



**Infrastructure
Australia**

October 2023

Annual Report

Infrastructure Australia Report to
Parliament 2022-23



Infrastructure Australia is an independent statutory agency that provides independent advice to the Commonwealth Government on nationally significant infrastructure to deliver better infrastructure outcomes for all Australians. Our governing legislation, the *Infrastructure Australia Act 2008 (Cth)*, defines our role and responsibilities in advising on nationally significant infrastructure investment and prioritisation.

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

The Hon Catherine King MP
Minister for Infrastructure, Transport, Regional Development and Local Government
Parliament House
CANBERRA ACT 2600

Dear Minister,

I am pleased to present the Annual Report of Infrastructure Australia for the period ending 30 June 2023 on behalf of the Infrastructure Australia Board.

The report provides a detailed description of Infrastructure Australia's operations during the year as well as Infrastructure Australia's audited 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 (Cth)*.

It was approved by a resolution of the Board on 12 September 2023.

Following the tabling of Infrastructure Australia's Annual Report, the report will be made available on the Australian Government's Transparency Portal www.transparency.gov.au as well as on Infrastructure Australia's website www.infrastructureaustralia.gov.au

Yours sincerely,

Gabrielle Trainor AO





Chair's foreword

The unprecedented pipeline of Australian infrastructure projects continues to be delivered against a backdrop of significant challenges arising from the pandemic and global economic factors, acute skills shortages and a construction industry whose productivity has not improved for decades.

Infrastructure Australia works to support the Australian Government with robust and independent expert advice on the infrastructure investments designed to enhance the quality of life of Australians in our cities, towns and regions.

The headline statistics from Infrastructure Australia's 2022 Market Capacity report tell us that Australia's five-year major infrastructure pipeline increased by \$15 billion in 2022 to \$237 billion. At the same time, demand for skilled labour skyrocketed. By the end of the 2022-23 financial year, Australia's infrastructure sector faced a national shortfall of more than 102,000 skilled workers. The cost of construction materials increased by an average of 24 per cent over the financial year. Productivity remained stagnant,

problematic risk allocation continued to characterise contracting models, and the industry struggled to boost female participation beyond 12 per cent of the construction workforce. For the third largest employer in Australia, this statistic represents a significant opportunity. Enhancing the value and timeliness of our Market Capacity reporting remains a priority for the coming years.

Around Australia, the overwhelming demand to deliver infrastructure was also constrained by supply-side challenges. The consequence of all of this has been projects with significantly protracted delivery times, budget increases and communities feeling the impacts.

With these headwinds, Infrastructure Australia's work has been aimed at offering meaningful insights, advice, and policy recommendations to overcome them. Among these are a call for improved productivity, reform to the culture of the infrastructure construction industry and an urgent need to become more innovative. Many of these recommendations are outlined in our Australian Infrastructure Audit, Australian Infrastructure Plan and our 2022 Market Capacity Report.

A new era for Australia's independent infrastructure advisor

Since its inception in 2008, Infrastructure Australia's role has been to assess projects of national significance and undertake research to better understand the infrastructure sector and identify the means to support governments to address gaps and make improvements—no matter the market conditions. While we delivered this work, the Australian Government saw an opportunity to strengthen our agency's role and cement its position as the Commonwealth's trusted infrastructure advisor.

In July 2022, the Australian Government initiated an Independent Review into Infrastructure Australia to examine the agency's role and functions. Ultimately, it was to look at how Infrastructure Australia could be strengthened to better support the Australian Government with the robust, expert advice it needs on infrastructure projects of national significance. Led by Ms Nicole Lockwood and Mr Mike Mrdak AO, more than 55 submissions were made to the Review. In December of 2022, the Government released the findings and recommendations of the Review, along with its own response, which details a new, even more relevant era for Infrastructure Australia.

Among the proposed changes—which are detailed in proposed amendments to our legislation (before Parliament at the time of writing this report)—are a new governance structure for Infrastructure Australia, a revision to our current products, and an introduction of new products and functions.

We are working closely with the Australian Government on implementation planning for the reforms, subject to the passage of the amendments through Parliament and an updated Statement of Expectations. Infrastructure Australia's future is an enhanced role in supporting the nation's future economic, social, and environmental prosperity.

Infrastructure Priority List

While the Review was undertaken and the legislation to implement the Government's changes are before Parliament, we continued to meet our obligations and strategic objectives. This included managing the Infrastructure Priority List (IPL) developed and updated in collaboration with the Australian, and state and territory governments, and drawing on our independent research. Our robust and independent assessment process is applied to each proposal on the list to inform future infrastructure investments. This year, the list featured four new early-stage proposals, one new potential investment option, and one new investment-ready proposal.

Amplifying infrastructure's sustainability agenda

The best infrastructure is intrinsically sustainable, and Infrastructure Australia has applied sustainability principles to guide our policy reform agenda and the way we assess and prioritise projects since 2021.

On 14 September 2022, following new legislation introduced by the Australian Government, we commenced inclusion of greenhouse gas emissions reduction targets in all our advice to government, along with our plans, audits, and evaluations. To support this, we published an interim Guide to assessing greenhouse gas emissions in February 2023.

We are now progressing a research project into embodied carbon - the greenhouse gas emissions generated during the infrastructure lifecycle, from the manufacture and transport of materials to construction, maintenance, and demolition. This project will estimate the baseline embodied carbon intensity of Australia's five-year infrastructure pipeline. Through this work, we will gain a better understanding of the scale of the embodied carbon challenge and the potential carbon savings that can be made by selecting low-emissions building materials.

We are also looking at other avenues to amplify the infrastructure sector's sustainability agenda and create new opportunities for a circular economy. In December 2022, we published the Replacement Materials report—a supporting document to our 2022 Market Capacity research—which investigates the current and future demand for recycled materials in major road infrastructure projects. Based on current technology and standards, around 27 per cent of the conventional material tonnage – roughly 54 million tonnes – could be replaced with a range of recycled materials. If we work together to address the obstacles preventing large-scale adoption of recycled products, the outlook is even more optimistic—with the replacement rate rising to 59 per cent, eliminating the need for nearly

119 million tonnes of conventional materials. With a ballooning waste problem combined with spiralling material costs and supply chain issues, there lies a real opportunity for the infrastructure sector to leverage the use of recyclable materials.

Reconciliation with First Nations people

As an expert advisor on infrastructure, we look at all ways in which infrastructure planning, decision-making and delivery can deliver outcomes for communities, including First Nations people. In fact, we recognise that infrastructure networks are only as good as the outcomes they deliver for the communities they serve – and these infrastructure networks are failing Aboriginal and Torres Strait Islander people.

The 2019 Australian Infrastructure Audit underscored the 13.9-year life expectancy gap between Aboriginal and Torres Strait Islander peoples and non-Indigenous people in remote and very remote areas and the role infrastructure plays in closing this gap.

We published our first Reconciliation Action Plan (RAP), Reflect, in 2020. This prioritised listening, learning, collaborating with First Nations stakeholders and strengthening our advice in areas that make a difference to the quality of life for First Nations people. We learned that Infrastructure Australia's reach and our partnerships with government and industry give us a unique opportunity to contribute to reconciliation.

We launched our second RAP, Innovate, in March 2023 and over the next two years, we will work with new partners to pilot initiatives, review our consultation processes, develop an engagement plan and use our national influence to promote place-based First Nations engagement in infrastructure planning and development.

A culture of collaboration

Infrastructure is the embodiment of a society's shared values. When infrastructure is well planned and well executed, it addresses practical needs and physical challenges, while enhancing economic prosperity, connectivity, quality of life, social cohesion, and sustainable development. Infrastructure Australia works to earn the leadership role we play in helping achieve this.

I wish to acknowledge the work of my board colleagues, charged with supporting Infrastructure Australia in our transition to its proposed new operating model under the leadership of Commissioners and an advisory council. The board has been committed to doing all we can to ensure Infrastructure Australia welcomes change and continues to provide quality and relevant analysis and advice.

During the 2022/2023 year, CEO Romilly Madew left Infrastructure Australia to take up a leadership role with Engineers Australia. She made a significant contribution to our culture and capability. We were pleased to appoint Adam Copp as Acting CEO and after the conclusion of the year in review, he has been appointed CEO.

Adam leads our passionate, professional, and collaborative team. I thank them most sincerely. All our people are dedicated to our work and always try to go the extra mile to helping the Australian Government achieve a vision for the nation—to create a stronger and more prosperous nation for current and future generations.



Gabrielle Trainor AO

Interim Chair, Infrastructure Australia



Section one

Overview

Infrastructure Australia is the nation's independent advisor to the Commonwealth Government on the investments and reforms needed to deliver better infrastructure for all Australians.

Infrastructure Australia was established in 2008 under the *Infrastructure Australia Act 2008* (Cth), to advise governments, industry and the community on the investments and reforms needed to deliver better infrastructure for all Australians. The Act was then amended in 2014 to establish Infrastructure Australia as a separate independent entity governed by a Board.

Over the 2022-23 Financial Year, Infrastructure Australia entered a period of evolution after the Australian Government initiated an independent review (the Review) into the agency in July 2022—appointing Ms Nicole Lockwood and Mr Mike Mrdak AO to lead it. The purpose of the Review was to consider Infrastructure Australia's role as the independent advisor on nationally significant priorities and to advise

on what changes may be needed to its focus, priorities and legislation to better support the Australian Government.

In December 2022, the Australian Government released the findings and recommendations of the Review along with its response, identifying a number of changes to strengthen Infrastructure Australia's position and functions. *The Infrastructure Australia Amendment (Independent Review) Bill 2023* (the Bill) outlines the changes proposed by the Australian Government, which include a change to the agency's governance structure, and amendments to redefine its functions and products. The Bill to implement these changes is—at the time of this report being written—before the Australian Parliament. The agency

is working closely with the Australian Government on implementation planning for the reforms, subject to the passage of the Bill through Parliament and an updated Statement of Expectations.

Throughout this period, Infrastructure Australia continued to adhere to its statutory obligations and required functions, and strategic and operational functions guided by the *Infrastructure Australia Act 2008* (Cth) and other Commonwealth guiding legislation, such as the *Public Governance, Performance and Accountability Act 2013* (Cth). Among these activities included maintaining the Infrastructure

Priority List to ensure that public funds are directed towards projects that will deliver meaningful outcomes for Australians. In accordance with its five-year policy cycle, the agency also continued to develop research and supporting advice on broader opportunities for infrastructure reform to support better infrastructure planning and decision-making. The agency also continued to uphold its high standards of stakeholder engagement to ensure the work it delivered raised the quality of infrastructure planning, decision-making and delivery throughout Australia.

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

- 1 Strategically audit the nations infrastructure** by developing the Australian Infrastructure Audit
- 2 Develop a clear roadmap** for reform in the Australian Infrastructure Plan
- 3 Maintain a credible pipeline** of nationally significant infrastructure investments via the Infrastructure Priority List
- 4 Assess infrastructure business cases** that are requesting more than \$250 million of Commonwealth funding

On 1 June 2023, the Australian Government issued an update to Infrastructure Australia’s Statement of Expectations that business case proposals could only be submitted to the agency from Australian, state and territory governments. In issuing this update, the Government requested Infrastructure Australia to consider opportunities to strengthen expertise within local government in developing proposals and also reiterated the expectation that Infrastructure Australia assess projects of national significance and where a proponent is seeking \$250 million or more in Commonwealth funding.

Infrastructure Australia’s work program includes:

- Identifying infrastructure challenges and opportunities through a five-yearly assessment of Australia’s future infrastructure needs.
- Evaluating business cases for major projects seeking \$250 million or more in Australian Government funding.
- Maintaining the Infrastructure Priority List to highlight investment opportunities across the energy, telecommunications, water and transport sectors.
- Providing forward-thinking and practical infrastructure reform recommendations that account for a range of future scenarios.
- Monitoring and reporting on infrastructure market conditions and capacity to provide increased transparency of key risks for infrastructure delivery.

