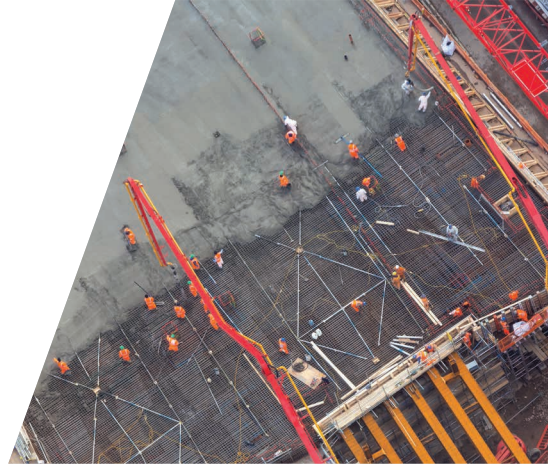


# Annual Report

Infrastructure Australia  
Report to Parliament  
2017–18







# Infrastructure Australia

# Annual Report 2017–18

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**Australian Government**  
**Infrastructure Australia**

Infrastructure Australia  
Level 21, 126 Phillip Street, Sydney NSW 2000

30 August 2018

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 2018 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 30 August 2018.

Yours sincerely,

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

Julieanne Alroe  
Chair



ELIZABETH QUAY • SOUTH PERTH • PERTH ZOO

Transperth

M&H 4661

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# Chair's Foreword

## Annual Report to Parliament

**Infrastructure Australia continues to drive change as a trusted advisor to government, industry and the community on the path to national prosperity.**

As the nation seeks to meet new challenges and opportunities, Infrastructure Australia remains an outspoken advocate for bipartisanship around our major investment priorities and cooperation across all levels of government to drive better infrastructure outcomes for all Australians.

Our work over the past 12 months in maintaining the *Infrastructure Priority List* has highlighted the importance of long-term planning and robust project selection in extracting the greatest value from our infrastructure spending.

Australia's governments are increasingly favouring a more methodical process for selecting major infrastructure projects, and seeing the value of the *Australian Infrastructure Audit* and *Infrastructure Priority List* in providing a consistent evidence base from which to make funding decisions.

The 2018 *Infrastructure Priority List* identified over \$55 billion of critical infrastructure investments for our cities and regions, with a further \$25 billion worth of projects "graduating" off the *Infrastructure Priority List* as they move into the delivery phase.

With our rigorous assessment process in place, we have successfully established a credible, long-term view of our collective needs as a nation – one that enables our leaders to look beyond elections and budgetary cycles and make evidence-based investment decisions.

This longer-term view of our infrastructure investment needs is vital because the challenges facing Australia – including population growth, congestion in our cities and on our major roads, and the need to improve our regional connectivity – go beyond the challenges of the present.

This year, for the first time, the *Infrastructure Priority List* was published alongside an interactive map which provides an up-to-date view of the nationally significant investments Australia needs to meet its future infrastructure challenges.

Intended to support better infrastructure decision making and delivery in Australia, this new online tool will help governments, stakeholders, and the broader community engage with Infrastructure Australia's recommendations.

This year, we have also been particularly focused on working with project proponents to improve the quality of business cases submitted to Infrastructure Australia for assessment. This supports our mandate to ensure the infrastructure Australians need is identified and cost-effectively delivered.

In the 2017–18 reporting period, Infrastructure Australia hosted nine Business Case Improvement workshops around the country, which were attended by more than 200 project proponents, government officials, and their advisers.

In addition, we have been working to enhance our Assessment Framework in collaboration with our federal, state and territory colleagues to ensure that it remains fit for purpose and best practice.

This work culminated in the publication of a revised Assessment Framework in March 2018, which provides further guidance on land use impacts and benefits, post-completion reviews and the treatment of climate change risks.

Beyond our work in assessing business cases, Infrastructure Australia has had a productive 12 months in advancing the national reform agenda outlined in the *Australian Infrastructure Plan*.

We released four detailed policy papers as part of the infrastructure Reform Series, which is intended to keep up the momentum on reform and build on the evidence base presented in the Plan.

To date, the Reform Series has covered topics as diverse as value capture, public transport franchising, corridor protection, urban water, future cities planning and the case for infrastructure reform incentives.

These research papers have together contributed to a broader shift in how we talk about Australia's infrastructure needs, sparking evidence-based debate about how we plan for the future and our willingness as a nation to undertake necessary reform.

Over the next year, Infrastructure Australia will publish additional papers in the Reform Series to help ensure our infrastructure drives productivity, improves our standard of living and delivers world-class services in our cities and regions.

Additionally, we published an update on progress on the implementation of the recommendations of the 2016 *Australian Infrastructure Plan*. Our *Prioritising Reform* report identified significant progress across the 78 recommendations of the Plan. However, progress has stalled in some key areas, such as funding reform.

To support a strategic approach to assessing and delivering on our nation's infrastructure needs, in the next 12 months, we will also refresh the evidence base that underpins our project advisory and reform recommendations.

We have begun work on the 2019 *Australian Infrastructure Audit*, which will create a cohesive, cross-sectoral picture of Australia's infrastructure challenges to help guide infrastructure decision-making and reform.

We intend to paint a picture of Australia's diverse infrastructure needs – from our major cities where population growth and congestion are key challenges, to our regions where strategic investment is needed to further unlock their potential.

The 2019 Audit will help infrastructure planners to understand the outcomes that matter to users, and see services through their eyes.

Our goal is to examine the most significant challenges faced by the Australian infrastructure sector, including key social infrastructure sectors health and education, as well as the impacts of a growing population and changing consumer service expectations.

Finally, I would like to thank my fellow Board members for their contribution and guidance and our CEO Philip Davies and his executive team for their strong support.

As Philip's term at Infrastructure Australia comes to an end, I would also like to formally thank him for his leadership over the last three years.

With another promising year ahead of delivering against our mandate as the nation's independent infrastructure advisor, we remain steadfast in our commitment to driving better infrastructure outcomes for all Australians.



**Julianne Alroe**  
Chair

# Overview

**Infrastructure Australia is an independent statutory body with a mandate to guide nationally significant infrastructure investment and reform.**

Established in July 2008, under the *Infrastructure Australia Act 2008*, Infrastructure Australia's purpose is to provide leadership through independent advice and long-term infrastructure planning, and as a champion of best practice and reform.

In 2014, the *Infrastructure Australia Act 2008* was amended to give the organisation new powers, and create an independent board with the right to appoint its own Chief Executive Officer. The Infrastructure Australia Board was formed in September 2014, with 12 Board members bringing expertise from business, academia and the public sector. Details of Board members is set out at page 8.

In addition to the *Infrastructure Australia Act 2008*, Infrastructure Australia's strategy and operational functions are guided by the organisation's Portfolio Budget Statements, Statement of Expectations, and other Commonwealth guiding legislation, including the *Public Governance, Performance and Accountability Act 2013*.

Infrastructure Australia plays an important role in strengthening the quality of infrastructure decision-making by strategically auditing Australia's nationally significant infrastructure and maintaining the *Infrastructure Priority List* as the authoritative list of major investments needed over the next 15 years.

Based on data from the 2015 *Australian Infrastructure Audit* and consultation with government, industry and the community, the *Infrastructure Priority List* is a consensus list of Australia's national

infrastructure priorities, designed to guide investment decisions across transport, water, energy and telecommunications.

Through the *Infrastructure Priority List*, Infrastructure Australia provides clear advice to governments on the projects that represent the best use of public infrastructure funds – enabling transparency on future spending priorities and supporting better infrastructure decision-making and delivery.

Alongside the *Infrastructure Priority List* sits the 2016 *Australian Infrastructure Plan*, which outlines Infrastructure Australia's national reform agenda and recommends fundamental changes to way we plan, fund, deliver and use our infrastructure.

The Plan is an actionable agenda for change. It forms the basis of Infrastructure Australia's Reform Series research, which seeks to promote the bigger-picture reforms Australia needs to address today's infrastructure gaps and meet the challenges of the future.





# Vision, mission and strategic goals

## Infrastructure Australia’s purpose is to:

1. Improve decision-making on matters relating to infrastructure
2. Advise governments and others on infrastructure matters, including the better assessment of infrastructure needs and prioritisation of infrastructure projects
3. Promote best practice in infrastructure planning, financing, delivery and operation.

Infrastructure Australia’s Corporate Plan 2017–18 sets out how the organisation will achieve its purposes. The Plan outlines Infrastructure Australia’s vision, mission and strategic goals:

Vision	Enable better infrastructure outcomes.				
Mission	Provide leadership through independent advice and long-term infrastructure planning; and as a champion of best practice and reform.				
Strategic goals	Lead and inform debate about infrastructure policies and reforms across all infrastructure sectors.	Establish a long-term pipeline of nationally significant, productivity-enhancing infrastructure priorities.	Develop an evidence base to underpin national infrastructure decision-making.	Continuously improve the standard of business cases for infrastructure investment.	Develop the capability of Infrastructure Australia’s systems and people and ensure Infrastructure Australia meets its legislative obligations.

Performance against the strategic goals in Infrastructure Australia’s Corporate Plan is reported in the Annual Performance Statements at page 30.

# Members of the Board



## **Ms Julieanne Alroe**

*BEcon (UQ), Hon. Phd  
(Griffith), MAICD*

**Board member:**  
**1 June 2015–**  
**31 October 2017;**

**Chair: 1 September 2017–**  
**31 August 2020**

Julieanne Alroe is the former CEO and Managing Director of Brisbane Airport Corporation Ltd, a position she held for nine years. Julieanne has extensive experience within the aviation industry after holding a number of roles at Sydney Airport Corporation, including executive management positions in the commercial, operations, corporate affairs, and planning and infrastructure departments.

Ms Alroe is currently the Deputy Chair of Tourism and Events Queensland, and a member of the Brisbane City Council Board of Urban Futures. She is a member of the Senate of the University of Queensland. Ms Alroe is the Inaugural President of the Queensland Futures Institute and a member of the Brisbane City Council Infrastructure Council. Previous board appointments include Chairman of Airports Coordination Australia Ltd and Airports Council International Safety and Technical Standing Committee. She was also a Board member of The Queensland Theatre Company, Australia Trade Coast Ltd and the International Grammar School Sydney.



## **Mr Peter Corish AM**

**Board member:**  
**1 September 2014–**  
**31 October 2017;**

**1 September 2017–**  
**31 January 2019**

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. He is a Director of Waterfind Australia.

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.



## **Dr Colin Duffield**

*PhD, MEngSci, BE (Civil),  
FIEAust, NPER, CPPD*

**Board member:**  
**1 September 2014–**  
**31 October 2017;**

**1 September 2017–**  
**31 January 2019**

Colin Duffield is a Professor of engineering project management and deputy head of 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.

Dr 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.



### Mr John Ellice-Flint

**Board member:**  
**1 December 2014–**  
**30 November 2017;**  
**1 December 2017–**  
**31 January 2019**

John Ellice-Flint is a businessman and petroleum geologist. He has over 40 years of international exploration, production, operations and commercial experience in the oil and gas industry.

Mr Ellice-Flint 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.

