No more than 12 months		16,057
More than 12 months		43,394
<b>Total employee provisions</b>		<b>59,451</b>

### Note 11: Restructuring

<b>Note 11A: Departmental Restructuring</b>		2015 Infrastructure Australia <sup>1</sup> Department of Infrastructure and Regional Development \$
<b>Functions Assumed</b>		
<b>Assets recognised</b>		
Other receivables		1,750
Leasehold improvements		51,358
Property, plant and equipment		82,630
Prepayments		23,611
<b>Total assets recognised</b>		<b>159,349</b>
<b>Liabilities recognised</b>		
Trade creditors and accruals		1,422,874
<b>Total liabilities recognised</b>		<b>1,422,874</b>
<b>Net liabilities recognised</b>		<b>(1,263,525)</b>

<sup>1</sup> Infrastructure Australia is a corporate Commonwealth entity established on 1 September 2014 following amendment of the Infrastructure Australia Act 2008. Previously, Infrastructure Australia formed part of the Department of Infrastructure and Regional Development. The net book values of assets and liabilities were transferred to Infrastructure Australia for no consideration.

**INFRASTRUCTURE AUSTRALIA***Notes to and forming part of the financial statements***Note 12: Cash Flow Reconciliation**

	2015 \$
<b>Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement</b>	
<b>Cash and cash equivalents as per</b>	
Cash flow statement	–
Statement of financial position	–
<b>Discrepancy</b>	–
<b>Reconciliation of net cost of services to net cash from/(used by) operating activities</b>	
Net cost of services	(10,691,970)
Revenue from Government	15,037,000
<b>Adjustments for non-cash items</b>	
Depreciation/amortisation	71,978
<b>Movements in assets and liabilities</b>	
<b>Assets</b>	
(Increase)/Decrease in net receivables	(4,370,551)
(Increase)/Decrease in lease incentive asset	(1,550,000)
(Increase)/Decrease in Prepayments	(88,075)
<b>Liabilities</b>	
Increase/(Decrease) in employee provisions	59,451
Increase/(Decrease) in suppliers payables	(69,132)
Increase/(Decrease) in other payables	78,572
Increase/(Decrease) in Lease incentive liability	1,522,727
<b>Net cash from/(used by) operating activities</b>	–

**INFRASTRUCTURE AUSTRALIA***Notes to and forming part of the financial statements***Note 13: Senior Management Personnel Remuneration**

	2015 \$
<b>Short-term employee benefits</b>	
Salary	1,149,714
<b>Total short-term employee benefits</b>	<b>1,149,714</b>
<b>Post-employment benefits</b>	
Superannuation	153,056
<b>Total post-employment benefits</b>	<b>153,056</b>
<b>Other long-term employee benefits</b>	
Annual leave	40,278
Long-service leave	42,915
<b>Total other long-term employee benefits</b>	<b>83,193</b>
<b>Termination benefits</b>	
Redundancy payments	89,787
<b>Total termination benefits</b>	<b>89,787</b>
<b>Total senior executive remuneration expenses</b>	<b>1,475,750</b>

The total number of senior management personnel that are included in the above table is 17. Senior management personnel include Senior Management Officers, the Chief Executive Officer and Board Members of IA. Senior management personnel for the purposes of reporting include those seconded from DIRD.



## INFRASTRUCTURE AUSTRALIA

Notes to and forming part of the financial statements

### Note 14: Related Party Disclosures

Board members	Date commenced
Members of the Infrastructure Australia board during the reporting period were:	
Mark Birrell (Chairman)	September 2014
Julianne Alroe	June 2015
Gerard Blood	September 2014
Michael Carapiet	January 2015
Peter Corish	September 2014
Colin Duffield	September 2014
John Ellice-Flint	December 2014
Nicole Lockwood	September 2014
Daniel Norton	September 2014
Kerry Schott	September 2014
Gabrielle Trainor	December 2014
Peter Watson	September 2014
Chief Executive Officer	Date commenced
Philip Davies	April 2015

Board members and the CEO are paid in accordance with Remuneration Tribunal determinations as provided by sections 11 and 32 respectively of the *Infrastructure Australia Act 2008*.