Members of the Board



Gabrielle Trainor AO

Interim Chair:

15 December 2022 – 15 December 2023

Gabrielle Trainor is a non-executive director and advisor with more than 25 years' experience on boards ranging from infrastructure, transport and urban renewal to sports, arts and culture and empowerment of Aboriginal and Torres Strait Islander people.

Among her current appointments, Gabrielle is a director of the Western Parkland City Authority, a board member of the Major Transport Infrastructure Authority (Vic), co-chair of BuildSkills Australia and chair of the Construction Industry Culture Taskforce. She is a commissioner of the Australian Football League. Gabrielle is a director of Built Group Holdings Pty Ltd and of listed investment company WAM Global Ltd. She is a trustee of the Charlie Perkins Trust. She is a Fellow of the Australian Institute of Company Directors and in 2017, was named an Officer of the Order of Australia.



Mark Balnaves

Board Member:

1 December 2019 – 15 December 2023

Mark Balnaves has more than 25 years of director, strategic advisory and infrastructure experience. Mark is experienced in a wide range of projects having advised on major property and infrastructure projects around Australia for Government, universities and private investors.

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

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

During the period, Mark was Chair of the Governance Committee.



John Fitzgerald

Board Member:

1 December 2019 – 15 December 2023

John has extensive experience in infrastructure policy and delivery, public transport, and urban renewal. He is Chair of the ACT's Suburban Land Agency, Evolution Rail Pty Ltd and Infranexus Management Pty Ltd (an IFM Investors subsidiary). Previous Board positions include the Canberra Light Rail Project Board, Chair of NSW Government's Convention and Exhibition Centre project, Director Barangaroo Delivery Authority, Port of Melbourne Corporation, Infrastructure Partnerships Australia and the Victorian Funds Management Corporation.

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

John is Chair of the Audit, Risk & Compliance Committee.



Marion Fulker AM

Board Member:

1 December 2019 – 15 December 2023

Marion Fulker AM is recognised as a leading expert in the future development of cities. Marion is the Chair of Perth Zoo and an Adjunct Associate Professor at The University of Western Australia, the former CEO of think-tank the Committee for Perth and former Chair of the Conservation and Parks Commission and the Heritage Council of Western Australia.

Over the past 15 years, Marion has researched more than 30 cities in the developed world to better understand cities, large and small, including their economies; infrastructure; governance; and culture. Highly collaborative, Marion is part of a global network of city leaders, shapers and opinion makers.

Marion holds an MBA from Curtin Graduate Business School and a Masters of Science in Cities from London School of Economics and Politics.

Recognition of Marion's accomplishments include an Order of Australia in 2021 for her significant service to urban planning and infrastructure development.

Marion is Chair of the People & Culture Committee.



Clare Gardiner-Barnes

Board Member:

15 December 2022 – 15 December 2023

Clare Gardiner-Barnes runs an executive coaching and consulting business, CGB Consulting. Prior to that she worked as Head of Strategy, Planning, and Innovation at Infrastructure NSW and as Deputy Secretary, Freight, Strategy and Planning at Transport for NSW. Clare provided advice to government, transport and construction sectors on safety, funding priorities, planning, freight, and national policy.

Clare is a member of the Australian Government Infrastructure Investment Program review team and has held board positions at the NSW Telco Authority, Austroads and Roads Australia. She has worked in government executive positions including Qld Education and was the CEO of the Department of Transport and the Department of Children and Families in the NT. Clare is an advocate for diversity and inclusion, women in leadership and workforce flexibility.



Dr Vanessa Guthrie AO

Board Member:

1 December 2021 – 30 November 2024

Vanessa Guthrie has extensive knowledge and experience of the private sector, transport, mining and energy and communications sectors.

Vanessa is currently Non-Executive Director, Santos Ltd; Tronox Holdings plc; Lynas Rare Earths Ltd; Cricket Australia and Orica Limited. She is Pro Chancellor, Curtin University; Member, Australia-India Council; Skills Expert Panel.

She was formally Director, Australian Broadcasting Corporation; Deputy Chair, Western Australian Cricket Association; Chairman of the Board, Minerals Council of Australia; Former CEO of Toro Energy; Non-Executive Director, Vimy Resources Ltd; WA Water Corporation; Reed Resources Ltd; AdBri Limited and Nova Energy Limited.

Vanessa has formal qualifications in Science with a PhD in geology and holds a Graduate Diploma in Natural Resources. She holds a Diploma in Commercial and Resources law and also Business management.



John McGee

Board Member:

31 March 2022 – 30 March 2025

John has over 30 years' experience in the Australia and global capital markets and associated corporate sector. He has extensive experience across banking and finance, insurance, health and hospitals, aviation and air safety. In his executive roles John was Managing Director of BNY Mellon Australia Pty Ltd for nine years, heading up the Bank of New York's corporate trust operation in Australia. He has also been a director of many subsidiaries and held responsible manager status on various ASIC and APRA licences. He was also Head of Funds Management, and later Chief Financial Officer of a listed life insurer.

John is currently a member of the Climate Change Authority and a director of the NSW Government's Sydney Local Health District, the entity responsible for Royal Prince Alfred, Concord, Canterbury and Balmain Hospitals.

His previous non-executive director roles include Deputy Chair of the Private Health Insurance Administrative Council (PHIAC the regulator of all private health insurers), Air Services Australia, Westpac Funds Management and Delhi Petroleum.

John holds formal qualifications in Economics and Law from Sydney University.



Robert Moffat

Board Member:

1 December 2021 – 30 November 2024

Robert Moffat has more than 30 years of experience in engineering and strategic planning across diverse industries, geographies and cultures. His extensive management and leadership skills have been deployed across the full life cycle of the transport sector from concept, funding, construction, day of operations, maintenance through to cessation.

He was CEO and Executive Director of the Australasian Centre for Rail Innovation and vice-chair of the International Railway Research Board. Key focus areas include the evolution of research that improves the safety, productivity and competitiveness of the growing transport mobility sector.

Rob is a Fellow of Engineers Australia and holds a Bachelor of Electronic & Electrical Engineering with Honours from the University of Edinburgh in Scotland.

CEO and management

Infrastructure Australia is managed by the CEO, who is appointed by the Infrastructure Australia Board under s29 of the *Infrastructure Australia Act 2008* (Cth).



Adam Copp, Chief Executive Officer

Adam Copp was appointed Acting Chief Executive Officer of Infrastructure Australia from 1 August 2022, after the resignation of Romilly Madew AO FTSE in July 2022. Following a merit-based assessment process undertaken by a selection panel comprised of Infrastructure Australia Board representatives and senior Australian Government representatives from the Department of Infrastructure, Transport, Regional Development, Communications and The Arts, and the Australian Public Service Commission, Adam was appointed as CEO by the Infrastructure Australia Board for a three-year term commencing on 1 August 2023.

Adam has over 15 years' experience in the Australian Government holding a range of policy, strategy and engagement roles across infrastructure, workplace relations and the Council of Australian Governments. He is a passionate advocate for Reconciliation and First Nations engagement and has worked for Infrastructure Australia since December 2014.

Adam has a Bachelor of Arts, Master of Global Law and a Master of Business Administration.

Organisational structure

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

- Office of the CEO including Governance and Legal
- Project Advisory and Evaluation

- Policy and Research
- Operations
- Digital and Data

Further information about the management of Infrastructure Australia is at page 28.

Figure 1: Organisational structure of Infrastructure Australia as at 30 June 2023





Section two

Activities and outcomes

Infrastructure Australia is the Australian Government's independent infrastructure advisor on projects and reforms of national significance that will contribute to the nation's economic, environmental and social prosperity.

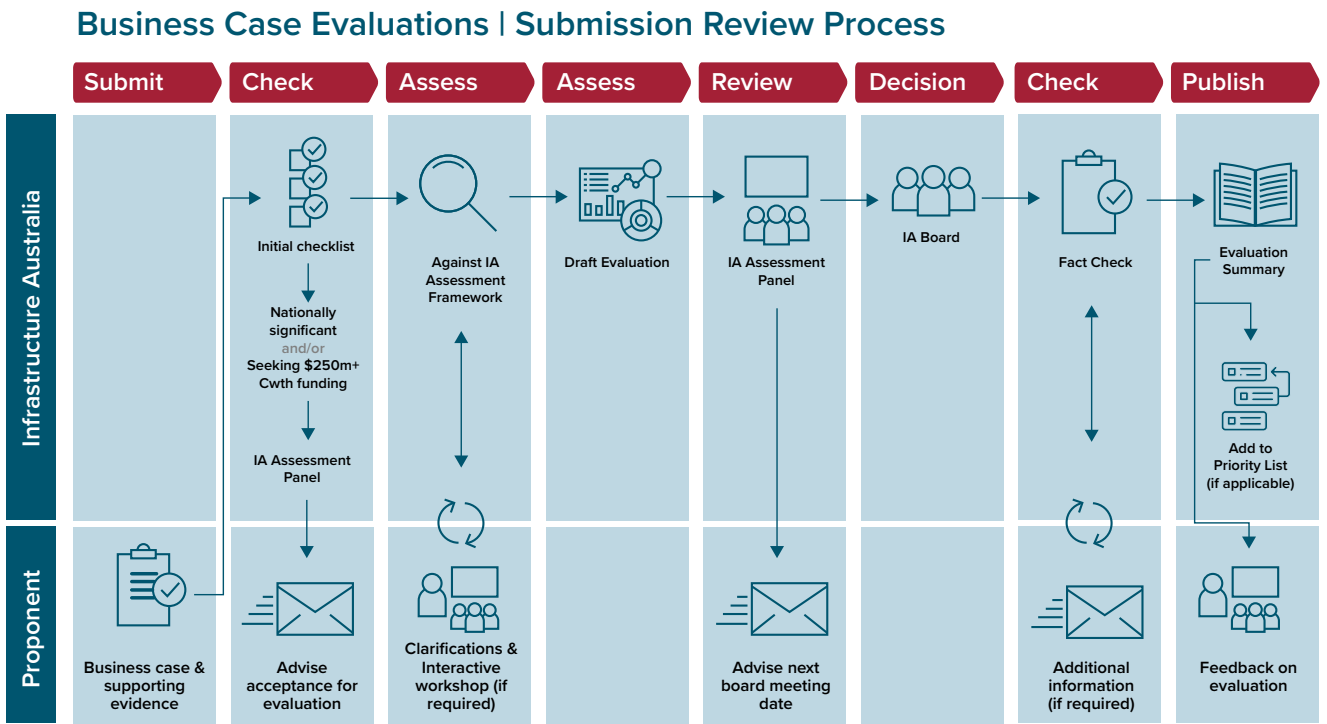
Business Case Evaluations and the Infrastructure Priority List

Infrastructure Australia is required to evaluate the business case for proposals seeking \$250 million or more in Commonwealth funding. The business case evaluation process is summarised below in **figure 2**. As the number of city-shaping projects and mega-

projects valued at more than \$1 billion grows, so does Infrastructure Australia's work to assess increasingly complex business cases.

Since 2016, Infrastructure Australia has consistently evaluated an average of one business case each month. We completed 12 evaluations in 2022–23 (see Table 2 on page 24 for a full list).

Figure 2: Infrastructure Australia’s business case evaluation process



Over the 2022-23 Financial Year, Infrastructure Australia assessed 19 proposals, including five Early Stage (Stage 1), two Potential Options Stage (Stage 2) and 12 Investment-ready (Stage 3) proposals. Among those proposals that were assessed, six were published on the IPL, including four Early Stage, one Potential Options Stage and one Investment Ready proposal.