From 2000 to 2008, Mr Ellice-Flint was Managing Director and CEO of Santos Limited. He has been Executive Chairman of Blue Energy Limited since June 2013 and 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.



### Mr Andrew Ethell

**Board member:**  
**1 September 2017–**  
**30 November 2019**

Andrew Ethell is the Executive Director of Amalgam Strategic. He was previously a member of the global leadership team and Group Director Corporate Affairs at Toll Group, where he was a leader of the global re-brand and One Toll integration program. Prior to that, he was senior policy advisor to Australia's Deputy Prime Minister and Minister for Transport and Trade.

Mr Ethell is the former Chairman of the iconic Driver Reviver road safety program and is currently Chairman of the Australia-Asia Young Leaders Program. He was previously Chairman of Vividas, Deputy Chairman of the Australian Logistics Council and Founder and Director of Kan Ying, an Asia Pacific focused management consulting business.



### Ms Dianne Leeson

*BA (Asian Studies) (ANU),  
 Masters Urban and Regional  
 Planning (Syd)*

**Board member:**  
**1 December 2016–**  
**30 November 2019**

Dianne Leeson has extensive experience in urban planning and in the New South Wales public sector. Ms Leeson is currently a board member of Health Infrastructure NSW and is a Member of the NSW Independent Planning Commission. She is a member of the Sydney University Building and Estates Senate Committee and the NSW Fire & Rescue Audit & Risk Committee. She is Chair of the Infrastructure NSW Bays and Precinct Senior Officers Group, and a member of the Infrastructure NSW Audit & Risk Committee.

Previously, Ms Leeson was the chair of the NSW Government's Steering Committee for the Sydney Convention and Exhibition Centre and led the master and statutory planning processes for the Sydney Olympic Games. She has been largely involved in NSW Government urban renewal sites, such as Green Square, the Bays Precinct and Barangaroo. Ms Leeson has also worked on major project procurements and transactions, such as the Port Botany Expansion, the Newcastle Port lease, Royal North Shore and Northern Beaches hospitals.



### Ms Nicole Lockwood

*BBus (Env), LLB (NDU)*

**Board member:**  
**1 September 2014–**  
**30 November 2016;**  
**1 December 2016–**  
**30 November 2019**

Nicole Lockwood is the Principal of Lockwood Advisory, providing strategic advice to government and the private sector in the areas of urban renewal, infrastructure and logistics. She is the Independent Chair of the Westport Taskforce, charged with planning the long-term freight future of Western Australia's South West. She is Chair of the WA Freight and Logistics Council, MNG Surveying, and the Deputy Chair of Leadership WA.

Nicole is a member of the boards of the Water Corporation of Western Australia, Internet of Things Alliance Australia and the Board of Governors of the University of Notre Dame Australia. She was recently a member of the Expert Panel to lead the Inquiry into National Freight and Supply Chain Priorities.

Previously, she was a Director at KPMG, leading the government team in Management Consulting. She lived in the Pilbara for seven years until 2012, where she held various governance roles including Shire President at the Shire of Roebourne. Ms Lockwood is a lawyer who has worked in private and public practice



**Dr Daniel Norton AO**  
*B.AgSc (Hons) (Melb.), M.Ec (UNE), PhD (North Carolina State), Hon. LLD (UTas)*

**Board member:**  
**1 September 2014 – 31 October 2017;**  
**1 September 2017 – 31 January 2019**

Daniel Norton has extensive industry experience at both the corporate and government levels in a wide range of sectors including electricity, infrastructure, agriculture, transport and health.

Mr Norton is currently the Chairman of TasNetworks and WINconnect, a director of Trinitas Pty Ltd and a Senior Adviser at dandolopartners international Pty Ltd. Dr Norton has been the Chairman of Tasports, the National Electricity Market Management Company and Menzies Medical Research Institute, and Deputy Chairman of the Tasmanian Water & Sewerage Corporation.



**Ms Deena Shiff**  
*B.Sc (Econ) (London School of Economics), BA (Law) (Cambridge)*

**Board member:**  
**1 September 2017– 31 August 2020**

Deena Shiff has been a senior executive in the telecommunications industry and has served as a non-executive director on a range of private sector and government boards.

As Group Managing Director at Telstra she ran Telstra Wholesale, set up and managed Telstra Business and established Telstra’s corporate venture capital arm, Telstra Ventures. She has also had a legal career as government adviser, in-house counsel, and as Partner at Mallesons Stephen Jacques. She is currently Chairman of global wireless infrastructure company BAI Communications, Chairman of the Supervisory Board of Marley Spoon AG (ASX:MMM) and chairs the Co-operative Research Centre for Alertness Safety and Productivity. Ms Shiff is a director on the boards of listed technology company Appen (ASX:APX) and Opera Australia.

In 2015, Ms Shiff chaired the Australian Government’s Regional Telecommunications Independent Review Committee. She has also served on the NSW Government Digital Economy Taskforce.



**Ms Gabrielle Trainor AO**  
*LLB (Melb), MA, FAICD*

**Board member:**  
**2 December 2014– 30 November 2017;**  
**1 December 2017– 31 January 2019**

Gabrielle Trainor is a non-executive director and advisor whose experience covers more than 25 years on boards in the public and private sectors, ranging from infrastructure, transport and urban renewal to sports, arts and culture, and indigenous education and welfare.

Ms Trainor is Chair of the National Film and Sound Archive and of Barnardos Australia. She is a commissioner of the Australian Football League (AFL) and of the Australian Sports Commission. She is a member of the boards of OnePath Life Insurance and OnePath General Insurance (ANZ Group subsidiary boards), WAM Global Ltd, the ACT City Renewal Authority, and of the Major Transport Infrastructure Board (Victoria). Her other current appointments include as a member of the Central Sydney Planning Committee, the Board of Trustees of Western Sydney University, the Whitlam Institute, the Charlie Perkins Education Trust, and Cape York Partnership. Gabrielle is a member of the advisory boards of Aqualand Australia and private equity investor Wattle Hill RHC Fund #1. She also chairs Temple Executive Search.



**Mr Reece  
Waldock AM**  
*MBA, BSc, FAICD*

**Board member:**  
**1 January 2018–**  
**2 September 2020**

Reece Waldock has more than 35 years' experience in strategic management, with expertise in organisational reform. His appointment as Director General of Transport followed a 20 year career with various state government transport agencies. He was appointed the inaugural head of three transport agencies in May 2010: Director General of the Department of Transport Western Australia, Commissioner at Main Roads Western Australia, and Chief Executive Officer of the Public Transport Authority, Western Australia. Prior to his public sector career, Mr Waldock held a number senior management roles with BHP.

Mr Waldock is currently Chair of Lifeline WA, Chair of the Planning and Research Centre (PATREC) and a Commissioner of the National Transport Commission.



**Dr Peter Wood**

*BE (First Hons) (Monash),  
MBA (Deakin), DBA (QUT),  
FIE (Aust)*

**Board member:**  
**1 September 2017–**  
**30 November 2019**

Peter Wood has over 35 years' leadership experience in the Australian and international infrastructure industry, including roles as Principal and Co-Chairman of E3 Advisory, senior executive positions for major international contractors and as Global Managing Director for an international infrastructure advisory firm. He is past President of Queensland Major Contractors Association and past Chairman of the Infrastructure Association of Queensland.

For many years, Dr Wood has provided strategic advisory services to senior executives and boards in both the public and private sector on how to improve outcomes from their infrastructure investments. This advice has spanned the development of prioritisation frameworks, portfolio analysis, strategic asset management, instilling an investor perspective and culture, business case assurance, independent reviews of mega projects, review of central government infrastructure agencies and developing national infrastructure guidelines for the Council of Australian Governments (COAG).

## Outgoing Board members

**Mr Mark Birrell**

**Chair**

**1 September 2014–31 August 2017**

**Mr Gerard Blood**

**Board Member**

**1 September 2014–31 August 2017**

**Mr Michael Carapiet**

**Board Member**

**2 January 2015–1 January 2018**

**Mr Peter Watson**

**Board Member**

**1 September 2014–31 August 2017**

# CEO and management

## Philip Davies Chief Executive Officer

Philip Davies is the Chief Executive Officer (CEO) of Infrastructure Australia.

Before joining Infrastructure Australia, Mr Davies led AECOM’s Infrastructure Advisory business in Asia Pacific, providing government and private sector clients with infrastructure advisory services. Formerly, he was a Director of Transport for London, where he led major reforms across London’s surface transport business.

He is a Chartered Professional Engineer, Fellow of Engineers Australia, and a Fellow of the Australian Institute of Company Directors.

Mr Davies was appointed CEO of Infrastructure Australia in March 2015. He was reappointed for a further five-year term in March 2018. On 23 May 2018, he gave notice of his resignation, effective 31 August 2018.

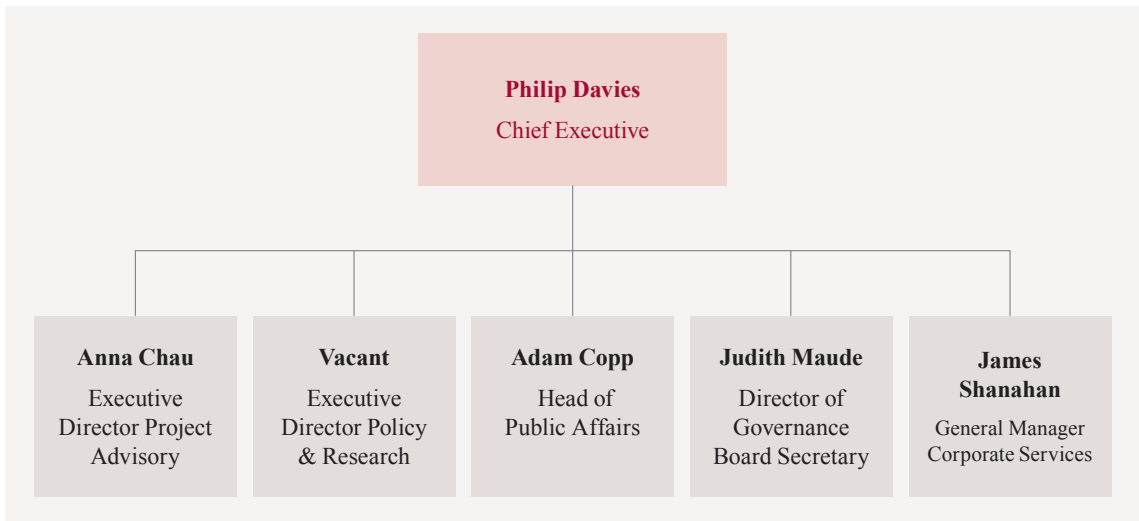
**Infrastructure Australia is managed by the CEO, who is appointed by the Infrastructure Australia Board under s29 of the *Infrastructure Australia Act 2008*. The CEO is supported by an Executive Leadership team overseeing five key functions:**

- **Project Advisory**
- **Policy and Research**
- **Public Affairs**
- **Corporate Services**
- **Governance.**

Further information about the management of Infrastructure Australia is at page 27.

# Organisational structure

*As at 30 June 2018*





Philip Davies addressing the 2018 CEDA State of the Nation in Canberra on June 25

# Activities and outcomes

In the 10 years since its establishment, Infrastructure Australia has helped establish a longer-term view of Australia's infrastructure needs that looks beyond elections and budgetary cycles.