No Board member or CEO has received or become entitled to receive a benefit by reason of a contract made by IA with the Board member or CEO or with a related entity of the Board member or CEO.

## INFRASTRUCTURE AUSTRALIA

Notes to and forming part of the financial statements

### Note 15: Financial Instruments

#### Note 15A: Categories of Financial Instruments

	2015 \$
<b>Financial Assets</b>	
<b>Loans and receivables</b>	
Trade and other receivables	1,750
<b>Total loans and receivables</b>	<b>1,750</b>
<b>Total financial assets</b>	<b>1,750</b>
<b>Financial Liabilities</b>	
<b>Financial liabilities measured at amortised cost</b>	
Trade creditors and accruals	1,288,545
<b>Total financial liabilities measured at amortised cost</b>	<b>1,288,545</b>
<b>Total financial liabilities</b>	<b>1,288,545</b>

The carrying value of financial assets and liabilities is a reasonable approximation of fair value.

#### Note 15B: Credit Risk

IA was exposed to minimal credit risk as loans and receivables were trade receivables. The maximum exposure to credit risk was the risk that arises from potential default of a debtor. This amount was equal to the total amount of trade and other receivables \$1,750. Infrastructure Australia has assessed the risk of default on payment and has not allocated any amounts to an impairment allowance account.

IA manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship.

IA held no collateral to mitigate against credit risk.

	Not past due nor impaired 2015 \$	Past due or impaired 2015 \$			
<b>Credit quality of financial assets not past due or individually determined as impaired</b>					
Trade and other receivables	–	1,750			
<b>Total</b>	<b>–</b>	<b>1,750</b>			
<b>Ageing of financial assets that were past due but not impaired in 2015</b>					
	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Trade and other receivables	–	–	–	1,750	1,750
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,750</b>	<b>1,750</b>

## INFRASTRUCTURE AUSTRALIA

Notes to and forming part of the financial statements

### Note 15C: Liquidity Risk

IA's financial liabilities were payables. The exposure to liquidity risk was based on the notion that IA will encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely as IA is appropriated funding from the Australian Government. IA manages its budgeted funds to ensure that it has adequate funds to meet payments as they fall due.

	On demand \$	within 1 year \$	between 1 to 2 years \$	between 2 to 5 years \$	more than 5 years \$	Total \$
<b>Maturities for non-derivative financial liabilities in 2015</b>						
Trade creditors and accruals	–	1,288,545	–	–	–	–
<b>Total</b>	–	1,288,545	–	–	–	–

### Note 15D: Market Risk

IA holds basic financial instruments that do not expose them to interest risk, currency risk or other price risk.

## Note 16: Financial Assets Reconciliation

	2015 \$
<b>Total financial assets as per statement of financial position</b>	<b>4,372,301</b>
<b>Less: Non-financial instrument components</b>	
Appropriations receivables from the Department of Infrastructure and Regional Development	4,341,954
GST receivable from the Australian Taxation Office	28,597
<b>Total non-financial instrument components</b>	<b>4,370,551</b>
<b>Total financial assets as per financial instruments note</b>	<b>1,750</b>

## INFRASTRUCTURE AUSTRALIA

*Notes to and forming part of the financial statements*

### Note 17: Reporting of Outcomes

IA has a single outcome: 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.

#### Note 17A: Net Cost of Outcome Delivery

	<b>Outcome 1 2015 \$</b>
<b>Departmental</b>	
Expenses	<b>10,691,970</b>
Own-source income	–
<b>Net cost of outcome delivery</b>	<b>10,691,970</b>

#### Note 17B: Major Classes of Departmental Expenses, Income, Assets and Liabilities by Outcome

IA has a single outcome and as such the Statement of Comprehensive Income and Statement of Financial Position is representative of that outcome.