For the 12 Investment-ready (Stage 3) evaluations that were assessed, 11 were in the transport sector and one was in the water sector. Of these projects, five were from Victoria, four were from NSW, two from Queensland and one from Western Australia. Seven of these 12 proposals were already fully funded projects and were therefore not eligible for publishing on the IPL. For the remaining five proposals, only one was listed and published as an Investment-ready proposal (Stage 3)—this was for the *Mitchell and Kwinana Freeways Upgrade: Phase 2 and 3 proposal*, which was submitted by the Western Australian Government.

Additionally, a large pipeline of future submissions has been identified through the Australian Government’s Infrastructure Investment Program, and state and territory infrastructure plans.

Infrastructure Australia Assessment Framework

Following the release of the updated Assessment Framework in July 2021, Infrastructure Australia has continued to develop new and enhanced guidance to assist proponents across the states and territories, and the Australian Government, to develop infrastructure proposals. In September 2022, to support the adoption and understanding of this framework across all jurisdictions, the agency initiated a refresh of its Improving Investment Decisions training. The training now consists of an online introductory module, and four workshop modules covering the four stages of the Assessment Framework. We also provide participant packs that provide the training content plus extra Assessment Framework detail and sector specific case studies.

As at the end of the 2022-23 Financial Year, face-to-face workshops were delivered for Australian, state and territory government stakeholders in South Australia, New South Wales, Northern Territory, Queensland, Western Australia, and ACT. Over 200 participants have completed the course in that period, with highly positive feedback on the quality of the presentations and requests from multiple jurisdictions to provide a second round of training.

Regional Strengths and Infrastructure Gaps

The *Regional Strengths and Infrastructure Gaps* report provides a common understanding of the strengths of Australia's regions and the infrastructure gaps they face for communities, industry, and all levels of government. Following the publication of this report in March 2022, Infrastructure Australia invited submissions from stakeholders. Submissions were made up until 27 May 2022 and feedback from 34 submissions was considered.

The feedback from these submissions, along with additional data and insights, was then incorporated into a revised version of the report, which was published in December 2022, along with a supporting paper titled *Strengthening Communities*. Building on the methodology used in *Regional Strengths and Infrastructure Gaps*, the supporting *Strengthening Communities* paper provides a rubric to guide a place-based analysis and collecting an evidence base that will help determine how to achieve better outcomes for a community. The rubric can be used to inform planning, reform, and investment, in addition to identifying opportunities across sectors to build and strengthen a place's foundations.

Market Capacity Program

In December 2022, Infrastructure Australia released the second annual edition of the *Infrastructure Market Capacity Report*. This work continues on from the inaugural report released in 2021. The genesis of this research was from a request made by the Prime Minister and First Ministers at the Council of Australian Governments in March 2020. In just one year, this body of work has evolved to become a flagship of Infrastructure Australia's research and provides a national view of Australia's five-year major infrastructure pipeline and the market's ability to deliver on it.

The *2022 Market Capacity Report* expands on the previous year to investigate the potential to unlock new supply chains of recycled materials for infrastructure construction. A number of recommendations and actions from previous Infrastructure Australia publications—among which include the *2021 Australian Infrastructure Plan* and *Delivering Outcomes*—were reaffirmed in the *2022 Market Capacity Report*, along with updated recommendations.

The broader Infrastructure Market Capacity program is informed by data sharing agreements with every Australian state and territory government, which continues to build and expand this capability to support planning, portfolio and pipeline management.

The third edition of the Infrastructure Market Capacity Report will continue to build on the work of the previous two years with the aim of publishing in December 2023. This report will include new features to better articulate the nature of Australia's five-year major infrastructure pipeline, including a deeper analysis of career pathways into construction.

As part of the body of work into Market Capacity, the intention is the 2023 report will also reveal insights into where the Australian, state and territory governments can potentially intervene to address the capacity constraints affecting the industry.

Decarbonising Infrastructure

Decarbonising infrastructure, including transport, is a key priority for governments and is critical to reaching Australia's legislated emissions reduction targets of 43 per cent below 2005 levels by 2030 and net zero emissions by 2050. It is estimated that Australia's construction sector generates 30 to 50 million tonnes of carbon a year, with embodied emissions of construction materials accounting for approximately 5-10 per cent of total emissions in Australia.

Limiting global average warming to 1.5-degrees requires a rapid economic and social transformation. Infrastructure is essential to the immense task of delivering Australia's transition to sustainable energy that is already underway. Our existing infrastructure also needs to become more resilient to the physical impacts of climate change. Infrastructure Australia has a key role in supporting these objectives across our own work streams, and in supporting co-ordination of efforts to decarbonise across jurisdictions.

Infrastructure Australia's legislation was amended on 14 September 2022, following the passing of the *Climate Change Act 2022* (Cth) and the *Climate Change (Consequential Amendments) Act 2022* (Cth). The amendments require Infrastructure Australia to account for the reduction of greenhouse gas emissions when providing advice to the Australian Government, or in any of its plans, audits, and all business case evaluations. As a result, Infrastructure Australia published the *Guide to Assessing Greenhouse Gas Emissions (Interim)* in February 2023. This guide provides information to proponents on how to treat and account for greenhouse gases in their submissions, including new information they need to submit, as well as guidance on key considerations related to emissions.

Infrastructure and Transport Ministers across the nation’s jurisdictions have agreed to work together, in consultation with industry, to develop a nationally consistent approach for measuring embodied carbon in infrastructure projects and consider further policy levers available to reduce emissions. In this context, Infrastructure Australia has commenced a body of research to estimate the scope of embodied carbon¹ produced by Australia’s infrastructure and buildings pipelines over the next five years, using data collected through the Market Capacity program. This research will estimate the business-as-usual intensity of embodied carbon from infrastructure at the national and subnational levels. It will also estimate the potential emissions savings from using alternative low emissions building materials.

In December 2022, Infrastructure Australia published its *Replacement Materials report*, which examined the potential to unlock new supply chains of recycled materials for use in road infrastructure to meet Australia’s growing infrastructure demand. Using demand forecasts from the Market Capacity program, the report estimates the replacement potential for recycled products in road projects under three scenarios. The report also considered in detail the existing market constraints impacting the uptake of recycled content, in addition to the range of actions needed to address these challenges:

- Improving awareness and understanding of recycled materials, specification, and opportunities.
- Taking stronger action to enhance confidence in using recycled materials.
- Addressing regulatory issues.
- Improving and modernising recycling infrastructure and workforce capacity and expanding geographic reach.
- Driving demand through sustainable procurements and market signalling.

Reconciliation Action Plan

In March 2023, Infrastructure Australia released our second ‘*Innovate RAP*’, in the next step of our reconciliation journey. There are four types of RAPs: Reflect, Innovate, Stretch and Elevate— Infrastructure Australia released its first RAP (Reflect) in 2020.



The focus of an Innovate RAP is to develop and pilot strategies for reconciliation initiatives, set aspirational deliverables and publicly report on these initiatives. The commitments Infrastructure Australia has made in our Innovate RAP have been guided by the framework developed by Reconciliation Australia and align with Infrastructure Australia’s Corporate Plan.

Over the next two years Infrastructure Australia is excited to work with new partners to pilot new initiatives and innovate our ways of working. The Innovate RAP will be driven primarily through our established cross-functional RAP Working Group. Infrastructure Australia will seek to pursue the achievement of this in the agency’s Innovate RAP by:

- Investigating truth-telling initiatives amongst the agency’s peers in the infrastructure sector.
- Developing skills and promoting best practice engagement with First Nations peoples on infrastructure projects and policies with stakeholders in the agency’s sphere of influence.
- In collaboration with suitable stakeholders, develop guidance for proponents on engagement with First Nations people and active consideration of Country in infrastructure project development.
- Modelling standard consideration of employment and procurement opportunities for Aboriginal and Torres Strait Islander peoples in Infrastructure Australia’s procurement practices.
- Proactively advocating for project submissions to the Infrastructure Priority List that will positively drive reconciliation and Closing the Gap outcomes.

¹ Greenhouse gas emissions associated with the production of materials, construction, and end of life stages of an asset.



Section three

Governance

Overview

Accountability

Infrastructure Australia is an independent statutory agency within the Infrastructure, Transport, Regional Development, Communications and the Arts portfolio. Infrastructure Australia's responsible Minister is the Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government.

No directions were given to Infrastructure Australia by the Minister under s6(1) of the *Infrastructure Australia Act 2008* during 2022–23.

Statutory framework

Infrastructure Australia was established in July 2008 by the *Infrastructure Australia Act 2008* (Cth). On 1 September 2014, Infrastructure Australia became a corporate entity following amendment to the *Infrastructure Australia Act 2008* (Cth). 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. Infrastructure Australia is a corporate Commonwealth entity subject to the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Statement of Expectations

Infrastructure Australia's Statements of Expectations applicable to this reporting period were issued by the then Deputy Prime Minister, the Hon Barnaby Joyce MP on 2 March 2022, and the Minister for Infrastructure, Transport and Regional Development, the Hon Catherine King MP on 5 September 2022. The Hon Catherine King MP issued an addendum to the current Statement of Expectations on 1 June 2023.

The Statement of Expectations provides guidance on the Australian Government’s expectations for Infrastructure Australia. Legislative amendments giving effect to the independent review of Infrastructure Australia are currently before the Australian Parliament.

Infrastructure Australia’s Statement of Expectations is available on our website: www.infrastructureaustralia.gov.au

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

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

Statement of Intent

Infrastructure Australia responded to the respective Statements of Expectations with Statements of Intent on 28 March 2022 and 16 September 2022. The Statement of Intent, in conjunction with the Portfolio Budget Statements, responds to the Australian Government’s expectations by identifying the key objectives and related initiatives to be delivered by Infrastructure Australia.

Statements of Intent are available on our website: www.infrastructureaustralia.gov.au

Statement of Intent outlines:

- the specific priorities Infrastructure Australia will be accountable for delivering under the *Infrastructure Australia Act 2008*
- how Infrastructure Australia will meet those obligations
- the governance and performance arrangements that will enable Infrastructure Australia to demonstrate that it is efficiently and effectively performing its statutory functions

Purpose

Infrastructure Australia’s purposes are to:



Improve decision-making on infrastructure matters



Better identify and assess key drivers of infrastructure demand and use



Improve prioritisation of infrastructure needs and projects



Identify, implement and promote best practice in infrastructure planning, financing, delivery and operation

Strategic Plan

In 2020–21, Infrastructure Australia developed a new five-year 2021–25 Strategic Plan in collaboration with all staff, the leadership team and the Board. Our strategic goals were formulated to cover the two key components of the strategy—our ways of working and the outcomes we pursue.

Further details about the 2021–25 Strategic Plan can be found in the Infrastructure Australia Corporate Plan 2021–25. Performance against the criteria for Infrastructure Australia’s work program is reported in the Annual Performance Statements (see page 35).

Board and committees

Infrastructure Australia Board

The Infrastructure Australia Board was established by s6D of the *Infrastructure Australia Act 2008*. It is charged with deciding the objectives, strategies and policies to be followed by Infrastructure Australia and ensuring the proper, efficient and effective performance of the organisation's functions. The Board is the accountable authority of Infrastructure Australia. Membership of the Board is set out at pages 11-14.

Board meetings and work program

The Board held five Board meetings, two Governance Committee meetings, three Audit, Risk & Compliance Committee meetings and two People & Culture Committee meetings in the year to 30 June 2023.