As the organisation continues to deliver on its mandate as the nation's independent infrastructure advisor, 2017–18 saw Infrastructure Australia provide evidence-based advice on the investments and reforms needed to meet the challenges of the future.

This included delivery of the 2018 *Infrastructure Priority List*, revised Assessment Framework and nine Business Case Improvement workshops, as well as publication of four advisory papers as part of the infrastructure Reform Series.

## *Infrastructure Priority List*

*The Infrastructure Priority List* is a central part of the work Infrastructure Australia does in providing independent, evidence-based advice to governments on the projects that will best meet Australia's future infrastructure needs.

A source of informed analysis for all levels of government, the *Infrastructure Priority List* identifies the nationally-significant investments needed across transport, energy, water and telecommunications to support economic growth and maintain quality of life for all Australians.

Infrastructure Australia published a revised *Infrastructure Priority List* in March 2018, identifying over \$55 billion worth of nation-shaping projects, including six High Priority Projects and six Priority Projects. In addition there are 24 High Priority Initiatives and 60 Priority Initiatives.





### *Infrastructure Priority List: Key terms*

- **Nationally significant problem:** An evidence-based problem of national significance that applies across states and/or territories. These problems are identified by Infrastructure Australia and jurisdictions, working in collaboration.
- **Business case:** A document that brings together the results of the proponent’s assessment of a proposed initiative. 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 that has undergone a full business case assessment by Infrastructure Australia and has been positively evaluated to address a nationally significant problem or opportunity and deliver robust economic, social or environmental outcomes. Projects remain on the Priority List until construction or delivery is underway.
- **Initiative:** Initiatives are nationally significant infrastructure problems or opportunities and potential 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 Audit and other data as evidence.

During 2017–18, Infrastructure Australia assessed eight business cases for consideration for the *Infrastructure Priority List*:

1. Beerburrum to Nambour Rail Upgrade
2. Brisbane Metro
3. Cross River Rail
4. Houghton River Floodplain upgrade project (Bruce Highway)
5. Lower Fitzroy River Infrastructure Project (“Rookwood Weir”)
6. Monash Freeway Upgrade Stage 2
7. Myalup–Wellington Water Project
8. North South Corridor: Regency Road to Pym Street.

The 2018 *Infrastructure Priority List* has a strong focus on preparing for population growth and investing in integrated public transport solutions to ensure that our cities and regional centres remain great places to live and work.

New investment-ready projects like the \$1 billion Brisbane Metro and the \$800 million Beerburrum to Nambour Rail Upgrade in South East Queensland were prioritised because of their potential to deliver national productivity gains.

New initiatives to improve rail network capacity in Sydney, Melbourne and Perth to meet unprecedented demand in major capital cities were also identified in the 2018 *Infrastructure Priority List*.

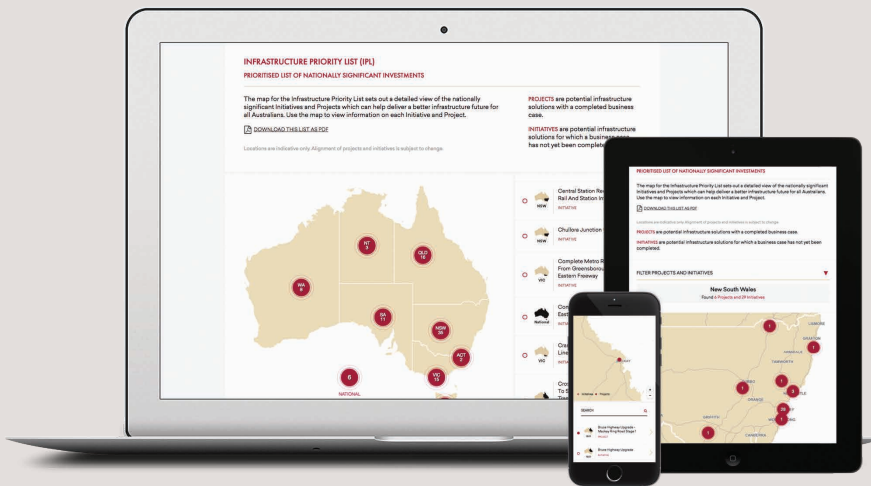
Consistent with Infrastructure Australia's remit, the 2018 *Infrastructure Priority List* also included a number of independently identified infrastructure gaps, proposing, for example, initiatives to increase Melbourne and regional Victorian rail network capacity.

## Interactive online map

This year for the first time, the *Infrastructure Priority List* was published alongside an interactive online map, which provides an up-to-date view of the nationally significant investments Australia needs to meet its future infrastructure challenges.

Intended to support better infrastructure decision making and delivery in Australia, the interactive online map is designed to help governments, stakeholders and the broader community engage with Infrastructure Australia's recommendations.

The interactive online map allows users to easily view the number of infrastructure projects and initiatives in each state, and identify projects by characteristics such as priority, state, region, proponent and timescale.



In addition to identifying new investment priorities, the 2018 Priority List saw \$25 billion worth of projects move off the list and into the delivery phase.

This shows that the Priority List has become an invaluable resource for governments seeking clear advice on the projects that represent the best use of our infrastructure funding.

Stakeholder research conducted for Infrastructure Australia by Newgate Research found that 86% of people surveyed were aware of the *Infrastructure Priority List* and supported its role in infrastructure decision making.

# Assessment Framework

Infrastructure Australia's Assessment Framework sets out the process used to consider initiatives and projects for inclusion on the *Infrastructure Priority List*.

The Assessment Framework also provides accessible guidance to promote best practice in the sector, acting as a manual for proponents making a submission

to the *Infrastructure Priority List* and clarifying Infrastructure Australia's expectations around cost-benefit analysis and business case development.

This year's update to the Assessment Framework provided new, easy-to-use guidance on three complex areas:

- **How climate change risks are treated in the economic appraisal of an infrastructure project.** For example, accounting for how climate change may impact on the demand drivers for certain infrastructure, such as changing needs for energy, water and transport.
- **How to capture land use impacts in the cost-benefit analysis of an infrastructure project.** For example, how to better capture the 'city-shaping' impact of a major transport project that is likely to influence where people live and work.
- **Reviewing and reporting on projects after implementation, to determine if outcomes were achieved and to inform future infrastructure decisions.** This is a critical step to ensure we learn from our past projects.

Together with the *Infrastructure Priority List*, the Assessment Framework aims to improve the quality of business case development in Australia and promote an exchange of knowledge that achieves the best outcomes from infrastructure planning and investment.

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 2017–18. Details of this methodology is set out in the Assessment Framework.



Julianne Alroe addresses the IPA Industry Leaders' Luncheon in Sydney on June 15

## Building better business cases

Working collaboratively with proponents to promote and support high-quality business case development and decision-making was a key focus for Infrastructure Australia in 2017–18.

In addition to regular engagement with proponents on submitted or planned business cases, Infrastructure Australia ran a national series of Business Case Improvement workshops across the country.

Designed to bring project proponents, government officials and their advisers together to improve the quality of cost-benefit analysis and infrastructure business cases, the nine workshops held during 2017–18 provided a forum to discuss Infrastructure Australia’s processes and guidelines for assessing infrastructure projects and initiatives. They also allowed proponents to ask questions outside the formal project business case evaluation process.

Project proponents and their advisers reported high levels of satisfaction with the Business Case Improvement workshops, with satisfaction surveys showing every respondent in 2017–18 was satisfied or highly satisfied with the workshops.

In the past year, Infrastructure Australia has seen significant improvements in integrated, long-term infrastructure planning and business case development — from identifying an infrastructure problem and potential solutions to developing a business case and determining project funding, delivery and operation.

## Infrastructure Reform Series

Following on from the release of the *Australian Infrastructure Plan*, Infrastructure Australia has developed an ongoing policy and research function that publishes reform recommendations under the Reform Series suite of documents.

In 2017–18, four Reform Series papers were released:

- *Corridor Protection: Planning and investing for the long term* in July 2017.
- *Reforming Urban Water: A national pathway for change* in December 2017.
- *Future Cities: Planning for our growing population* in February 2018.
- *Making Reform Happen: Using incentives to drive a new era of infrastructure reform* in June 2018.

Infrastructure Australia also published *Prioritising Reform: Progress on the 2016 Australian Infrastructure Plan* in June 2018.

Infrastructure Australia has been pleased to see a high degree of stakeholder engagement with the policy and research agenda advanced through the Reform Series, with 86% of stakeholders surveyed by Newgate Research agreeing that the organisation is ‘leading and informing debate’ in infrastructure policy and reform.

Driving the national conversation on key opportunities for reform is an important part of Infrastructure Australia’s remit. The Reform Series has been a key tool in facilitating this, with media coverage of Infrastructure Australia doubling over 2017–18.

## Corridor Protection: Planning and investing for the long term

Approved by the Board in 2016–17, *Corridor Protection* advised Australia’s governments to take urgent action in the next five years to protect vital infrastructure corridors to avoid cost overruns, delays and community disruption when delivering new infrastructure.

The paper showed that protection and early acquisition of just seven corridors identified as national priorities on the *Infrastructure Priority List* could save Australian taxpayers close to \$11 billion in land purchase and construction costs.

These seven strategic corridors are:

- East Coast High Speed Rail
- Outer Sydney Orbital
- Outer Melbourne Ring
- Western Sydney Airport Rail Line
- Western Sydney Freight Line
- Hunter Valley Freight Line
- Port of Brisbane Freight Line.

The paper called on Australia’s governments to agree to a national framework for corridor protection to guide coordinated and meaningful action towards identifying and protecting land required for delivering future infrastructure.

“This new policy paper from Infrastructure Australia adds to the weight of evidence demonstrating just how vital corridor preservation is. Making the right decisions today not only helps to reduce the cost of infrastructure projects in the future, but also avoids community conflict and social dislocation by providing certainty as to land use.”

**Michael Kilgariff, Managing Director of the Australian Logistics Council.**

## Reforming Urban Water: A national pathway for change

*Reforming Urban Water* advised governments and regulators to make fundamental changes to the governance and regulation of Australia’s urban water markets.

The urban water sector has a strong track record of providing clean and safe water to more than 20 million people. However, the ageing infrastructure which it relies on is costly to maintain and is being put under further strain by climate change and our growing and changing cities.

The paper showed that without action a typical residential water and sewerage bill could be higher than \$2,500 in today’s money by 2040. It called on Australia’s governments to reform urban water policy, regulation and governance to meet the changing needs of Australians in the 21<sup>st</sup> century.

A three stage approach to reforming the sector was recommended:

1. The Australian Government establish a national reform pathway by the end of 2018, including agreeing to a new national urban water reform plan, establishing an independent national reform body and using incentive payments to drive reforms.
2. Australia’s governments roll out nationally consistent reforms over the next five years. This includes refinements to regulation and governance in each state and territory, improvements to long-term planning and pricing frameworks, and enhanced collaboration between regulators.
3. The Australian Government consider further reforms over time, such as moving to a national regulator and privatising urban water assets.