## INFRASTRUCTURE AUSTRALIA

*Notes to and forming part of the financial statements*

### Note 18: Budgetary reports and explanations of major variances

The following tables provide a comparison of the budget presented in the 2014-15 Portfolio Budget Additional Estimates Statements (PAES) to the final outcome in the 2014-15 financial statements. Infrastructure Australia reported its budget for the first time as a stand alone entity in the 2014-15 Portfolio Additional Estimates Statements. At that time, the estimates were reflective of an entity that self managed its financial functions. These services were delivered by the Department of Infrastructure & Regional Development on a shared service arrangement for the entire reporting period. Other major changes in budget have been explained as part of the variance analysis where relevant. Variances have been assessed as major when the variance between budget and actual is greater than +/- 10% of the relevant category (Income, Expenses, Asset and Liabilities).

#### Note 18A: Entity Budgetary Reports

##### Statement of Comprehensive Income

*for the period ended 30 June 2015*

	2015 Actual \$'000	Budget as published \$'000	Variance \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits <sup>1</sup>	2,250	1,749	501
Suppliers <sup>1,2,3</sup>	8,370	11,617	( 3,247)
Depreciation	72	72	0
<b>Total expenses</b>	<b>10,692</b>	<b>13,438</b>	<b>( 2,746)</b>
<b>Net cost of services</b>	<b>10,692</b>	<b>13,438</b>	<b>( 2,746)</b>
Revenue from Government	15,037	15,037	
<b>Surplus (Deficit) attributable to the Australian Government</b>	<b>4,345</b>	<b>1,599</b>	<b>2,746</b>
<b>Total comprehensive income attributable to the Australian Government</b>	<b>4,345</b>	<b>1,599</b>	<b>2,746</b>

## INFRASTRUCTURE AUSTRALIA

Notes to and forming part of the financial statements

### Statement of Financial Position

as at 30 June 2015

	2015 Actual \$'000	Budget as published \$'000	Variance \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents <sup>4</sup>	–	1,120	
Trade and other receivables <sup>4</sup>	4,372	2	4,370
<b>Total financial assets</b>	<b>4,372</b>	<b>1,122</b>	<b>3,250</b>
<b>Non-financial assets</b>			
Land and buildings	–		
Property, plant and equipment	62	62	–
Lease incentive asset <sup>2</sup>	1,550		1,550
Prepayments <sup>6</sup>	112	24	88
<b>Total non-financial assets</b>	<b>1,724</b>	<b>86</b>	<b>1,638</b>
<b>Total assets</b>	<b>6,096</b>	<b>1,208</b>	<b>4,888</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers <sup>5</sup>	1,341	100	1,241
Lease incentive liability <sup>2</sup>	1,523		1,523
Other payables <sup>7</sup>	91	772	(-681)
<b>Total payables</b>	<b>2,955</b>	<b>872</b>	<b>2,083</b>
<b>Provisions</b>			
Employee provisions <sup>8</sup>	59		59
<b>Total provisions</b>	<b>59</b>		<b>59</b>
<b>Total liabilities</b>	<b>3,014</b>	<b>872</b>	<b>2,142</b>
<b>Net assets</b>	<b>3,082</b>	<b>336</b>	<b>2,746</b>
<b>EQUITY</b>			
<b>Parent entity interest</b>			
Contributed equity	(1,263)	(1,263)	–
Retained surplus/(Accumulated deficit)	4,345	1,599	2,746
<b>Total equity</b>	<b>3,082</b>	<b>336</b>	<b>2,746</b>

## INFRASTRUCTURE AUSTRALIA

Notes to and forming part of the financial statements

### Statement of Changes in Equity

for the period ended 30 June 2015

	2015 Actual			Budget as published		
	Retained earnings 2015 \$'000	Contributed equity/capital 2015 \$'000	Total equity 2015 \$'000	Retained earnings 2015 \$'000	Contributed equity/capital 2015 \$'000	Total equity 2015 \$'000
<b>Opening balance</b>						
Balance carried forward from previous period	–	–	–	–	–	–
<b>Opening balance</b>	–	–	–	–	–	–
<b>Comprehensive income</b>						
Surplus/(Deficit) for the period	4,345		4,345	1,599	0	1,599
<b>Total comprehensive income</b>	4,345	–	4,345	1,599	0	1,599
<b>Transactions with owners</b>						
<b>Distributions to owners</b>						
Returns of capital						
Restructuring	–	(1,263)	–	–	(1,263)	(1,263)
<b>Total transactions with owners</b>	–	(1,263)	(1,263)	–	(1,263)	(1,263)
Transfers between equity components	–	–	–	–	–	–
<b>Closing balance as at 30 June</b>	4,345	(1,263)	3,082	1,599	(1,263)	336