Table 1: Infrastructure Australia Board and Committee membership and attendance

Directors	Board Meetings	Governance Committee Meetings	Audit, Risk & Compliance Committee	People & Culture Committee
Gabrielle Trainor AO (Chair from 15 December 2022)	3[3]*			
Mark Balnaves	5[5]	2[2]	2[2]	
John Fitzgerald	5[5]	2[2]	3[3]	
Marion Fulker AM	5[5]	2[2]		2[2]
Clare Gardiner-Barnes	3[3]			1[1]
Vanessa Guthrie AO	4[5]		3[3]	
Robert Moffat	5[5]	2[2]		2[2]
John McGee	4[5]	2[2]	2[3]	1[1]
Board members who retired in 2022-23				
Vicki Meyer (resigned 14 July 2022)	1[1]			
Col Murray (Chair until 30 September 2022)	2[2]			
Amanda Cooper (resigned 30 September 2022)	2[2]		0[1]	
Vonette Mead (resigned 30 September 2022)	2[2]			1[1]
Liz Schmidt (resigned 30 September 2022)	2[2]			1[1]
Graham Quirk (retired 30 November 2022)	2[2]	1[2]	1[1]	

* [] number of meetings eligible to attend

As part of its annual work program the Board has undertaken:

- the recruitment of Infrastructure Australia’s CEO
- Work Health and Safety briefing about the latest caselaw, insights and developments and received updates on key initiatives such as the second stage of our Reconciliation Action Plan–Innovate RAP
- a review of its skills and experience to report to the Minister on the effective operations and composition of the Board
- reflections on the conduct and effectiveness of Board meetings

During the reporting period, the Board approved the release of the *Market Capacity Report Phase 2; IA’s Guide to assessing greenhouse gas emissions (interim)* and continued to oversee the update of the *Infrastructure Priority List* (see below) as required by s5 of the *Infrastructure Australia Act 2008* (Cth).

The *Infrastructure Priority List* is updated throughout the year as the Board receives and assesses project business cases and following calls for submissions for new or updated project proposals.

Throughout 2022–23, the Board evaluated proposals for investment in, or enhancements to, nationally significant infrastructure, as required by s5A of the *Infrastructure Australia Act 2008*. Specifically, the Board completed 12 evaluations in 2022–23 as detailed in **Table 2**.

Table 2: Infrastructure Australia business case activity, 2022-23

Date approved by Board	State	Proposal	Evaluation outcome as at 30 June 2023
5 July 2022	NSW	Dungowan Dam	Complete – not added to IPL
8 Sept 2022	NSW	Great Western Highway (Katoomba to Lithgow) upgrade – East and West sections	Complete – not added to IPL (funded proposal)
8 Sept 2022	NSW	Singleton Bypass (New England Highway)	Complete – not added to IPL (funded proposal)
8 Sept 2022	QLD	Logan and Gold Coast Faster Rail (Kuraby to Beenleigh)	Complete – not added to IPL (funded proposal)
8 Sept 2022	VIC	Melbourne Airport Rail	Complete – not added to IPL
8 Sept 2022	VIC	Dorset Road Extension	Complete – not added to IPL
8 Sept 2022	VIC	Napoleon Road Upgrade	Complete – not added to IPL
8 Sept 2022	VIC	Packenham Roads Upgrade	Complete – not added to IPL (funded proposal)
8 Sept 2022	VIC	Monash Roads Upgrade	Complete – not added to IPL (funded proposal)
8 Sept 2022	WA	Mitchell and Kwinana freeways upgrade: Phases 2 and 3	Complete – added to the IPL as an investment ready proposal
10 Feb 2023	NSW	Muswellbrook Bypass (New England Highway)	Complete – not added to IPL (funded proposal)
7 Jun 2023	QLD	Tiaro Bypass – Bruce Highway	Complete – not added to IPL (funded proposal)

Governance Committee

The Governance Committee was a sub-committee of the Board operating under a Charter. It was a special purpose committee established with delegated powers from the Board to ensure Infrastructure Australia continued to operate in accordance with its statutory functions and obligations under the *Infrastructure Australia Act 2008*, the *Public Governance, Performance and Accountability Act 2013* (and associated regulations), and other relevant legislation and legal instruments during a period in which Infrastructure Australia did not have a Board quorum.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee is a sub-committee of the Board operating under the **ARCC Charter**, which assists the Board to satisfy its corporate governance obligations and responsibilities, including:

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

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

Membership, qualifications and attendance of members of the Audit, Risk and Compliance Committee is set out in **Table 3**.

During the reporting period the Committee met on three occasions. In 2022–23 the Committee undertook a program of work to meet its Charter obligations. This included overseeing enterprise risk, information technology operations and security, and the internal audit plan which included reviews of Infrastructure Australia's Payroll and Business Continuity Management. The Committee reviewed and endorsed five corporate policies, endorsed the capital and operating budgets as well as the 2021–22 financial statements for approval by the Board.

Table 3: Audit, Risk and Compliance Committee membership and attendance – PGPA Rule Section 17BE (taa)

Date accepted for evaluation	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / [total number of meetings]	Total annual remuneration (GST inc.)
John Fitzgerald (Chair)	Worked in finance for 50 years and, in particular, risk management over the last 20 years including responsibility for “Whole of Government Risk Management” when at Victorian Department of Treasury and Finance. Master of Public Infrastructure (Research) (First Class Honours) from the University of Melbourne FAICD (Advanced Diploma) Fellow of the Institute of Public Administration Australia (Victoria).	3 [3]	\$0

Date accepted for evaluation	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / [total number of meetings]	Total annual remuneration (GST inc.)
<p>Vanessa Guthrie AO</p>	<p>FAICD FTSE, BSc (Hons) and PhD in science, Diplomas in Business Management and Commercial and Resources Law</p> <p>Over 30 years' executive experience in mining and resources sectors, including MD & CEO Toro Energy. Expertise in enterprise risk management particularly sustainability and ESG risks.</p> <p>Board member of Audit and Risk Committees for ASX and NYSE listed companies and public sector entities including chair of Finance Committee at Curtin University. Previous member of Audit and Risk Committee for the Australian Broadcasting Corporation.</p> <p>Member of the Governance Institute of Australia.</p>	<p>3 [3]</p>	<p>\$0</p>
<p>John McGee (commenced as a member of ARCC on 10 February 2023)</p>	<p>Holds formal qualifications in Economics and Law from Sydney University.</p> <p>Over 30 years' experience in the Australian and global capital markets and associated corporate sector. He has extensive experience across banking and finance, insurance, health and hospitals, aviation and air safety.</p> <p>In his executive roles Mr McGee was Managing Director of BNY Mellon Australia Pty Ltd for nine years, heading up the Bank of New York's corporate trust operation in Australia. He has also been a director of many subsidiaries and held responsible manager status on various ASIC and APRA licences. He was also Head of Funds Management, and later Chief Financial Officer of a listed life insurer.</p>	<p>2 [2]</p>	<p>\$0</p>
<p>Mark Balnaves (commenced as a member of ARCC on 10 February 2023)</p>	<p>Holds degrees in Economics and Law and a Masters in Finance from London Business School.</p> <p>More than 25 years of director, strategic advisory and infrastructure experience in a wide range of projects having advised on major property and infrastructure projects around Australia for government, universities and private investors. He also has extensive merger and acquisition experience across a wide range of industries.</p>	<p>2 [2]</p>	<p>\$0</p>
<p>Graham Quirk (retired 30 November 2022)</p>	<p>GAICD</p> <p>As Lord Mayor of Brisbane, Mr Quirk oversaw the delivery of an annual budget of over \$3 billion dollars and held the overall responsibility for audit and risk management issues.</p>	<p>1 [1]</p>	<p>\$0</p>

Date accepted for evaluation	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / [total number of meetings]	Total annual remuneration (GST inc.)
Amanda Cooper (resigned 30 September 2022)	BA (Double major-Government) Over 11 years of experience as a Brisbane City Council committee chair overseeing a diverse range of infrastructure and urban planning projects with responsibility for risk management and audit functions. Brisbane City Council is the largest local government in Australia, with an annual budget of over \$3 billion and is one of the State's biggest employers with over 8,000 employees	0 [1]	\$0

People & Culture Committee

The People & Culture Committee is a sub-committee of the Board operating under its Charter. It assists the Board to exercise due care, diligence and skill in relation to:

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

- Oversight of compliance with applicable laws and regulations.

Membership of the People & Culture Committee is set out in **Table 1**. During the reporting period, the Committee met on two occasions.

In 2022–23 the Committee oversaw the review of the organisation structure, CEO appointment process, talent and succession planning, learning and development framework, the performance appraisal framework and remuneration. It monitored staff engagement and work health and safety practices within Infrastructure Australia, particularly in the context of hybrid working and undertook policy reviews in relation to the Privacy Management Framework, Public Interest Disclosures Framework, Learning & Development and Equal Employment Opportunity.

People and operations

Location

Infrastructure Australia's office is located at 60 Martin Place, Sydney, NSW, 2000; a building which has been awarded six Stars under the Green Star Design & As-Built v1 2020 by the Green Building Council of Australia, representing world leadership in building, design, and construction.

The building won the 2021 Property Council of Australia–Rider Levett Bucknall NSW State Development of the Year Award, which celebrates the innovative and sustainable features of Sixty Martin Place, setting a new benchmark for design and cutting edge- technology.

Management structures

Infrastructure Australia is led by the CEO with the Executive Leadership Team comprised of the Company Secretary & General Counsel along with the heads of each of the business units:

- Operations
- Digital and Data
- Project Advisory & Evaluation
- Policy and Research

The Executive Leadership team is supported by a team of Directors that together make up the Senior Leadership Team. This team meets weekly to make operational decisions, and to provide a forum for information sharing.

Assessment Panel

The Assessment Panel meets regularly to review proposal assessments and make decisions regarding their submission to the Board. The Panel is chaired by the CEO and comprises cross-functional staff to ensure a holistic approach to review and input. The Panel identifies information gaps to be addressed before submission to the Board and discusses assessment findings with external assessors when required. The Panel also considers changes to the Infrastructure Australia Assessment Framework, which provides the guidance used for assessing proposals.

Policy Panel

The Policy Panel meets regularly to collaborate on cross-functional programs of policy and advocacy work and to consider and make recommendations in relation to Policy & Research reports for Board approval prior to publication.

Budget Oversight Committee

The role of the Budget Oversight Committee is to consider for endorsement all proposed procurements with a whole-of-life value of \$40,000 or more. The Budget Oversight Committee is one of the controls established by the Procurement Policy to support sound financial management practices and manage risk.

Portfolio and Project Management Framework

Over the past year, Infrastructure Australia has embedded a Portfolio & Project Management Framework to help Infrastructure Australia deliver its strategic objectives and make effective use of a limited pool of resources. The Framework has been developed in consultation with staff and following best practice and has been designed to be flexible to cover the end-to-end lifecycle of projects from concept to completion. Projects are prepared in line with the organisation's key activities and strategic objectives as outlined in the Corporate Plan. The Executive Leadership Team considers and approves projects at each stage of the end-to-end lifecycle including checkpoint reviews and end-of-project evaluations and is accountable for the successful delivery of these activities.

Executive Remuneration

Overview

Infrastructure Australia's executive remuneration includes remuneration in relation to key management personnel, senior executives and other highly paid staff.

Key management personnel for Infrastructure Australia are the Chair, Board members and Chief Executive Officer.

Senior executives of Infrastructure Australia consist of the Executive Leadership team, being the Chief Operating Officer, Chief of Project Advisory & Evaluation, Chief of Policy & Research, Chief of Digital & Data and Company Secretary & General Counsel.

Remuneration policies and practices

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

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

application of the remuneration strategy. The People & Culture Committee recommends to the Board the appropriate annual remuneration increase for all employees. This is in-line with approval received from the Australian Public Service Commissioner in relation to remuneration increases between 1 July 2020 and 30 June 2023, where a general wage increase of two per cent per year over the three years was approved.