“The Water Services Association of Australia welcomes the release of Infrastructure Australia’s latest paper *Reforming Urban Water – a national pathway for change*, and the case it builds for urban water reform.”

**Adam Lovell, Chief Executive of the Water Services Association of Australia.**

## Future Cities: Planning for our growing population

Australia is set to grow by 11.8 million people over the next 30 years. With 75% of that growth projected to occur in Sydney, Melbourne, Brisbane and Perth, *Future Cities* provided advice to Australia's governments on improving the productivity and liveability of these growth centres.

The paper compared the performance of three hypothetical scenarios for Sydney and Melbourne by modelling their respective impact on the performance of the city's infrastructure over the next 30 years. This included performance of the transport network, access to jobs, environmental performance of the road network, access to and demand for social infrastructure, and access to and demand for green space.

The paper was supported by interactive maps that provide more detailed spatial results from the scenario modelling and analysis. It recommended that the Australian Government establish a consistent framework of incentives to drive the delivery of national benefits within our cities at the project, place and reform level.

Infrastructure Australia recommended the new framework include a hierarchy of three incentive types:

- National Partnership and Project Agreements, which make project funding contingent on meeting specified outcomes across the project lifecycle and demonstrated economic benefit.
- City Deals, which apply a series of locally and nationally informed objectives to a city or part of a city and make infrastructure payments for the area contingent on meeting those objectives.
- Infrastructure Reform Incentives, which would provide additional infrastructure funding above existing allocations in return for the delivery of policy and regulatory reform focused on improving the productivity, liveability and affordability of Australian cities.

“Infrastructure Australia’s new report, *Future Cities: Planning for our growing population* ... confronts the challenges and opportunities arising from population growth head on and calls for critical infrastructure funding to be brought forward ... As the report notes, now more than ever before, Australia’s long-term prosperity is linked to the performance of our cities.”

**Ken Morrison, Chief Executive of the Property Council.**



Philip Davies launching *Future Cities* in Melbourne on February 23

## Making Reform Happen: Using incentives to drive a new era of infrastructure reform

*Making Reform Happen* called on the Australian Government to implement a new incentive-based funding approach – known as Infrastructure Reform Incentives – to drive nationally significant infrastructure reform. The paper showed that these reforms could deliver a \$66 billion increase in GDP by 2047 and a \$19 billion ongoing increase in national tax revenue.

The paper published independent modelling commissioned by Infrastructure Australia that shows the potential economy-wide impacts on GDP and taxation revenue of five indicative reforms that are well suited to an incentive-based funding approach:

1. Introducing road user charging.
2. Reforming the urban water sector.
3. Reforming the electricity market.
4. Reforming land tax.
5. Franchising public transport services.

“This report shifts the infrastructure narrative from projects we can or cannot afford, to reform we simply cannot afford to ignore... There is no doubt that infrastructure reform is the key to Australia’s lagging productivity. Reform in this area gives us a double whammy – not only does efficient infrastructure deliver long-term productivity dividends, it also boosts real jobs in the short and medium term.”

Megan Motto, Chief Executive of Consult Australia.

## Prioritising Reform: Progress on the 2016 Australian Infrastructure Plan

*Prioritising Reform* provided an update on the progress of infrastructure reform in Australia against the recommendations in the 2016 *Australian Infrastructure Plan*.

Released in February 2016, the Plan made 78 recommendations grouped into four reform areas:

- Productive cities and regions.
- Efficient markets.
- Sustainable and equitable infrastructure.
- Better decision-making and delivery.

*Prioritising Reform* outlined what progress had been made in Australian infrastructure reform. This included stronger collaboration between jurisdictions, a vast improvement in the quality of business cases developed for major infrastructure projects, and the creation of dedicated infrastructure agencies to help strengthen Australia’s pipeline of future investments.

However, the report also identified a number of areas where more action is needed. In particular, action on the Plan’s recommendation that the Australian Government initiate an inquiry into the potential benefits and impacts of road market reform, with a view to transitioning to a fairer and more efficient user-pays approach. The Australian Government signalled its support for this proposal in November 2016 when it delivered its official response to the Plan. As yet, no inquiry has been forthcoming.

“Today’s report is a timely contribution to the continuing national conversation about how Australia can more effectively deliver the infrastructure and national regulation needed...”

Michael Kilgariff, Managing Director Australian Logistics Council.

# Governance

## Overview

### Accountability

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

During the reporting period, Infrastructure Australia was also responsible to the Minister for Urban Infrastructure, the Hon. Paul Fletcher MP, and the (then) Minister for Infrastructure and Transport, the Hon. Barnaby Joyce MP. No directions were given to Infrastructure Australia by the Minister under s6(1) of the *Infrastructure Australia Act 2008* during 2017–18.

### 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* 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
- **provide advice** on matters related to infrastructure.

### Statement of Expectations

Infrastructure Australia was issued with a Statement of Expectations for this reporting period by the Minister for Urban Infrastructure, the Hon. Paul Fletcher MP. 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 to 30 June 2019.

The 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 a Statement of Intent.

The Statement of Intent, in conjunction with the Portfolio Budget Statements, responds to the Government's expectations by identifying the key objectives and related initiatives to be delivered by Infrastructure Australia from 2017 to 2019.

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 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.

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

## Purpose

Infrastructure Australia's purpose is to:

- **improve** decision-making on matters relating to infrastructure
- **advise** governments and others on infrastructure matters, including the better assessment of infrastructure needs and prioritisation of infrastructure projects
- **promote** best practice in infrastructure planning, financing, delivery and operation.<sup>1</sup>

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 are reported in the Annual Performance Statements (see page 30).

<sup>1</sup> Portfolio Budget Statements 2017–18, Infrastructure and Regional Development Portfolio.

# Board and committees

## Infrastructure Australia Board

The Infrastructure Australia Board is established by s6D of the *Infrastructure Australia Act 2008*, and 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 8.

## Board meetings

The Board held eight meetings in the year to 30 June 2018. During the reporting period, the Board continued to update and maintain an *Infrastructure Priority List* as required by s5 of the *Infrastructure Australia Act 2008* (see also page 14). The *Infrastructure Priority List* is a prioritised list of nationally significant investments, which provides

decision makers with advice and guidance on specific infrastructure investments that will underpin Australia’s continued prosperity.

In addition to the ongoing updates to the *Infrastructure Priority List*, an annual refresh is conducted during which submissions for new or updated projects or initiatives are sought. The 2018 *Infrastructure Priority List* refresh resulted in the Board recommending the inclusion of three new High Priority Initiatives and 14 new Priority Initiatives.

In 2017–18, 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 received eight proposals, which were evaluated as follows (Definitions of ‘project’ and ‘initiative’ are set out at page 15):

Date		Proposal	Evaluation outcome
19 July 2017	Qld	Cross River Rail	Retained as a High Priority Initiative
6 November 2017	WA	Myalup-Wellington Water Project	Progressed to a Priority Project
15 December 2017	Qld	Haughton River Floodplain upgrade project (Bruce Highway)	Not added
16 February 2018	Qld	Brisbane Metro	Added as a High Priority Project
16 February 2018	Qld	Beerburrum to Nambour Rail Upgrade	Progressed to a Priority Project
5 April 2018		Adelaide’s North-South Corridor: Regency Road to Pym Street	Progressed to a Priority Project
21 June 2018	Qld	Lower Fitzroy River Infrastructure Project	Retained as a Priority Initiative
21 June 2018	Vic	Monash Freeway Upgrade Stage 2	Added as a High Priority Project

In March 2018, the Board approved the publication of an updated *Assessment Framework: For initiatives and projects to be included in the Infrastructure Priority List*. The Assessment Framework was updated to provide guidance in three key areas:

- How climate change risks are treated in the economic appraisal of an infrastructure project (for example, accounting for how climate change may impact on the demand drivers for certain infrastructure, such as changing needs for energy, water and transport).
- How to capture land use impacts in the cost-benefit analysis of an infrastructure project (for example, how to better capture the ‘city-shaping’ impact of a major transport project that is likely to influence where people live and work).
- Reviewing and reporting on projects after implementation, to determine if outcomes were achieved and inform future infrastructure decisions.

See also page 17.

In 2017–18, the Board approved the publication of the following five research papers:

Approval date	Publication title	Details
19 October 2017	<i>Future Cities: Planning for our growing population</i>	Advises Australia’s governments on improving the productivity and liveability of our largest cities.
19 October 2017	<i>Reforming Urban Water: A national pathway for change</i>	Advises Australia’s governments and regulators to make fundamental changes to the governance and regulation of Australia’s urban water markets.
16 February 2018	<i>Making Reform Happen: Using incentives to drive a new era of infrastructure reform</i>	Advises governments to use incentive mechanisms to drive nationally significant infrastructure reform.
5 April 2018 <sup>2</sup>	<i>Infrastructure Decision-making Principles</i>	Provides guidelines to drive greater transparency and accountability in infrastructure decision-making.
21 June 2018	<i>Prioritising Reform: Progress on the 2016 Australian Infrastructure Plan</i>	Provides an update on the progress of infrastructure reform in Australia against the recommendations in the 2016 <i>Australian Infrastructure Plan</i> .

See also page 18.

Membership of the Infrastructure Australia Board and details of attendance are as follows:

Board member	Meetings attended	Meetings eligible to attend
Mark Birrell (Chair) ( <i>term ended 31 August 2017</i> )	2	2
Julianne Alroe ( <i>appointed Chair 1 September 2017</i> )	7	8
Gerard Blood ( <i>term ended 31 August 2017</i> )	2	2
Michael Carapiet ( <i>term ended 1 January 2018</i> )	3	5
Peter Corish AM	7	8
Dr Colin Duffield	8	8
John Ellice-Flint	7	8
Andrew Ethell ( <i>appointed 1 September 2017</i> )	6	6
Dianne Leeson	7	8
Nicole Lockwood	8	8
Dr Dan Norton AO	8	8
Deena Shiff ( <i>appointed 1 September 2017</i> )	6	6
Gabrielle Trainor AO	7	8
Reece Waldock AM ( <i>appointed 1 January 2018</i> )	3	3
Peter Watson ( <i>term ended 31 August 2017</i> )	2	2
Dr Peter Wood ( <i>appointed 1 September 2017</i> )	6	6

<sup>2</sup>Published in 2018–19 (24 July 2018).

## Human Resources Committee

The Human Resources Committee (formerly the Human Resources and Administration Committee) is a sub-committee of the Board, established to assist the Board to exercise due care, and 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.

During the reporting period, the Committee met on five occasions. In 2017–18, the Committee oversaw the implementation of a new performance management system, the review of organisation structure, monitored work health and safety, and reviewed Infrastructure Australia’s Work Health and Safety Policy and Bullying, Harassment and Discrimination Policy. The Committee provided assistance to management to terminate a Memorandum of Understanding with the (then) Department of Infrastructure and Regional Development relating to the engagement of five people who had been working on secondment. The MOU was terminated effective 28 February 2018.

In 2018, the Committee revised its Charter and removed oversight of administrative matters on the basis that those matters were being adequately managed without requiring Committee oversight, or were being monitored by the Audit, Risk and Compliance Committee.