## INFRASTRUCTURE AUSTRALIA

*Notes to and forming part of the financial statements*

### Cash Flow Statement

*for the period ended 30 June 2015*

	2015 \$'000	Budget as published \$'000	Variance \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from Government <sup>4</sup>	10,695	15,037	(4,342)
Net GST received	697	-	
<b>Total cash received</b>	<b>11,392</b>	<b>15,037</b>	<b>(3,645)</b>
<b>Cash used</b>			
Employees <sup>1,4</sup>	1,810	1,689	121
Suppliers <sup>1,3,5</sup>	9,583	12,228	(2,645)
<b>Total cash used</b>	<b>11,392</b>	<b>13,917</b>	<b>(2,525)</b>
<b>Net cash used by operating activities</b>	<b>-</b>	<b>1,120</b>	<b>(1,120)</b>
<b>Net decrease in cash held</b>	<b>-</b>	<b>1,120</b>	<b>(1,120)</b>
Cash and cash equivalents at the beginning of the reporting period	-	-	
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>-</b>	<b>1,120</b>	<b>(1,120)</b>



## INFRASTRUCTURE AUSTRALIA

*Notes to and forming part of the financial statements*

### Note 18B: Entity Budget Variances for 2014–15

#### Explanations of Major Variances

- 1 Board member expenses were included in supplier expenses in the PAES documentation, these items are reported within employee benefits resulting in a corresponding reduction in supplier expenses.
- 2 Infrastructure Australia negotiated a new lease for its premises at 126 Phillip Street Sydney, effective 1 January 2015. The new 5 year lease includes the removal of the make-good provision in the previous lease as well as a lease incentive that includes rent abatement and a capital contribution to partial refurbishment of the tenancy. The PAES documentation included provision for the existing lease until its expiry 30 June 2015. The existing lease was dissolved on 1 January 2015 the date the new lease became effective.
- 3 Due to the timing of the delivery of the Australian Infrastructure Audit and the Australian Infrastructure Plan, expenditure in relation to their development occurred on a different timetable than originally budgeted, reducing supplier expenses in the period.
- 4 Infrastructure Australia's financial management was delivered by the Department of Infrastructure and Regional Development via a shared service agreement in 2014–15. This included DIRD making payments on Infrastructure Australia's behalf and recovering these funds from Infrastructure Australia. Infrastructure Australia did not administer its own bank account in 2014–15. Residual funds were included as Cash and cash equivalents in the PAES documentation but are reflected in Trade and other receivables in the 2014–15 results.
- 5 Infrastructure Australia's financial management was delivered by the Department of Infrastructure and Regional Development via a shared service agreement in 2014–15. This included DIRD making payments on Infrastructure Australia's behalf and recovering these funds from Infrastructure Australia. Payments made on behalf of Infrastructure Australia but as yet unrecovered by DIRD from Infrastructure Australia are reflected as a payable.
- 6 Additional prepayments made in 2014–15 than reflected in the PAES documentation, these prepayments were for 2015–16 engagements with membership and other industry peak bodies and associations.
- 7 Other payables in the reported financial statements includes wages, salaries and superannuation payable, in the PAES documentation other payables included items that are reflected in suppliers payable for the purpose of financial statements such as property related costs. This results in a reduction the reported figures for other payables in the financial statements.
- 8 Employee provisions includes leave liabilities for employees directly engaged by Infrastructure Australia. There were no provisions in the PAES documentation as the provisions are for employees that commenced after 1 September 2014.

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**Annual Report**  
**2014–15**

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