In line with Infrastructure Australia's promotions procedure, positions that have been expanded or additional responsibilities added can be benchmarked against market data for comparable roles across organisations with less than 100 staff. This service is provided by Mercer, and along with employee performance reviews, drives the assessment for any individual salary reviews. This process is overseen by the CEO.

Total remuneration for all employees of Infrastructure Australia is fixed.

Remuneration reporting

The following tables report on the remuneration of Infrastructure Australia's key management personnel and senior executive in 2022–23. Infrastructure Australia had no other highly paid staff in 2022-23.

Table 4: Key management personnel remuneration, 2022–23

Name	Position Title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits & allowances	Superannuation contributions	Long service leave	Other long-term benefits		
Gabrielle Trainor AO	Chair	66,882	-	-	7,023	-	-	-	73,905
Colin Murray	Chair	30,615	-	-	3,215	-	-	-	33,830
Clare Gardiner-Barnes	Board Member	33,441	-	-	3,511	-	-	-	36,952
John Fitzgerald*	Board Member	58,954	-	-	6,190	-	-	-	65,144
John McGee*	Board Member	61,230	-	-	6,429	-	-	-	67,659
Marion Fulker AM	Board Member	58,954	-	-	6,190	-	-	-	65,144
Mark Balnaves*	Board Member	58,954	-	-	6,190	-	-	-	65,144

Name	Position Title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits & allowances	Superannuation contributions	Long service leave	Other long-term benefits		
Robert Moffat	Board Member	61,230	-	-	6,429	-	-	-	67,659
Vanessa Guthrie AO*	Board Member	67,659	-	-	-	-	-	-	67,659
Amanda Cooper*	Board Member	15,308	-	-	1,607	-	-	-	16,915
Elizabeth Schmidt	Board Member	15,308	-	-	1,607	-	-	-	16,915
Graham Quirk*	Board Member	25,513	-	-	2,679	-	-	-	28,191
Vicki Meyer	Board Member	5,103	-	-	536	-	-	-	5,638
Vonette Mead	Board Member	15,308	-	-	1,607	-	-	-	16,915
Adam Copp	Acting Chief Executive Officer	349,884	-	-	23,185	33,292	-	-	406,362
Romilly Madew AO	Chief Executive Officer	66,801	-	-	3,157	-	-	-	69,957
Total		991,140	-	-	79,555	33,292	-	-	1,103,987

*Audit, Risk and Compliance Committee members do not receive additional remuneration for serving on the committee.

Table 5: Executive remuneration, 2022–23

Total remuneration bands	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits & allowances	Average superannuation contributions	Average long service leave	Average long-term benefits	Average termination benefits	
\$0–\$220,000	3*	82,102	-	-	7,411	2,672	-	-	92,186
\$220,001–\$245,000	1	195,716	-	-	20,465	14,371	-	-	230,551
\$245,001–\$270,000	2	232,941	-	-	23,148	6,539	-	-	262,628
\$295,001–\$320,000	1	265,635	-	-	25,292	8,196	-	-	299,124

* Includes staff movements during FY2022-23

People

Composition of workforce

Infrastructure Australia had an average staffing level of 30 during the reporting period. At 30 June 2023, Infrastructure Australia's headcount (number of employees) was 46. Of these, eight are Holders of Public Office, being Infrastructure Australia's Chair and seven Board members. The Acting CEO and all other employees are employed under s39(1)(b) of the *Infrastructure Australia Act 2008*.

A breakdown of Infrastructure Australia's headcount as of 30 June 2023 can be found at tables 6 to 8.

Table 6: Number of full-time and part-time employees at 30 June 2023

	30 June 2023			30 June 2022		
	Ongoing	Non-ongoing	Total	Ongoing	Non-Ongoing	Total
Full time	26	7	33	22	3	25
Part time	4	9	13	4	14	18
Total	30	16	46	26	17	43

Table 7: Number of male and female employees at 30 June 2023

	30 June 2023			30 June 2022		
	Ongoing	Non-ongoing	Total	Ongoing	Non-Ongoing	Total
Male	15	8	23	15	7	22
Female	15	8	23	11	10	21
Total	30	16	46	26	17	43

Table 8: Location of employees at 30 June 2023

	30 June 2023			30 June 2022		
	Ongoing	Non-ongoing	Total	Ongoing	Non-Ongoing	Total
NSW	24	11	35	23	8	31
QLD	1	1	2	1	3	4
SA	-	1	1	-	1	1
TAS	-	-	-	-	1	1
VIC	5	2	7	2	3	5
WA	-	1	1	-	1	1
Total	30	16	46	26	17	43

Work Health and Safety

Infrastructure Australia is committed to ensuring the health and safety of its workers and any other person in the workplace.

As part of this commitment Infrastructure Australia has:

- Utilised technology options to allow employees to work remotely as required.
- Provided in person and online training in 2022–23 in relation to:
 - work health and safety
 - bullying, discrimination and harassment
 - embracing change
 - First aid training
- A work health and safety framework, which forms part of IA’s online training for all staff.
- Provided an Employee Assistance Program to all workers, which includes an expansive range of specialist support services.
- Provided ergonomic assessments to employees both at in the office and at home. The in-office workstations have safety features including adjustable seats and monitors and sit to stand desks.
- Made flu vaccinations available to all staff.
- Carried out quarterly WHS inspections of the office space.
- A secure office space, with restricted security pass access.

Incidents and accidents

In 2022-23, there were no claims for workers’ compensation 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*.

Ethical Standards

During 2022–23 Infrastructure Australia continued to demonstrate its commitment to promoting ethical standards and behaviours in the way we work and the products we deliver. These are underpinned by our Core Values and Sustainability Principles (see below):

Reportable Matter

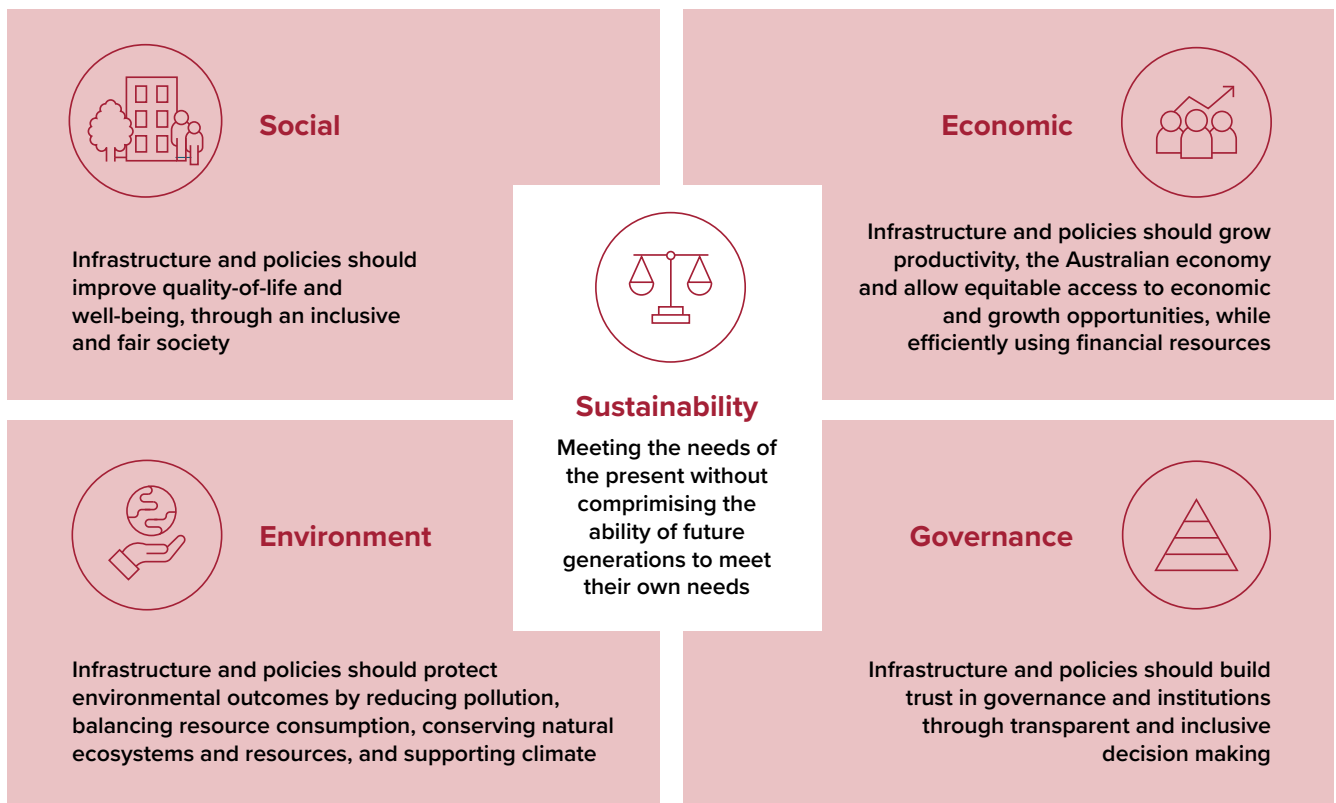
During the reporting period the Audit Risk & Compliance Committee had oversight of an investigation of a departing official of Infrastructure Australia in relation to the discharge of their general duties to act in good faith and for a proper purpose; to not misuse their position; and to not improperly use information for personal benefit. The Committee reported to the accountable authority which determined the alleged conduct of the official, to be a breach of the PGPA Act (general duties of officials) and Infrastructure Australia’s *Code of Conduct*. The alleged conduct of the official may have also reflected shortcomings in internal controls at the time.

The Infrastructure Australia Board reported the matter to the Responsible Minister in accordance with the Statement of Expectations dated 2 March 2022 and under section 19(1)(e) of the PGPA Act and took remedial action to reduce the risk of reoccurrence, including reviewing and implementing further internal controls. The Infrastructure Australia Board considered that a report to the responsible Minister was warranted, but the nature of the incident was not a significant non-compliance event involving ‘relevant money’ or ‘appropriations’ and therefore did not report the matter to the Finance Minister.

Core values



Sustainability principles



As part of Infrastructure Australia’s onboarding process new staff are informed about these Core Values, the Sustainability Principles, and Code of Conduct. They are further promoted through employment agreements, Infrastructure Australia’s Strategic Plan, Business Plans and in individual performance plans.

Risk management

Risk Framework

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

The risk management framework is implemented through the Risk Management Policy and risk register. The risk register identifies 13 key strategic risks in four categories, being:

1. Financial risks
2. People risks
3. Reputational risks
4. Operational risks.

A separate fraud risk register is also maintained.

The risk registers inform the strategic internal audit program, described in the next section.

As part of our ongoing work program, management monitors key strategic risks and the risk register is updated regularly in consultation with both the Audit, Risk and Compliance Committee and the Board.

Audit

Internal audit

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

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

In 2022–23, internal audits on Payroll processes and Business Continuity Planning were completed.

Indemnities and Insurance

During 2022–23 Infrastructure Australia held insurance arrangements through Comcover for general liability, professional indemnity, directors and officers' liability, and a range of other corporate insurance. We further held workers compensation cover through Comcare.

Annual Performance Statements

Statement of preparation

We, the Infrastructure Australia Board, as the accountable authority of Infrastructure Australia, present the 2022–23 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

Goal Objective: Influence governments' agenda for transformation in the sector

Metric & indicators	Outcome (2022-23)
75% of recommendations in the Australian Infrastructure Plan are endorsed or noted by the Commonwealth Government.	<i>Formal Government response to 2021 Australian Infrastructure Plan not received at time of publication.</i>
75% of proponents applying new guidance and tools from the IA Assessment Framework (2021 release) to submitted proposals.	100%
One or more independently identified infrastructure proposal(s) to the Infrastructure Priority List each year.	0 ¹
25% of all submissions received that respond to IA-identified proposals.	0% ¹
50% of relevant ² Australian Government budget funding commitments that come from the Infrastructure Priority List	73% ³

1. During the course of 2022-23, the Government response to the Independent Review of Infrastructure Australia recommended a variety of enhancements to products and services. Some of these proposed enhancements, including a shorter, more focused Infrastructure Priority List, do not require changes to legislation or the Statement of Expectations. In light of this recommendation, and while the revised approach to the Priority List is being considered, Infrastructure Australia did not seek additional proposals for inclusion on the list during 2022-23.