### Human Resource Committee – membership and attendance

Committee Member	Meetings attended	Meetings eligible to attend
Dr Dan Norton AO (Committee Chair)	5	5
Dr Colin Duffield	5	5
Deena Shiff	1	2
Gabrielle Trainor AO	3	5



## Audit, Risk and Compliance Committee

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

- financial reporting
- performance reporting
- systems of risk oversight and management
- systems of internal control.

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 set up in compliance with s45 of the *Public Governance, Performance and Accountability Act 2008* and rule 17 of the Public Governance, Performance and Accountability Rules.

During the reporting period, the Committee met on four occasions. In 2017–18, the Committee undertook a program of work in order to meet its Charter obligations, including overseeing the implementation of the internal audit plan, undertaking a review of 17 corporate policies and Accountable Authority Instructions, monitoring the organisation's approach to business continuity, risk, insurance and financial management, endorsing the capital and operating budgets, and endorsing the 2016–17 financial statements for approval by the Board.

### Audit, Risk and Compliance Committee – membership and attendance

Committee Member	Meetings attended	Meetings eligible to attend
Nicole Lockwood (Committee Chair)	4	4
Peter Corish AM	3	4
Andrew Ethell	3	3
Dianne Leeson	4	4
Peter Watson ( <i>term ended 31 August 2017</i> )	1	1

# People and operations

Infrastructure Australia's office is located at 126 Phillip Street, 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: Project Advisory; Policy and Research; Public Affairs; Governance; and Corporate Services. The Executive Leadership team meets weekly to make both strategic and operational decisions, and to provide a forum for information sharing.

### Assessment Panel

The Assessment Panel meets weekly (or more frequently as required) to review and finalise draft initiative assessments and project evaluations for submission to the Board. The Panel discusses assessment findings with external assessors when required, and identifies information gaps to be addressed. The work of the Panel is fundamental to Infrastructure Australia performing its functions.

### Budget Oversight Committee

The role of the Budget Oversight Committee is to consider and endorse all engagements and proposed engagements with a whole-of-life value of \$10,000 or more, and to consider and endorse all decisions or actions that may result in a commitment of expenditure. The Budget Oversight Committee is one of the controls established by the Procurement Policy to support sound financial management practices and manage risk. The Budget Oversight Committee meets weekly (or more frequently as required).

### Risk and Operations Committee

The Risk and Operations Committee meets as required to discuss internal communications, finance, human resources, health and safety, risk, administration and facilities, and procurement. The Risk and Operations Committee comprises the Chief Executive Officer, Director of Governance, Head of Public Affairs, General Manager Corporate Services, Financial Controller and Human Resources Manager.

### Risk Management

Infrastructure Australia 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 the risks are regularly monitored, reviewed, and communicated to internal and external stakeholders in a timely and effective manner.

In 2017–18, Infrastructure Australia updated its Risk Management Policy and risk register. The risk register identifies 14 key strategic risks in four categories: financial; people; reputational; and operational. 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 the 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 operating 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 and annual Internal Audit Plan have been developed to ensure internal audit is focused on the organisation's key strategic risks, and the areas where the management team and the Audit, Risk and Compliance Committee seek a higher level of assurance in relation to the effectiveness of internal controls in managing those risks.

In 2017–18, audits were conducted of legislative compliance and payment transactions. An audit of IT systems establishment and governance was commenced, and was still in progress at 30 June 2018.

## People

### Composition of workforce

As at 30 June 2018, Infrastructure Australia employed 28 people (26.8 full-time equivalent) under s39(1)(b) of the *Infrastructure Australia Act 2008*.

During the reporting period, Infrastructure Australia also engaged six people on secondment from other agencies:

- Five people were engaged on secondment from the (then) Department of Infrastructure and Regional Development pursuant to a Memorandum of Understanding (MOU), which had been in operation since 1 September 2014. On 1 November 2017, Infrastructure Australia gave notice terminating the MOU effective 28 February 2018.
- One person was engaged on a 12-month secondment from the NSW Department of Prime Minister and Cabinet, commencing 23 October 2017.

**Composition of Infrastructure Australia workforce as at 30 June 2018**

	Male		Female	
	No.	%	No.	%
Holders of Public Office*	8	62%	5	38%
Senior management	2	50%	2	50%
Other employees	11	46%	13	54%
<b>TOTAL**</b>	21	51%	20	49%

\* includes Board members and the CEO.

\*\* includes all employees and Holders of Public Office; excludes secondment and temporary labour hire arrangements.

**Work Health and Safety<sup>3</sup>**

Infrastructure Australia is committed to ensuring the health and safety of its workers and any other person in the workplace. In 2017–18, Infrastructure Australia implemented a number of measures to ensure health and safety in the workforce:

- All workers completed training modules on work health and safety, and bullying, discrimination and harassment. Managers also completed additional training on good management of incidents and complaints. Training was provided via a new cloud-based learning management system.
- A new Employee Assistance Program provider was appointed in February 2018. An expanded range of specialist support services is now available to staff since the new program was launched.
- In September 2017, Infrastructure Australia successfully trialled the use of sit-to-stand desks to minimise health impacts of prolonged sitting. All desks will be replaced with sit-to-stand desks in 2018–19.
- 22 employees chose to undertake a health assessment.
- 20 employees chose to receive an influenza vaccination.

**Incidents and accidents**

In 2017–18, there were two reported work health and safety incidents. No first aid or medical treatment was required. 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*.

<sup>3</sup>Infrastructure Australia is a 'public authority' within the meaning of s4(1), Schedule 2 of the *Work Health and Safety Act 2011*. This report is made under Schedule 2, Part 4 of that Act.

# Annual Performance Statements

## Statement of preparation

We, the Infrastructure Australia Board, as the accountable authority of Infrastructure Australia, present the 2017–18 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 reform across all infrastructure sectors.

Performance criterion	Deliver agreed activities.	
	Target	Result
	100% of the following activities completed:	100% achieved.
	<ul style="list-style-type: none"> <li>■ Continue to develop a strong capability to provide robust and independent advice to all levels of government across the transport, water, telecommunications and energy infrastructure sectors, including social infrastructure, with a focus on building productive cities and regions (excluding defence).</li> </ul>	<p>Infrastructure Australia continued to develop its Policy and Research function in 2017–18.</p>
	<ul style="list-style-type: none"> <li>■ Release of four policy papers each year, building on key reforms outlined in the <i>Australian Infrastructure Plan</i>.</li> </ul>	<p>100% achieved. Five papers released: <i>Corridor Protection</i> in July 2017, <i>Water Reform</i> in December 2017, <i>Future Cities</i> in February 18, <i>Making Reform Happen</i> in June 2018, <i>Prioritising Reform</i> in June 2018.</p>
	<ul style="list-style-type: none"> <li>■ Engage actively with the media on key reform activities to ensure that Infrastructure Australia is leading and informing debate.</li> </ul>	<p>Media coverage increased by 109%.</p>
	<ul style="list-style-type: none"> <li>■ Deliver a public update on progress of key recommendations from the <i>Australian Infrastructure Plan</i> every two years.</li> </ul>	<p><i>Prioritising Reform</i> released in June 2018.</p>
	<ul style="list-style-type: none"> <li>■ Consult, and establish productive working relationships with, key infrastructure stakeholders, including all levels of government (Commonwealth, state, territory and local governments) and other relevant bodies and organisations, including state infrastructure advisory bodies and industry.</li> </ul>	<p>Infrastructure Australia continued to work closely with its key stakeholders in 2017–18 to maintain the <i>Infrastructure Priority List</i> and advance its infrastructure reform agenda.</p>
	<ul style="list-style-type: none"> <li>■ Provide input into key infrastructure reform initiatives announced through the Australian Government’s response to the <i>Australian Infrastructure Plan</i>, including a national freight and supply chain strategy, and a study into the potential benefits and impacts of road user charging for light vehicles.</li> </ul>	<p>Infrastructure Australia participated actively in the National Freight and Supply Chain Inquiry and continued to advocate for a study into the potential benefits and impacts of road user charging for light vehicles.</p>



<b>Performance criterion</b>	<b>Deliver agreed activities.</b>	
	<ul style="list-style-type: none"> <li>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.</li> </ul>	Throughout 2017–18, Infrastructure Australia actively engaged and supported the work of the Infrastructure and Project Financing Agency and the Northern Australian Infrastructure Facility.
<i>Criterion source</i>	<i>Infrastructure Australia Corporate Plan 2017–18, p 7; Portfolio Budget Statements 2017–18, Infrastructure and Regional Development Portfolio, Program 1.1, p 154.</i>	
<b>Performance criterion</b>	<b>Stakeholder opinion of Infrastructure Australia’s role driving the infrastructure debate.</b>	
	<b>Target</b>	<b>Result</b>
	75% of stakeholders surveyed agree that Infrastructure Australia is ‘independent’ and ‘leads and informs debate’ in infrastructure policy and reform.	86% of surveyed stakeholders agree.
<i>Criterion source</i>	<i>Infrastructure Australia Corporate Plan 2017–18, p 7.</i>	
<b>Performance criterion</b>	<b>Publicly leading infrastructure debate in Australia.</b>	
	<b>Target</b>	<b>Result</b>
	Infrastructure Australia’s amount of media coverage and share of voice increases 10% each year.	Media coverage increased by 109%. Share of voice decreased by 11%. <sup>4</sup>
<i>Criterion source</i>	<i>Infrastructure Australia Corporate Plan 2017–18, p 7.</i>	

## Strategic Goal 2

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

<b>Performance criterion</b>	<b>Deliver agreed activities.</b>	
	<b>Target</b>	<b>Result</b>
	100% of the following activities completed:	100% of activities completed.
	<ul style="list-style-type: none"> <li>Develop and maintain the top-down <i>Infrastructure Priority List</i> of nationally significant proposals, including a full update every 12 months.</li> <li>Evaluate project proposals on all infrastructure proposals where funding of more than \$100 million is sought from the Commonwealth, excluding defence projects.</li> <li>Publish all completed evaluations of project proposals on the Infrastructure Australia website.</li> <li>Proactively identify infrastructure needs in Australia in collaboration with state and territory governments and the private sector.</li> </ul>	<p>Updated <i>Infrastructure Priority List</i> launched in March 2018.</p> <p>Infrastructure Australia assessed eight business cases (see page 15).</p> <p>100% published within statutory timeframes.</p> <p>The latest update to the <i>Infrastructure Priority List</i> was based on the <i>Australian Infrastructure Audit</i> and more than 500 submissions that were sought from governments, stakeholder groups and the community since 2016.</p>
<i>Criterion source</i>	<i>Infrastructure Australia Corporate Plan 2017–18, p 8; Portfolio Budget Statements 2017–18, Infrastructure and Regional Development Portfolio, Program 1.1, p 153.</i>	

<sup>4</sup>Share of voice measures the proportion of Infrastructure Australia’s total media coverage that features an Infrastructure Australia spokesperson. Infrastructure Australia has determined that measuring share of voice in media coverage is not suitable, as increased media focus on the organisation’s investment and reform agenda and subsequent public discussion has the effect of diluting share of voice. In future, Infrastructure Australia will measure the amount of proactive media coverage to more accurately reflect achievement of the organisation’s objectives in leading discussion and debate.

<b>Performance criterion</b>	<b>Stakeholder awareness and regard for the Infrastructure Priority List.</b>	
	<b>Target</b>	<b>Result</b>
	75% of stakeholders surveyed are aware of the <i>Infrastructure Priority List</i> and support its role in infrastructure decision-making.	86% of surveyed stakeholders agree.
<i>Criterion source</i>	<i>Infrastructure Australia Corporate Plan 2017–18, p 8.</i>	
<b>Performance criterion</b>	<b>Timely and accurate assessment of business cases.</b>	
	<b>Target</b>	<b>Result</b>
	100% of the time clarifying questions are given to proponent within 30 days of receipt of the business case.	100% given within this timeframe. Average response time 17.78 working days.
<i>Criterion source</i>	<i>Infrastructure Australia Corporate Plan 2017–18, p 8.</i>	
<b>Performance criterion</b>	<b>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.</b>	
	<b>Target</b>	<b>Result</b>
	Benchmark number 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.	Benchmarking conducted.
<i>Criterion source</i>	<i>Infrastructure Australia Corporate Plan 2017–18, p 8.</i>	
<b>Performance criterion</b>	<b>Number of independently identified infrastructure initiatives added to Infrastructure Priority List.</b>	
	<b>Target</b>	<b>Result</b>
	Add one or more independently identified infrastructure initiative to the <i>Infrastructure Priority List</i> each year.	Achieved. The updated March 2018 <i>Infrastructure Priority List</i> included two new independently identified initiatives: 1. Melbourne Rail Network Capacity. 2. Melbourne–Geelong rail capacity enhancement.
<i>Criterion source</i>	<i>Infrastructure Australia Corporate Plan 2017–18, p 8.</i>	

### Strategic Goal 3

Develop an evidence base to underpin national infrastructure decision-making.

<b>Performance criterion</b>	<b>Deliver agreed activities.</b>	
	<b>Target</b>	<b>Result</b>
	100% of the following activities completed:	100% achieved or on track.
	<ul style="list-style-type: none"> <li>■ Scope and deliver the 2019 <i>Australian Infrastructure Audit</i> by 30 June 2019.</li> <li>■ Maintain the currency of the data and analysis of the current <i>Australian Infrastructure Plan</i>.</li> <li>■ Undertake appropriate research and policy development.</li> <li>■ Publish on the Infrastructure Australia website data and analysis relevant to national infrastructure decision-making that is not commercial-in-confidence, confidential or to be used in future policy work.</li> </ul>	<p>On track.</p> <p>The infrastructure Reform Series continues to develop the data and analysis in the <i>Australian Infrastructure Plan</i>.</p> <p>Infrastructure Australia released five policy and research papers in 2017/18.</p> <p>100% of relevant backing data and analysis for policy launches was published on the Infrastructure Australia website.</p>
<i>Criterion source</i>	<i>Infrastructure Australia Corporate Plan 2017–18, p 9.</i>	

Performance criterion	Stakeholder regard for the quality of Infrastructure Australia's advice.	
	<b>Target</b> 75% of stakeholders surveyed are satisfied or highly satisfied with the quality and rigour of Infrastructure Australia's published policy work.	<b>Result</b> 90% satisfied or highly satisfied.
<i>Criterion source</i>	<i>Infrastructure Australia Corporate Plan 2017–18, p 9.</i>	
Performance criterion	Proactive publication of relevant data to Infrastructure Australia website.	
	<b>Target</b> 100% of relevant publishable data and analysis published to the Infrastructure Australia website.	<b>Result</b> 100% of relevant backing data and reports for policy launches published on the Infrastructure Australia website.
<i>Criterion source</i>	<i>Infrastructure Australia Corporate Plan 2017–18, p 9.</i>	

#### Strategic Goal 4

Continuously improve the standard of business cases for infrastructure investment.

Performance criterion	Stakeholder regard for the quality of Infrastructure Australia's advice.	
	<b>Target</b> 100% of the following activities completed: <ul style="list-style-type: none"> <li>■ Review and update the Assessment Framework in compliance with legislative timeframes.</li> <li>■ Run a program of national engagement on business case improvement.</li> <li>■ Create and publish Principles for Infrastructure Decision-making by end of 2018.</li> <li>■ Undertake appropriate research to improve business case development and advice.</li> </ul>	<b>Result</b> 100% achieved or on track. <p>Achieved. Updated Assessment Framework released March 2018.</p> <p>Achieved.</p> <p>On track. As at 30 June 2018, the <i>Infrastructure Decision-making Principles</i> was scheduled to be released by the end of July.</p> <p>The Infrastructure Australia Assessment Framework was updated in March 2018 to provide guidance in key areas:</p> <ul style="list-style-type: none"> <li>■ How climate change risks are treated in the economic appraisal of an infrastructure project.</li> <li>■ How to capture land use impacts in the cost-benefit analysis of an infrastructure project.</li> <li>■ Reviewing and reporting on projects after implementation, to determine if outcomes were achieved and inform future infrastructure decisions.</li> </ul>
<i>Criterion source</i>	<i>Infrastructure Australia Corporate Plan 2017–18, p 10; Portfolio Budget Statements 2017–18, Infrastructure and Regional Development Portfolio, Program 1.1, p 153</i>	

Performance criterion	Engage proponents on business case development and the expectations of Infrastructure Australia's assessment process.	
	<b>Target</b> 100% of states and territories have at least one business case development workshop delivered to proponents and their advisors each year.	<b>Result</b> 100% of states and territories have been written to and offered the opportunity to attend a business case development workshop. As at 30 June 2018, representatives from all states and territories had accepted and received a workshop, other than the Northern Territory. The Northern Territory workshop is scheduled to be delivered in early August 2018.

Criterion source *Infrastructure Australia Corporate Plan 2017–18, p 10.*

Performance criterion	Business case development presentations meet needs of proponents.	
	<b>Target</b> 75% of attendees at business case development workshops are satisfied or highly satisfied with the quality of business case development presentation.	<b>Result</b> 100% of attendees who responded to the survey were satisfied or highly satisfied.

Criterion source *Infrastructure Australia Corporate Plan 2017–18, p 10.*

## Strategic Goal 5

Develop the capability of Infrastructure Australia's systems and people and ensure Infrastructure Australia meets its legislative responsibilities.

*The Key Performance Indicators associated with these functions are monitored internally.*

# Other legislative requirements

## Freedom of Information Act

In 2017–18, Infrastructure Australia received 15 requests for access to documents under the *Freedom of Information Act 1982* (the FOI Act).<sup>5</sup> Partial access was granted in response to 11 requests, three requests were withdrawn, and access was refused in relation to one request on the basis that the requested documents did not exist. No internal reviews or reviews by the Australian Information Commissioner were requested.

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

In November 2017, Infrastructure Australia reviewed and updated the contents of the material published in accordance with the Information Publication Scheme.

## Privacy

In 2017–18, Infrastructure Australia continued to focus on improving compliance with the *Privacy Act 1988* through the development of a comprehensive Privacy Management Framework. This included an audit of personal information holdings, greater focus on conducting Privacy Impact Assessments for all high privacy risk projects, and staff training.

A new Data Breach Response Plan was developed in response to the Notifiable Data Breaches Scheme which came into effect on 22 February 2018, and work was undertaken to ensure compliance with the Australian Government Agencies Privacy Code, which will come into effect on 1 July 2018.

In 2017–18, 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.

<sup>5</sup>Infrastructure Australia is a 'prescribed authority' within the meaning of the *Freedom of Information Act 1982*.

## Market research and advertising

The following amounts were paid by, or on behalf of Infrastructure Australia in 2017–18:<sup>6</sup>

	Amount paid	Person or organisation to whom payments were made
Advertising agencies	Nil	–
Market research organisations	\$79,695.00	Newgate Communications 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 2017–18 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* 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 2017–18, 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 inter generational 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.

Infrastructure Australia's activities are conducted from a central office comprising 746.5 m<sup>2</sup>, 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 3½ star NABERS Water rating<sup>7</sup>.

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.

<sup>6</sup>Reported in accordance with s311A of the *Commonwealth Electoral Act 1918* (the Electoral Act). Infrastructure Australia is a 'Commonwealth Department' within the meaning of the Electoral Act. Report is limited to payments made above the reporting threshold (\$13,500).

<sup>7</sup>National Australian Built Environment Rating System is a 6 star rating scale used to rate the environmental performance of buildings.

# Financial Performance

# 4

## Summary of financial performance

### Revenue and expenditure

Infrastructure Australia's revenue in 2017–18 totalled \$11,710,842, which consisted of the \$11,592,000 annual budget allocation and \$118,842 interest income.

Infrastructure Australia's 2017–18 expenditure totalled \$12,140,882. Expenditure included \$6,169,617 in employee related expenses, \$5,851,075 in supplier expenses and \$120,190 in depreciation, amortisation and asset write-downs. The net result for the period was a deficit of \$430,040.

### Use of retained earnings

At the 2017 Mid Year Economic Financial Outlook (MYEFO), Infrastructure Australia was granted approval to release \$500,000 from retained earnings to commence delivery of the 2019 *Australian Infrastructure Audit* in the 2017–18 financial year.

The decision to allow the release of these funds acknowledged the large degree of additional work and resourcing that is required to produce the 2019 Audit, the increase in the volume and complexity of the business cases that are reviewed by Infrastructure Australia, and increased collaboration with state and territory agency proponents during the planning stage of projects of potential national significance.





## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Infrastructure, Transport and Regional Development

#### Opinion

In my opinion, the financial statements of Infrastructure Australia for the year ended 30 June 2018:

- (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 Infrastructure Australia as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of Infrastructure Australia, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Board, Chief Executive Officer and General Manager Corporate Services;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of 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 Infrastructure Australia 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 Infrastructure Australia the Board is 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 – Reduced Disclosure Requirements and the rules made under that Act. The Board is also responsible for such internal control as the Board determines is necessary to enable the preparation and fair presentation 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 Infrastructure Australia's ability to continue as a going concern, taking into account whether Infrastructure Australia'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 those charged with governance 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



Lesa Craswell  
Executive Director

Delegate of the Auditor-General

Canberra  
30 August 2018



# Infrastructure Australia

## Statement by the Board, Chief Executive Officer and General Manager Corporate Services

In our opinion, the attached financial statements for the year ended 30 June 2018 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 the corporate Commonwealth entity 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.