2. Relevant means total Australian Government funding of more than \$250 million (or funding for business case development where the Australian Government contribution is expected to be more than \$250 million) for transport, water, energy, or telecommunications infrastructure.

3. During 2022-23, there were two Australian Government budgets: October 2022, which had 11 relevant² funding commitments made (of which 8 were aligned with the Infrastructure Priority List); and May 2023, which made no relevant² funding commitments in the budget.

‘Way we work’ Strategic Goal - Advise

Goal Objective: Viewed as a trusted advisor to government on decision-making and policy

Metric & indicators	Outcome (2022-23)
75% of proponents surveyed are satisfied or highly satisfied with the level of engagement and quality of advice provided in the assessment of their proposal	90%
75% of stakeholders surveyed are satisfied or highly satisfied with the quality of Infrastructure Australia’s stakeholder engagement	96%
75% of stakeholders surveyed are satisfied or highly satisfied with the quality and rigour of Infrastructure Australia’s advice	95%
75% of stakeholders surveyed are satisfied or highly satisfied with the Australian Infrastructure Plan and believe it is practical and pragmatic	69% ⁴
75% of relevant stakeholders are satisfied or highly satisfied with the market capacity report to National Cabinet	96% Total 88% within Federal government employees or elected officials

⁴ The Australian Infrastructure Plan was released in 2021 and the surveyed result was 78% in the 2021-22 Annual Report, when the report was contemporary.

‘Way we work’ Strategic Goal - Capability

Goal Objective: Be a high performing workforce with diverse expertise supported by efficient systems

Metric & indicators	Outcome (2022-23)
Staff survey results show an Alignment and Engagement score in the top 25% of all other organisations surveyed	Top 15% of organisations

‘Way we work’ Strategic Goal - Social

Goal Objective: Improve the quality of life of people living in regional, remote areas and cities

Metric & indicators	Outcome (2022-23)
<p>Attribution</p> <p>Assess the societal impacts of 100% of business cases against quality of life, productivity, environment, sustainability, and resilience. Baseline and increase the percentage of proponents who complete this work over time.</p>	100%
<p>Contribution</p> <p>Australia ranks in top 5 OECD countries in the next 10 years in terms of quality-of-life, as measured by OECD Better Life Index.</p>	Australia ranks 7th amongst OECD countries (2020 Better Life Index)

‘Way we work’ Strategic Goal - Economic

Goal Objective: Guide the improved performance of networks

Metric & indicators	Outcome (2022-23)
<p>Attribution</p> <p>Assess the network and system integration of 100% of business case proposals. Baseline and increase the percentage of proponents who complete this work over time.</p>	100%
<p>Contribution</p> <p>Cost of living index remains stable or decreases over 10 years as measured by Australian Bureau of Statistics⁵</p>	2014-2023 Baseline 2.5% ⁵

5. 10 year time frame reflects the typical long-term nature of infrastructure benefit realisation. Figure based on average quarterly change over 10-year rolling period (2014-2023) of selected Living Costs Indexes, using data sourced from <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/selected-living-cost-indexes-australia/jun-2023>

‘Way we work’ Strategic Goal - Environment

Goal Objective: Have a net positive impact for current and future generations

Metric & indicators	Outcome (2022-23)
<p>Attribution</p> <p>Baseline and increase the percentage of projects involving infrastructure assets that will achieve net-zero emissions over their asset life.</p>	Baseline established at 100% for future years
<p>Contribution</p> <p>The infrastructure sector’s emissions are net-zero no later than 2050, as measured by Department of Climate Change, Energy, the Environment and Water in the annual National Greenhouse Gas Inventory.⁶</p>	2021 Baseline of 354.9 Mt CO _{2e} ⁶

6. “Infrastructure sector’s emissions” determined to be carbon dioxide equivalent (CO_{2e}) from the following subcategories directly related to the operation or construction of the infrastructure within Infrastructure Australia’s remit: 1.A.1 Energy Industries; 1.A.3 Transport; 1.B Fugitive Emissions From Fuels; 1.C.1 CCS Transport; 2.A.1 Cement Production; 2.A.2 Lime Production; 2.C Metal Industry; 5.D Wastewater treatment and discharge; using data sourced from <https://www.greenhouseaccounts.climatechange.gov.au/>

‘Way we work’ Strategic Goal - Governance

Goal Objective: Robust and transparent decision making

Metric & indicators	Outcome (2022-23)
<p>Attribution</p> <p>100% of Infrastructure Australia’s evaluations of business cases are published on our website within statutory timelines.</p>	100%
<p>Contribution</p> <p>100% of jurisdictions have consolidated 10-year pipelines for projects and concessions over \$20 million as measured by an audit conducted by Infrastructure Australia on publicly available information.</p>	11%

Other legislative requirements

Freedom of Information Act

In 2022–23, Infrastructure Australia received ten requests for access to documents under the Freedom of Information Act 1982 (the FOI Act).

A practical refusal was issued on two of these requests as no documents exist and another due to no response from the applicant in relation to a revised scope. All others were released in part. No internal reviews or reviews by the Australian Information Commissioner were requested.

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

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

Privacy

In 2022–23, Infrastructure Australia continued to collect, use, disclose, store and dispose of personal information in accordance with the Australian Privacy Principles. No data breaches were identified or reported.

Market research and advertising

As part of our commitment to continuous improvement, throughout 2022–23 Infrastructure Australia carried out a stakeholder engagement survey to measure stakeholder sentiment against our Corporate Plan measures. JWS Research was engaged to undertake

both quantitative and qualitative research with a range of stakeholders from the public and private sectors, including Federal, state and territory government, project proponents and industry.

The following amounts were paid by or on behalf of Infrastructure Australia in 2022–23:

- Advertising agencies: Nil
- Market research organisations: \$87,500 to JWS research Pty Ltd
- Polling organisations: Nil
- Direct mail organisations: Nil
- Media advertising organisations: Nil

Decisions of courts and tribunals

No judicial decisions or decisions of administrative tribunals were made in 2022–23 that had, or which may have, a significant effect on Infrastructure Australia’s operations.

Ecologically sustainable development and environmental performance

As required under the *Environmental Protection and Biodiversity Conservation Act 1999* (Cth) and in line with the Government’s APS Net Zero 2030 policy, Infrastructure Australia reports on how its activities accord with, and its outcomes contribute to, the principles of ecologically sustainable development, as well as the environmental impacts of its operations during the year, and measures taken to minimise these.

Table 11 below reports on our recordable emissions during 2022-23.

Table 11: Greenhouse Gas Emissions Inventory

Emission Source ¹	Scope 1 kg CO _{2e}	Scope 2 kg CO _{2e}	Scope 3 kg CO _{2e}	Total kg CO _{2e}
Electricity ²	N/A	16,389	1,347	17,736
Domestic Flights	N/A	N/A	46,172	46,172
Other Energy	-	N/A	-	-
Total	-	16,389	47,519	63,907

1 Infrastructure Australia does not use natural gas in its operations and does not have fleet vehicles

2 Location based approach

In 2022–23, Infrastructure Australia:

Responded to amendments of the Infrastructure Australia Act, following the passing of the *Climate Change Act 2022* (Cth) and the *Climate Change (Consequential Amendments) Act 2022* (Cth) by accounting for the reduction of greenhouse gas emissions when providing advice to the Australian Government, or in any of its plans, audits, and all business case evaluations.

- Published the *Guide to Assessing Greenhouse Gas Emissions (Interim)* in February 2023 to assist proponents with information on how to treat and account for greenhouse gases in their business case submissions to Infrastructure Australia.
- Commenced a body of research to estimate the scope of embodied carbon³ produced by Australia's infrastructure and buildings pipelines over the next five years, using data collected through the Market Capacity program. Refer to page 20 for more detail about the decarbonising infrastructure program.
- Maintained offices at 60 Martin Place, Sydney – a building which has been awarded 6 Stars under Green Star Design & As-Built v1 2020 by the Green Building Council of Australia, representing world leadership in building, design, and construction.
- In 2021 the building won the Property Council Australia – Rider Levett Bucknall NSW State Development of the Year Award, which celebrates the innovative and sustainable features of Sixty Martin Place, setting a new benchmark for design and cutting edge-technology.
- Sixty Martin Place is pursuing a WELL Platinum Rating. The well standard is made up of 100 features that address seven concepts; air, water, nourishment, light, fitness, comfort, and mind.
- Reduced the environmental impact associated with air travel through a significantly increased use of webinars for a range of product launches, consultation on the Australian Infrastructure Plan, Market Capacity, Regional Strengths and Infrastructure Gaps and Delivering Outcomes.

3. Greenhouse gas emissions associated with the production of materials, construction, and end of life stages of an asset.



Section four

Financial performance

Summary of Financial Performance

Revenue and expenditure

Infrastructure Australia is funded through government appropriations. We operate within our appropriation and have sufficient cash reserves to settle debts as and when they fall due.

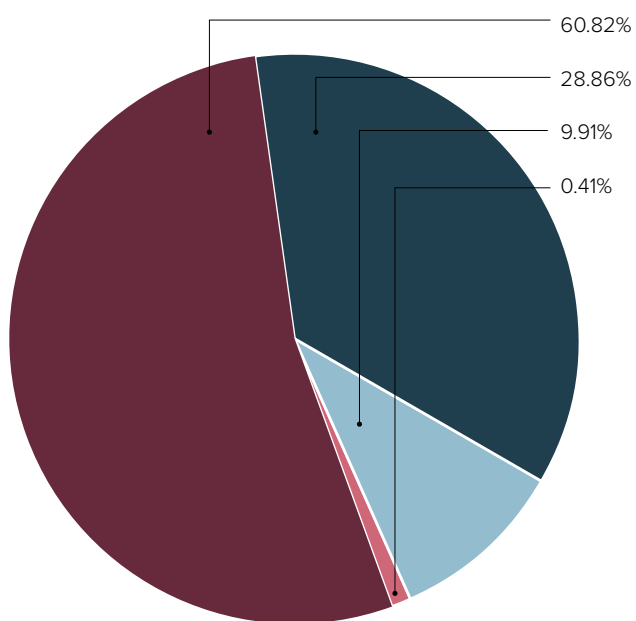
Infrastructure Australia reported a surplus of \$62,800 in 2022–23. This represents less than one per cent of our total appropriation.

Revenue

Infrastructure Australia's total income in 2022–23 was \$12,925,519. The vast majority of income is received from Government, from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, totaling \$12,524,000. Infrastructure Australia received an additional \$223,059 in relation to the delivery of a project within our Market Capacity program, and interest income totaling \$178,460.

Expenditure

Infrastructure Australia’s total expenses in 2022–23 were \$12,862,719, with the largest expenditure being in employee costs making up 61 per cent of total expenditure and supplier costs making up 29 per cent. Supplier costs are largely made up of contracted services. Our expenditure profile is represented below.



- Employee costs
- Supplier costs
- Depreciation and amortisation
- Finance costs and losses from asset disposal

Financial Position

As at 30 June 2023, Infrastructure Australia had net equity of \$3,100,977, representing assets of \$7,929,665 and liabilities of \$4,828,688.

Most significant asset balances related to cash and a right-of-use asset associated with Infrastructure Australia’s office lease.

Most significant liabilities relate to the lease liability associated with our office lease, and supplier payables.



INDEPENDENT AUDITOR’S REPORT

To the Minister for Infrastructure, Transport, Regional Development and Local Government

Opinion

In my opinion, the financial statements of the Infrastructure Australia (the Entity) for the year ended 30 June 2023:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2023 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2023 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

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

Accountable Authority’s responsibility for the financial statements

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

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

GPO Box 707, Canberra ACT 2601
 38 Sydney Avenue, Forrest ACT 2603
 Phone (02) 6203 7300

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Australian National Audit Office



Sean Benfield
Senior Executive Director
Delegate of the Auditor-General

Canberra
13 September 2023

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2023 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

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

Signed 

Gabrielle Trainor
Chair

12 September 2023

Signed 

Adam Copp
Chief Executive Officer

12 September 2023

Statement of Comprehensive Income

for the period ended 30 June 2023

Net cost of services	Notes	2023 \$	2022 \$	Original Budget \$
Expenses				
Employee benefits	1.1A	6,825,146	6,949,797	7,229,000
Suppliers	1.1B	4,711,969	4,570,077	4,295,000
Depreciation and amortisation	2.2A	1,275,138	1,269,339	1,281,000
Finance costs	1.1C	30,537	41,417	33,000
Losses from asset sales		19,929	3,981	-
Total expenses		12,862,719	12,834,611	12,838,000
Own-source income				
Own-source revenue				
Revenue from contracts with customers	1.2A	223,059	30,000	-
Interest	1.2B	178,460	12,126	105,000
Total own-source revenue		401,519	42,126	105,000
Net cost of services		(12,461,200)	(12,792,485)	(12,733,000)
Revenue from Government	1.2C	12,524,000	12,853,000	12,733,000
Surplus before income tax on continuing operations		62,800	60,515	-
Surplus after income tax on continuing operations		62,800	60,515	-

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

Budget Variances Commentary

Statement of Comprehensive Income

Expenses

Employee benefit expenses are under budget due to the delay in the recruitment of vacant positions, resulting from terminating employees and budgeted separation costs not utilised during the year. Additionally, there were savings due to vacant Board positions during the year, and a reduction to the number of Board members. Savings in budgeted employee benefit expenses were reallocated to supplier expenses to deliver projects where required.

Supplier expenses are over budget due to the utilisation of additional contractors to deliver projects, including the research project with Department of Climate Change, Energy, The Environment and Water (DCCEEW), and higher IT costs relating to hardware upgrades and software licences. These were offset in part by lower than budgeted travel costs where meetings were held virtually as opposed to in-person, and lower publication and launch costs resulting from the move to digital launches for products.

Depreciation is under budget due to the purchase of new IT equipment, including laptops, occurring later in the year than budget.

Losses from asset disposals relate to a number of IT assets that were either not compatible within our new ICT environment, or no longer functional.

Own Source Revenue

Revenue from contracts with customers is over budget due to a funding agreement with DCCEEW to deliver a research project. This contract was not budgeted. Additionally, interest received was higher than budget.

Statement of Financial Position

as at 30 June 2022

	Notes	2023 \$	2022 \$	Original Budget
Assets				
Financial assets				
Cash and cash equivalents	2.1A	4,895,682	4,429,574	4,745,000
Trade and other receivables	2.1B	180,195	270,521	34,000
Total financial assets		5,075,877	4,700,095	4,779,000
Non-financial assets¹				
Buildings	2.2A	482,723	724,084	482,000
Buildings - right-of-use	2.2A	1,808,612	2,712,916	1,809,000
Plant and equipment	2.2A	399,401	487,506	401,000
Prepayments		163,052	141,305	141,000
Total non-financial assets		2,853,788	4,065,811	2,833,000
Total assets		7,929,665	8,765,906	7,612,000
Liabilities				
Payables				
Suppliers	2.3A	1,300,077	1,253,033	1,053,000
Other payables	2.3B	84,182	49,392	61,000
Total payables		1,384,259	1,302,425	1,114,000
Interest bearing liabilities				
Leases	2.4A	2,333,680	3,468,357	2,334,000
Total interest bearing liabilities		2,333,680	3,468,357	2,334,000
Provisions				
Employee provisions	4.1A	877,819	726,494	893,000
Other provisions	2.5B	232,930	230,453	233,000
Total provisions		1,110,749	956,947	1,126,000
Total liabilities		4,828,688	5,727,729	4,574,000
Net assets		3,100,977	3,038,177	3,038,000

Notes	2023 \$	2022 \$	Original Budget
Equity			
Contributed equity	(1,263,525)	(1,263,525)	(1,263,000)
Reserves	(2,207)	(4,032)	(4,000)
Retained surplus	4,366,709	4,305,734	4,305,000
Total equity	3,100,977	3,038,177	3,038,000

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

1. Right-of-use assets are included in the following line items;

Buildings - right-of-use

Budget Variances Commentary

Statement of Financial Position

Financial Assets

Cash is higher than budget due to the higher payables at 30 June 2023.

Trade receivables are higher than budget due to funds receivable in relation to services provided to other government entities that were not budgeted, and GST receivable which was higher than budget.

Non-Financial Assets

Plant and equipment are on budget, and include additions and disposals of IT equipment during the financial year.

Prepayments are over budget due to several new prepayments being entered into during the year, in relation to memberships and subscriptions, and IT software.

Payables

Supplier payables are over budget due to high volumes of work carried out by contractors in late 2022-23. These relate to the delivery of the Market Capacity project, with significant deliverables in mid to late 2022-23, as well as the Embodied Carbon Emissions project with DCCEEW.

Interest bearing liabilities

The lease liability is lower than budget due to the July 2022 payment associated with the lease being recognised against lease liability as described under non-financial assets above.

Provisions

Employee provisions are lower than budget due to employee terminations.

Statement of Changes in Equity

for the period ended 30 June 2023

Contributed Equity	Notes	2023 \$	2022 \$	Original Budget
Contributed Equity				
Opening balance				
Balance carried forward from previous period		(1,263,525)	(1,263,525)	(1,263,000)
Adjusted opening balance		(1,263,525)	(1,263,525)	(1,263,000)
Closing balance as at 30 June		(1,263,525)	(1,263,525)	(1,263,000)
Retained Earnings				
Opening balance				
Balance carried forward from previous period		4,305,734	4,246,539	4,305,000
Adjustment to revaluation reserve		(1,825)	(1,320)	-
Adjusted opening balance		4,303,909	4,245,219	4,305,000
Comprehensive income				
Surplus/(Deficit) for the period		62,800	60,515	-
Total comprehensive income		62,800	60,515	-
Closing balance as at 30 June		4,366,709	4,305,734	4,305,000
Asset Revaluation reserve				
Opening balance				
Balance carried forward from previous period		(4,032)	(5,352)	(4,000)
Adjustment to revaluation reserve		1,825	1,320	-
Adjusted opening balance		(2,207)	(4,032)	(4,000)
Closing balance as at 30 June		(2,207)	(4,032)	(4,000)
Total equity				
Opening balance				
Balance carried forward from previous period		3,038,177	2,977,662	3,038,000
Adjusted opening balance		3,038,177	2,977,662	3,038,000

Contributed Equity	Notes	2023 \$	2022 \$	Original Budget
Comprehensive income				
Surplus/(Deficit) for the period		62,800	60,515	-
Total comprehensive income		62,800	60,515	-
Closing balance as at 30 June		3,100,977	3,038,177	3,038,000

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

Retained Earnings

Retained earnings are over budget by the reportable surplus in the current financial year.

Asset Revaluation

Asset revaluation amounts and other comprehensive income relate to the disposal of non-financial assets that were revalued in June 2020 and disposed of throughout 2023 financial year.

Cash Flow Statement

for the period ended 30 June 2023

Notes	2023 \$	2022 \$	Original Budget
Operating activities			
Cash received			
Receipts from Government	12,524,000	12,853,000	12,733,000
Goods and services	223,059	30,000	-
Interest	175,666	10,911	105,000
GST received	517,348	731,459	38,000
Other	-	-	198,000
Total cash received	13,440,073	13,625,370	13,074,000
Cash used			
Employees	6,657,332	7,633,233	7,051,000
Suppliers	5,092,601	6,824,310	4,495,000
Interest payments on lease liabilities	28,059	41,417	31,000
Other		-	-
Total cash used	11,777,992	14,498,960	11,577,000
Net cash used by operating activities	1,662,081	(873,590)	1,497,000
Investing activities			
Cash used			
Purchase of property, plant and equipment	61,297	99,107	48,000
Total cash used	61,297	99,107	48,000
Net cash used by investing activities	(61,297)	(99,107)	(48,000)

	Notes	2023 \$	2022 \$	Original Budget
Financing activities				
Cash used				
Principal payments of lease liabilities		1,134,676	1,076,023	1,134,000
Total cash used		1,134,676	1,076,023	1,134,000
Net cash used by financing activities		(1,134,676)	(1,076,023)	(1,134,000)
Net decrease in cash held		466,108	(2,048,720)	315,000
Cash and cash equivalents at the beginning of the reporting period	2.1A	4,429,574	6,478,294	4,430,000
Cash and cash equivalents at the end of the reporting period	2.1A	4,895,682	4,429,574	4,745,000

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

Budget Variances Commentary

Cash Flow Statement

Cash received

Cash received is higher than budget due to funds received for the research project with DCCEEW that were not budgeted, and higher interest rates contributing to higher interest income not budgeted.

Cash used

Cash used is higher than budget due to the payment of the large volume of supplier payables, reported at 30 June 2022, and the costs associated with the DCCEEW research project.

Cash used for the purchase of property, plant and equipment is over budget due to the purchase of new IT equipment that was unbudgeted.

Notes to and forming part of the Financial Statements

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The Basis of Preparation

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

The financial statements have been prepared in accordance with:

- a. Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR); and
- b. Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 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.

New Accounting Standards

All new, revised, 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 Infrastructure Australia’s financial statements.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	<p>AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the reduced disclosure requirements (RDR) framework.</p> <p>The application of AASB 1060 involves some reduction in disclosure compared to the RDR with no impact on the reported financial position, financial performance and cash flows of the entity.”</p>

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.



Overview

Objectives of the Entity

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

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

Infrastructure Australia is structured to meet the following outcome:

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

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

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

The Basis of Preparation

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

The financial statements have been prepared in accordance with:

- a. Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR); and
- b. Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 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.

New Accounting Standards

Adoption of New Australian Accounting Standard Requirements

Adoption of New Australian Accounting Standard Requirements

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions ¹ , and adjustment to financial statements
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2) and	AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is considered a change in accounting policy compared to a change in accounting estimate.
AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (AASB 2021-6)	AASB 2021-6 amends the Tier 2 reporting requirements set out in AASB 1049, AASB 1054 and AASB 1060 to reflect the changes made by AASB 2021-2. The details of the changes in accounting policies and adjustments are disclosed below and in the relevant notes to the financial statements. This amending standard is not expected to have a material impact on Infrastructure Australia’s financial statements for the current reporting period or future reporting periods.

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 2023.