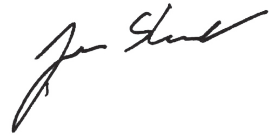
**Julieanne Alroe**  
Chair

30 August 2018



**Anna Chau**  
Acting Chief  
Executive Officer

30 August 2018



**Jim Shanahan**  
General Manager  
Corporate Services

30 August 2018

# Infrastructure Australia

## Statement of Comprehensive Income

for the period ended 30 June 2018

	Notes	2018 \$	2017 \$	Original Budget \$
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	6,169,617	4,782,112	6,066,000
Suppliers	1.1B	5,851,075	6,595,175	5,458,000
Depreciation and amortisation	2.2A	120,068	104,765	143,000
Write-down and impairment of assets		122	21	–
<b>Total expenses</b>		<b>12,140,882</b>	11,482,073	11,667,000
<b>Own-source income</b>				
<b>Own-source revenue</b>				
Interest	1.2A	118,842	130,056	75,000
<b>Total own-source revenue</b>		<b>118,842</b>	130,056	75,000
<b>Gains</b>				
Other gains	1.2B		1,135	–
<b>Total gains</b>			1,135	–
<b>Total own-source income</b>		<b>118,842</b>	131,191	75,000
<b>Net (cost of)/contribution by services</b>		<b>(12,022,040)</b>	(11,350,882)	(11,592,000)
Revenue from Government	1.2C	11,592,000	11,581,000	11,592,000
<b>Surplus/(deficit) before income tax on continuing operations</b>		<b>(430,040)</b>	230,118	–
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		–	(126)	–
<b>Total other comprehensive income</b>		–	(126)	–
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>		<b>(430,040)</b>	229,992	–

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

## Budget Variances Commentary

### Statement of Comprehensive Income

#### *Expenses*

Employee benefit expenses are over budget due to an increase in the annual leave provision, where annual leave taken by employees during 2017–18 was under the original budgeted amount. Further, an updated assessment in the long service leave provision contributed to the increased employee benefit expenses.

Supplier expenses are over budget due to the commencement of work on the *Australian Infrastructure Audit*, which will be released in June 2019. This is in line with approval obtained from the Department of Finance at MYEFO in 2017, where up to an additional \$500,000 was released from retained earnings to account for the additional work in relation to the *Australian Infrastructure Audit*.

Depreciation is under budget as a result of the delay in the planned IT refresh during 2017–18, and the down scaling of leasehold improvements.

#### *Own Source Revenue*

Interest earned on the deposit facilities are over budget due to the delay and down scaling in budgeted capital expenditure at the end of 2016–17 and 2017–18.

# Infrastructure Australia

## Statement of Financial Position

as at 30 June 2018

	Notes	2018 \$	2017 \$	Original Budget \$
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	4,346,182	5,616,269	6,096,000
Trade and other receivables	2.1B	52,580	93,610	134,000
<b>Total financial assets</b>		<b>4,398,762</b>	<b>5,709,879</b>	<b>6,230,000</b>
<b>Non-financial assets</b>				
Buildings	2.2A	162,071	200,000	133,000
Plant and equipment	2.2A	114,972	52,760	184,000
Computer software	2.2A	37,644	–	–
Prepayments		137,841	139,573	112,000
<b>Total non-financial assets</b>		<b>452,528</b>	<b>392,333</b>	<b>429,000</b>
<b>Total assets</b>		<b>4,851,290</b>	<b>6,102,212</b>	<b>6,659,000</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2.3A	659,016	1,668,501	2,581,000
Other payables	2.3B	431,459	455,175	404,000
<b>Total payables</b>		<b>1,090,475</b>	<b>2,123,676</b>	<b>2,985,000</b>
<b>Provisions</b>				
Employee provisions	4.1A	466,907	254,588	179,000
<b>Total provisions</b>		<b>466,907</b>	<b>254,588</b>	<b>179,000</b>
<b>Total liabilities</b>		<b>1,557,382</b>	<b>2,378,264</b>	<b>3,164,000</b>
<b>Net assets</b>		<b>3,293,908</b>	<b>3,723,948</b>	<b>3,495,000</b>
<b>EQUITY</b>				
Contributed equity		(1,263,525)	(1,263,525)	(1,263,000)
Asset revaluation reserve		573	28,491	28,000
Retained surplus		4,556,859	4,958,982	4,730,000
<b>Total equity</b>		<b>3,293,908</b>	<b>3,723,948</b>	<b>3,495,000</b>

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

## Budget Variances Commentary

### Statement of Financial Position

#### *Financial Assets*

Cash is under budget due to the reduction in supplier payables at 30 June 2018, and expenses in the statement of comprehensive income being greater than income.

Trade and other receivables are under budget as GST receivable for June 2018 was under the budgeted amount. This is driven by supplier payments made in June 2018 being lower than budgeted.

#### *Non-Financial Assets*

Buildings are over budget due to security improvements made to the premises not being included in the original budget.

Plant and equipment is under budget as a result of additions in office furniture being postponed and scaled back.

The purchase of computer software was unbudgeted and relates to the moving in house of the production and amendment of maps.

Prepayments are over budget due to unbudgeted, prepaid travel and accommodation expenses.

#### *Payables*

Supplier payables are under budget as a result of improved efficiencies in supplier invoicing. Invoices in relation to the Department of Infrastructure, Regional Development and Cities have also materially reduced as a result of support services moving in house. These no longer require Board approval and can be paid in a more timely manner.

Other payables are over budget as a result of PAYG being over the original budgeted amount for June 2018. This is as a result of June 2018 payroll costs being over that budgeted.

#### *Provisions*

Employee provisions are over budget as a result of employees taking less annual leave than budgeted during 2017–18. The long service leave provision has been revised upwards during 2017–18 to ensure a sufficient level of coverage of future potential expenses in relation to long service leave.

# Infrastructure Australia

## Statement of Changes in Equity

for the period ended 30 June 2018

Notes	2018 \$	2017 \$	Original Budget \$
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	(1,263,525)	(1,263,525)	(1,263,000)
<b>Adjusted opening balance</b>	<b>(1,263,525)</b>	<b>(1,263,525)</b>	<b>(1,263,000)</b>
<b>Closing balance as at 30 June</b>	<b>(1,263,525)</b>	<b>(1,263,525)</b>	<b>(1,263,000)</b>
<b>RETAINED EARNINGS</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	4,958,982	4,728,864	4,730,000
<b>Adjusted opening balance</b>	<b>4,958,982</b>	<b>4,728,864</b>	<b>4,730,000</b>
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	(430,040)	230,118	–
Other comprehensive income	–	–	–
<b>Total comprehensive income</b>	<b>(430,040)</b>	<b>230,118</b>	<b>–</b>
Transfers between equity components	27,918	–	–
<b>Closing balance as at 30 June</b>	<b>4,556,859</b>	<b>4,958,982</b>	<b>4,730,000</b>
<b>ASSET REVALUATION RESERVE</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	28,491	28,617	28,000
<b>Adjusted opening balance</b>	<b>28,491</b>	<b>28,617</b>	<b>28,000</b>
<b>Comprehensive income</b>			
Other comprehensive income	–	(126)	–
<b>Total comprehensive income</b>	<b>–</b>	<b>(126)</b>	<b>–</b>
Transfers between equity components	(27,918)	–	–
<b>Closing balance as at 30 June</b>	<b>573</b>	<b>28,491</b>	<b>28,000</b>

Notes	2018 \$	2017 \$	Original Budget \$
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	3,723,948	3,493,956	3,495,000
<b>Adjusted opening balance</b>	<b>3,723,948</b>	3,493,956	3,495,000
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	(430,040)	230,118	–
Other comprehensive income	–	(126)	–
<b>Total comprehensive income</b>	<b>(430,040)</b>	229,992	–
Transfers between equity components	–	–	–
<b>Closing balance as at 30 June</b>	<b>3,293,908</b>	3,723,948	3,495,000

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 under budget by \$173,140 as a result of the unbudgeted deficit in 2017–18. This deficit was approved by the Department of Finance after the publication of the budget. This movement in retained earnings during 2017–18 is offset by the unbudgeted surplus reported in 2016–17, resulting in a reduction to retained earnings of \$199,922. Further the write down of the revaluation reserve of \$27,918 to retained earnings resulted in a closing retained earnings of \$4,556,859

#### *Asset Revaluation*

A revaluation of our non-financial assets was undertaken in June 2016. This resulted in an increase in the net value of these assets by \$28,617. During 2017–18 many of these assets were disposed of or written down to zero, reducing the revaluation reserve by \$27,918

# Infrastructure Australia

## Cash Flow Statement

for the period ended 30 June 2018

	Notes	2018 \$	2017 \$	Budget \$
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Receipts from Government		11,592,000	11,581,000	11,592,000
Interest		117,874	129,781	75,000
Net GST received		681,084	542,660	552,100
<b>Total cash received</b>		<b>12,390,958</b>	<b>12,253,441</b>	<b>12,219,100</b>
<b>Cash used</b>				
Employees		5,917,885	4,610,088	6,063,000
Suppliers		7,561,044	8,120,411	6,073,100
<b>Total cash used</b>		<b>13,478,929</b>	<b>12,730,499</b>	<b>12,136,100</b>
<b>Net cash from/(used by) operating activities</b>		<b>(1,087,971)</b>	<b>(477,058)</b>	<b>83,000</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash used</b>				
Purchase of property, plant, equipment and software		182,117	19,269	90,000
<b>Total cash used</b>		<b>182,117</b>	<b>19,269</b>	<b>90,000</b>
<b>Net cash from/(used by) investing activities</b>		<b>(182,117)</b>	<b>(19,269)</b>	<b>90,000</b>
<b>Net increase/(decrease) in cash held</b>		<b>(1,270,087)</b>	<b>(496,327)</b>	<b>(7,000)</b>
Cash and cash equivalents at the beginning of the reporting period		5,616,269	6,112,596	6,103,000
<b>Cash and cash equivalents at the end of the reporting period</b>	2.1A	<b>4,346,182</b>	<b>5,616,269</b>	<b>6,096,000</b>

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



## **Budget Variances Commentary**

### **Cash Flow Statement**

#### ***Cash Received***

Cash received is over budget due to the receipt of additional interest earned on deposits as a result of the delay and down scaling of capital expenditure compared to budget during 2017–18. GST received was also over budget as a result of supplier payments in 2017–18 being over budget.

Cash used is over budget due to the reduction in accrued supplier costs between 30 June 2017 and 30 June 2018. Expenses accrued at 30 June 2017 were paid during 2017–18. This along with the improved timeliness of suppliers invoicing for works done during 2017–18 has resulted in greater cash outflows compared to budget.

Cash used for the purchase of property, plant, equipment and computer software is over budget, as a result of unbudgeted expenditure on software and some leasehold improvements.

# Notes to and forming part of the Financial Statements

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Julianne Alroe addresses the AFR National Infrastructure Summit in Sydney on June 3

**Deloitte.**

## Overview

### Objectives of Infrastructure Australia

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 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:

1. Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR) and for reporting periods ending on or after 1 July 2017; and

2. Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements 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.

### Indemnities and Insurance for Officers

In 2017–18 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.

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

### 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 2018.

## 1.1 Expenses

	2018	2017
	\$	\$
<b>1.1A: Employee and Members Benefits<sup>1</sup></b>		
Wages and salaries	5,021,254	3,975,538
Superannuation		
Defined contribution plans	494,864	435,029
Defined benefit plans	23,860	28,924
Leave and other entitlements	586,542	342,621
Separation and redundancies	43,097	–
<b>Total employee benefits</b>	<b>6,169,617</b>	<b>4,782,112</b>

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

### Accounting Policy

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

## 1.1B: Suppliers

### Goods and services supplied or rendered

Consultants	2,477,154	3,402,697
Contractors	739,658	921,083
Travel	481,587	385,540
Property operating costs	255,813	249,343
Publications and subscriptions	251,719	164,537
Recruitment expenses	152,899	38,217
Training, conferences and seminars	109,573	85,950
Audit fees – external	42,000	55,000
Audit fees – internal	72,548	93,160
Stationery, printing and postage	97,824	104,439
IT and communications	68,638	80,432
Other	240,306	153,601
<b>Total goods and services supplied or rendered</b>	<b>4,989,719</b>	<b>5,733,999</b>

	2018	2017
	\$	\$
Goods supplied	220,480	171,881
Services rendered	4,769,239	5,562,118
<b>Total goods and services supplied or rendered</b>	<b>4,989,719</b>	<b>5,733,999</b>
<b>Other suppliers</b>		
Operating lease rentals	861,356	861,176
<b>Total other suppliers</b>	<b>861,356</b>	<b>861,176</b>
<b>Total suppliers</b>	<b>5,851,075</b>	<b>6,595,175</b>

### Leasing Commitments

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.

#### Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	954,937	905,815
Between 1 to 5 years	1,006,147	1,961,084
<b>Total operating lease commitments</b>	<b>1,961,084</b>	<b>2,866,899</b>

### Accounting Policy

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.

## 1.2 Own-Source Revenue

	2018	2017
	\$	\$
<b>1.2A: Interest</b>		
Deposits	118,842	130,056
<b>Total interest</b>	<b>118,842</b>	<b>130,056</b>

### Accounting Policy

Interest revenue is recognised using the effective interest method.

## 1.2B: Other Gains

Resources received free of charge

Plant and equipment	–	1,135
<b>Total other gains</b>	<b>–</b>	<b>1,135</b>

### Accounting Policy

#### *Resources 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.

## 1.2C: Revenue from Government

Corporate Commonwealth entity payment item	11,592,000	11,581,000
<b>Total supplement from Department of Infrastructure, Regional Development and Cities</b>	<b>11,592,000</b>	<b>11,581,000</b>

### Accounting Policy

Funding received or receivable from the Department of Infrastructure, Regional Development and Cities is recognised as Revenue from Government, unless they are in the nature of an equity injection or loan.

## Financial Position

This section analyses the 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

	2018	2017
	\$	\$
<b>2.1A: Cash and cash equivalents</b>		
Cash on hand or on deposit	4,346,182	5,616,269
<b>Total cash and cash equivalents</b>	<b>4,346,182</b>	<b>5,616,269</b>

#### 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	1,243	275
GST receivable from the Australian Taxation Office	51,337	93,335
<b>Total other receivables</b>	<b>52,580</b>	<b>93,610</b>
<b>Total trade and other receivables (gross)</b>	<b>52,580</b>	<b>93,610</b>

#### Accounting Policy

##### *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.



## 2.2 Non-Financial Assets

	Buildings – leasehold improvement \$	Plant and equipment \$	Computer software \$	Total \$
<b>2.2A: Reconciliation of the opening and closing balances of property, plant, equipment and intangibles</b>				
<b>As at 1 July 2017</b>				
Gross book value	300,000	90,465	–	390,465
Accumulated depreciation, amortisation and impairment	(100,000)	(37,705)	–	(137,705)
<b>Total as at 1 July 2017</b>	<b>200,000</b>	<b>52,760</b>	<b>–</b>	<b>252,760</b>
<b>Additions</b>				
Purchase	35,922	98,375	47,820	182,117
Depreciation and amortisation	(73,851)	(36,041)	(10,176)	(120,068)
Impairments recognised in net cost of services	–	(122)	–	(122)
<b>Total as at 30 June 2018</b>	<b>162,071</b>	<b>114,972</b>	<b>37,644</b>	<b>314,687</b>
<b>Total as at 30 June 2018 represented by</b>				
Gross book value	335,922	179,690	47,820	563,432
Accumulated depreciation, amortisation and impairment	(173,851)	(64,718)	(10,176)	(248,745)
<b>Total as at 30 June 2018</b>	<b>162,071</b>	<b>114,972</b>	<b>37,644</b>	<b>314,687</b>

### Revaluations of non-financial assets

No asset revaluations were conducted during the financial year ended 30 June 2018.

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

Non-financial assets were revalued in 2015-16 by valuation experts. Infrastructure Australia has 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. Any additions to non-financial assets since 2015-16 have been recognised at cost, with their value not materially differing from the carrying amount.

No indicators of impairment have been identified over the above non-financial assets as at 30 June 2018.

### 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).

### **Revaluations**

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-down 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:

<b>Asset class</b>	<b>2018</b>	<b>2017</b>
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 100 years	3 to 100 years

### **Impairment**

All assets were assessed for impairment at 30 June 2018. 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 dispose 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 Infrastructure Australia 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.

### **Accounting Judgements and Estimates**

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

## 2.3 Payables

	2018	2017
	\$	\$
<b>2.3A: Suppliers</b>		
Trade creditors and accruals	626,515	1,465,404
Payable to the Department of Infrastructure, Regional Development and Cities	32,501	203,097
<b>Total suppliers</b>	<b>659,016</b>	<b>1,668,501</b>

Settlement is usually made within 30 days.

<b>2.3B: Other payables</b>		
Wages and salaries	4,278	7,192
Employee statutory liabilities	150,431	108,430
Superannuation	1,039	713
Lease incentive	275,711	338,840
<b>Total other payables</b>	<b>431,459</b>	<b>455,175</b>

## Funding

This section identifies Infrastructure Australia's funding structure.

### 3.1 Net Cash Appropriation Arrangements

	2018	2017
	\$	\$
<b>Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>(309,972)</b>	<b>334,883</b>
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(120,068)	(104,765)
<b>Total comprehensive income/(loss) – as per the Statement of Comprehensive Income</b>	<b>(430,040)</b>	<b>230,118</b>

## 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

	2018	2017
	\$	\$
<b>4.1A: Employee provisions</b>		
Leave	466,907	254,588
<b>Total employee provisions</b>	<b>466,907</b>	<b>254,588</b>

#### 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. 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 Infrastructure Australia 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 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.

#### Separation and Redundancy

Provision is made for separation and redundancy benefit payments. Infrastructure Australia 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 Infrastructure Australia are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme. 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 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 Infrastructure Australia employees. Infrastructure Australia accounts for the contributions as if they were contributions to defined contribution plans.

### *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, including any director (whether executive or otherwise) of Infrastructure Australia. Infrastructure Australia has determined the key management personnel to be the Board Members,

Chief Executive Officer, Executive Directors, General Manager of Corporate Services, Director of Governance and Head of Public Affairs. Some roles were held by multiple officers throughout the period. Key management personnel remuneration is reported in the table below:

	2018 \$	2017 \$
Short-term employee benefits	2,299,585	2,540,220
Post-employment benefits	201,630	303,022
Other long-term employee benefits	150,353	235,073
Termination benefits	–	–
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>2,651,568</b>	<b>3,078,315</b>

*The total number of key management personnel that are included in the above table are 23 (2017: 24).*

<sup>1</sup> 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.

<sup>2</sup> Additional analysis conducted on Key Management Personnel calculations in 2017–18 identified an immaterial classification error of 2016–17 Key Management Personnel employee benefits. This relates to the annual leave accrual between short-term and other long-term employee benefits. The prior year comparatives for short-term and other long-term employee benefits have been adjusted to reflect the revised classification methodology, resulting in a net increase to total key management personnel remuneration expenses of \$29,524.

## 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, Executive Directors, General Manager of Corporate Services, Director of Governance, Head of Public Affairs, Minister for Urban Infrastructure 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.

Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

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 (2017: 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

	2018	2017
	\$	\$
<b>5.2A: Categories of Financial Instruments</b>		
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Cash on hand or on deposit	4,346,182	5,616,269
Other receivables	1,243	275
<b>Total loans and receivables</b>	<b>4,347,425</b>	<b>5,616,544</b>
<b>Total financial assets</b>	<b>4,347,425</b>	<b>5,616,544</b>
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors and accruals	659,016	1,668,501
<b>Total financial liabilities measured at amortised cost</b>	<b>659,016</b>	<b>1,668,501</b>
<b>Total financial liabilities</b>	<b>659,016</b>	<b>1,668,501</b>

### Accounting Policy

Infrastructure Australia classifies its financial assets as loans and receivables. Financial assets are recognised and derecognised upon trade date.

#### *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.

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 assets' 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.

#### *Financial Liabilities*

Financial liabilities are classified as other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

#### *Other Financial Liabilities*

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

Other financial liabilities 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).

	2018	2017
	\$	\$
<b>5.2B: Net Gains or Losses on Financial Assets</b>		
<b>Loans and receivables</b>		
Interest revenue	118,842	130,056
<b>Net gains on loans and receivables</b>	<b>118,842</b>	<b>130,056</b>
<b>Net gains on financial assets</b>	<b>118,842</b>	<b>130,056</b>

# 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.	2
Details of the legislation establishing the body; both of the following:	6
<ul style="list-style-type: none"> <li>■ a summary of the objects and functions of the entity as set out in the legislation;</li> <li>■ the purposes of the entity as included in the entity's Corporate Plan for the period.</li> </ul>	
The names of the persons holding the position of responsible Minister or responsible ministers during the period, and the titles of those responsible ministers.	22
Any directions given to the entity by a minister under an Act or instrument during the period.	22
Any government policy orders that applied in relation to the entity during the period under s22 of the PGPA Act.	NA
If, during the period, the entity has not complied with a direction or order particulars of the non-compliance.	NA
The annual performance statements for the entity for the period.	30
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 non-compliance.	NA
Information on the accountable authority, or each member of the accountable authority, of the entity during the period, including:	8–11 24–27
<ul style="list-style-type: none"> <li>■ the name of the accountable authority or member; and</li> <li>■ the qualifications of the accountable authority or member; and</li> <li>■ the experience of the accountable authority or member; and</li> <li>■ for a member—the number of meetings of the accountable authority attended by the member during the period; and</li> <li>■ for a member—whether the member is an executive member or non-executive member;</li> </ul>	





Contents of Annual Report	Page no.
An outline of the organisational structure of the entity (including any subsidiaries of the entity).	12
An outline of the location (whether or not in Australia) of major activities or facilities of the entity.	27
Information in relation to the main corporate governance practices used by the entity during the period.	22–35
The decision-making process undertaken by the accountable authority for making a decision if: <ul style="list-style-type: none"> <li>■ the decision is to approve the entity paying for a good or service from another Commonwealth entity or a company, or providing a grant to another Commonwealth entity or a company; and</li> <li>■ the entity, and the other Commonwealth entity or the company, are related entities; and</li> <li>■ the value of the transaction, or if there is more than one transaction, the aggregate value of those transactions, is more than \$10,000 (inclusive of GST).</li> </ul>	36–61
Any significant activities and changes that affected the operations or structure of the entity during the period.	22–35
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.	35
Particulars of any report on the entity given during the period by: <ul style="list-style-type: none"> <li>■ 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</li> <li>■ a Committee of either House, or of both Houses, of the Parliament; or</li> <li>■ the Commonwealth Ombudsman; or</li> <li>■ the Office of the Australian Information Commissioner.</li> </ul>	NA
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.	NA
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).	50
An index identifying where the requirements of this section and s17BF (if applicable) are to be found.	62–63





**Infrastructure Australia**  
**Annual Report 2017–18**

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