1.1 Expenses

	2023 \$	2022 \$
1.1A: Employee benefits		
Wages and salaries	5,502,345	5,835,854
Superannuation		
Defined contribution plans	613,564	574,956
Leave and other entitlements	709,237	538,987
Total employee benefits	6,825,146	6,949,797

Accounting Policy

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

	2023 \$	2022 \$
1.1B: Suppliers		
Goods and services supplied or rendered		
Consultants	2,191,779	2,287,821
Contractors	625,720	734,378
Travel	276,008	136,873
Property operating costs	228,715	198,885
Publications and subscriptions	62,305	151,951
Recruitment expenses	132,633	19,275
Training, conferences and seminars	273,223	87,552
Audit fees - external	40,000	38,000
Audit fees - internal	53,680	74,560
Stationery, printing and postage	16,015	47,980
IT services	722,887	685,569
Other	89,004	107,233
Total goods and services supplied or rendered	4,711,969	4,570,077

	2023 \$	2022 \$
Goods supplied	398,878	275,773
Services rendered	4,313,091	4,294,304
Total goods and services supplied or rendered	4,711,969	4,570,077

Accounting Policy

Leasing Commitments

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

	2023 \$	2022 \$
1.1C Finance costs		
Interest on lease liabilities	30,537	41,417
Total finance costs	30,537	41,417

1.2 Own Source Revenue and gains

	2023 \$	2022 \$
Own-Source Revenue		
1.2A: Revenue from contracts with customers		
Rendering of services	223,059	30,000
Total revenue from contracts with customers	223,059	30,000

Disaggregation of revenue from contracts with customers		
Type of customer:	223,059	30,000
Australian Government entities (related parties)	223,059	30,000

Accounting Policy

Revenue from the sale of goods is recognised when control has been transferred to the buyer.

AASB15 has been applied to all contracts from the date of initial application.

Infrastructure Australia's principal activity from which it generates its revenue from contracts with customers is cost recovery of project management services.

The transaction price is the total amount of consideration to which Infrastructure Australia expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

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

	2023 \$	2022 \$
1.2B: Interest		
Deposits at bank	178,460	12,126
Total interest	178,460	12,126

Accounting Policy

Interest revenue is recognised using the effective interest method.

	2023 \$	2022 \$
Gains		
1.2C: Revenue from Government		
Corporate Commonwealth entity payment item	12,524,000	12,853,000
Total revenue from Government	12,524,000	12,853,000

Accounting Policy

Revenue from Government

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

Financial Position

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

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

2.1 Financial Assets

	2023 \$	2022 \$
2.1A: Cash and cash equivalents		
Cash on hand or on deposit	4,895,682	4,429,574
Total cash and cash equivalents	4,895,682	4,429,574

Accounting Policy

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

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

	2023 \$	2022 \$
2.1B: Trade and other receivables		
Goods and services receivables		
Goods and services	26,488	198,528
Total goods and services receivables	26,488	198,528
Other receivables		
Goods and Services Tax receivable	131,256	70,637
Employee receivables	18,300	-
Interest Receivables	4,151	1,356
Total other receivables	153,707	71,993
Total trade and other receivables	180,195	270,521

Accounting Policy

Trade and other receivables

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

All receivables are assessed for impairment on balance date. Credit terms for goods are services were within 30 days (2022: 30 days).

2.2 Non-Financial Assets

	Buildings - leasehold improvement \$	Buildings - right-of-use asset \$	Plant and equipment \$	Total \$
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2.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles¹

As at 1 July 2022				
Gross book value	1,206,806	4,743,509	714,672	6,664,987
Accumulated depreciation, amortisation and impairment	(482,722)	(2,030,593)	(227,166)	(2,740,481)
Total as at 1 July 2022	724,084	2,712,916	487,506	3,924,506
Recognition of service concession assets on initial application of AASB 1059	-	-	-	-
Adjusted total as at 1 July 2022	724,084	2,712,916	487,506	3,924,506
Additions				
Purchase or internally developed	-	-	61,297	61,297
Depreciation and amortisation	(241,361)	-	(129,473)	(370,834)
Depreciation on right-of-use assets	-	(904,304)	-	(904,304)
Revaluations recognised in asset revaluation reserve	-	-	-	-
[Disclose by class]	-	-	-	-
Other movements of right-of-use assets	-	-	-	-
Disposals	-	-	-	-
Other	-	-	(19,929)	(19,929)
Total as at 30 June 2023	482,723	1,808,612	399,401	2,690,736
Total as at 30 June 2023 represented by				
Gross book value	1,206,806	4,743,509	674,570	6,624,885
Accumulated depreciation, amortisation and impairment	(724,083)	(2,934,897)	(275,169)	(3,934,149)
Total as at 30 June 2023	482,723	1,808,612	399,401	2,690,736
Carrying amount of right-of-use assets	-	1,808,612	-	1,808,612
Carrying amount of service concession assets	-	-	-	-

Revaluations of non-financial assets and intangible assets

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

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

No indicators of impairment have been identified over the above non-financial assets as at 30 June 2023.

No assets have been held for collateral as at 30 June 2023.

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'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 \$1,500, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Lease Right of Use (ROU) Assets

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

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

Revaluations

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

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

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

Depreciation

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

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

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

Asset class	2023	2022
Buildings (right-of-use asset)	Shorter of lease term or expected useful economic life	Shorter of lease term or expected useful economic life
Buildings (leasehold improvements)	Shorter of lease term or expected useful economic life	Shorter of lease term or expected useful economic life
Plant and equipment	3 to 10 years	3 to 10 years

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

Impairment

All assets were assessed for impairment at 30 June 2023. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

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

Accounting Judgements and Estimates

Fair value of assets have been rolled forward from the previous valuation. No material change has been identified that would trigger a valuation at 30 June 2023.

2.3 Payables

	2023 \$	2022 \$
2.3A: Suppliers		
Trade creditors and accruals	1,123,136	1,241,326
Payable to the Department of Climate Change, Energy, the Environment and Water (2022:Department of Infrastructure, Transport, Regional Development, Communications and the Arts)	176,941	11,707
Total suppliers	1,300,077	1,253,033

Settlement is usually made within 30 days.

	2023 \$	2022 \$
2.3B: Other payables		
Salaries and wages	20,559	2,398
Superannuation	63,623	46,994
Total other payables	84,182	49,392

2.4 Interest Bearing Liabilities

	2023 \$	2022 \$
2.4A: Leases		
Lease liabilities	2,333,680	3,468,357
Total leases	2,333,680	3,468,357

Maturity analysis - contractual undiscounted cash flows		
Within 1 year	1,209,557	1,165,213
Between 1 to 5 years	1,147,299	2,356,856
Total leases	2,356,856	3,522,069

Total cash outflow for leases for the year ended 30 June 2023 was \$1,161,530 (2022: \$1,118,922)

Accounting Policy

For all new contracts entered into, Infrastructure Australia considers whether the contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department’s incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

Infrastructure Australia currently holds two leases in relation to office premises and car parking space. Each lease has a 5 year term with an option to renew for a period of 4 years, and includes an escalation clause of 3.75% per annum. At date of reporting, it is not confirmed if the option will be taken up. The lease liability value was determined using an incremental borrowing rate of 1.07% per annum.

2.5 Other Provisions

	Provision for restoration \$	Total \$
2.5A: Other Provisions		
As at 1 July 2022	230,453	230,453
Additional provisions made	2,477	2,477
Total as at 30 June 2023	232,930	232,930

Infrastructure Australia currently has one (2022: one) agreement for the leasing of premises which has provisions requiring the entity to restore the premises to their original condition at the conclusion of the lease. The entity has made a provision to reflect the present value of this obligation.

Accounting Policy

Lease make good

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

Accounting Judgements and Estimates

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

Funding

This section identifies Infrastructure Australia’s funding structure.

3.1 Net Cash Appropriation Arrangements

	2023 \$	2022 \$
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations	1,337,938	1,329,854
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) ¹	(370,834)	(363,837)
Plus: depreciation of right-of-use assets ²	(904,304)	(905,502)
Net Cash Operating Surplus³	62,800	60,515

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

	2023	2022
	\$	\$
4.1A: Employee provisions		
Annual leave	331,522	357,128
Long service leave	546,297	369,366
Total employee provisions	877,819	726,494

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.

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

Leave

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

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

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

Superannuation

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

The liability for superannuation recognised as at 30 June 2023 represents outstanding contributions.

Accounting Judgements and Estimates

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

4.2 Key Management Personnel Remuneration

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

	2023 \$	2022 \$
4.2: Employee provisions		
Short-term employee benefits	991,140	1,209,315
Post-employment benefits	79,555	98,827
Other long-term employee benefits	33,292	(17,872)
Termination benefits	-	-
Total key management personnel remuneration expenses¹	1,103,987	1,290,270

The total number of key management personnel that are included in the above table are 16 (2022: 21).

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

4.3 Related Party Disclosures

Related party relationships:

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

Transactions with related parties:

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

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, 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 contingencies (2022: 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

	2023 \$	2022 \$
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5.2A: Categories of financial instruments

Financial assets at amortised cost		
Cash on hand or on deposit	4,895,682	4,429,574
Trade and other receivables	180,195	270,521
Total financial assets at amortised cost	5,075,877	4,700,095
Total financial assets	5,075,877	4,700,095

Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	1,300,077	1,253,033
Total financial liabilities measured at amortised cost	1,300,077	1,253,033
Total financial liabilities	1,300,077	1,253,033

Accounting Policy

Financial assets

In accordance with AASB 9 Financial Instruments, Infrastructure Australia classifies its financial assets in the following categories:

- a) financial assets measured at amortised cost.

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

Financial Assets at Amortised Cost

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

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

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of Financial Assets

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

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

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

Financial Liabilities

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

Financial Liabilities at Amortised Cost

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

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

	2023 \$	2022 \$
5.2B: Net gains or losses on financial assets		
Financial assets at amortised cost		
Interest revenue	178,460	12,126
Net gains/(losses) on financial assets at amortised cost	178,460	12,126
Net gains on financial assets	178,460	12,126

Other information

6.1 Current/non-current distinction for assets and liabilities

	20223 \$	2022 \$
6.1A: Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	4,895,682	4,429,574
Trade and other receivables	180,195	270,521
Prepayments	163,052	141,306
Total no more than 12 months	5,238,929	4,841,401
More than 12 months		
Buildings	482,723	724,084
Buildings - right-of-use	1,808,612	2,712,916
Plant and equipment	399,401	487,506
Total more than 12 months	2,690,736	3,924,506
Total assets	7,929,665	8,765,907
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	1,300,077	1,253,032
Other payables	84,182	49,392
Leases	1,191,478	1,134,676
Employee provisions	506,922	457,882
Total no more than 12 months	3,082,659	2,894,982
More than 12 months		
Leases	1,142,202	2,333,681
Employee provisions	370,897	268,612
Other provisions	232,930	230,454
Total more than 12 months	1,746,029	2,832,747
Total liabilities	4,828,688	5,727,729

Section five

Appendix A:

List of requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17BE	Contents of annual report		
17BE(a)	Section 3 – Governance p21	Details of the legislation establishing the body.	Mandatory
17BE(b)(i)	Section 3 – Governance p22	A summary of the objects and functions of the entity as set out in legislation.	Mandatory
17BE(b)(ii)	Section 3 – Governance p22	The purposes of the entity as included in the entity’s corporate plan for the reporting period.	Mandatory
17BE(c)	Section 3 – Governance p21	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers.	Mandatory
17BE(d)	Nil given	Directions given to the entity by the Minister under an Act or instrument during the reporting period.	If applicable, mandatory
17BE(e)	Not applicable	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act.	If applicable, mandatory
17BE(f)	Not applicable	Particulars of non-compliance with: <ol style="list-style-type: none"> a. a direction given to the entity by the Minister under an Act or instrument during the reporting period; or b. a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act. 	If applicable, mandatory
17BE(g)	Section 3 – Governance p35	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17BE	Contents of annual report		
17BE(h),17BE(i)	Nil to report	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance.	If applicable, mandatory
17BE(j)	Section 1 – Overview – p12-15	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period.	Mandatory
17BE(k)	Section 1 – Overview – p16	Outline of the organisational structure of the entity (including any subsidiaries of the entity).	Mandatory
17BE(ka)	Section 3 – Governance – p31	Statistics on the entity’s employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> a. statistics on full-time employees; b. statistics on part-time employees; c. statistics on gender; d. statistics on staff location. 	Mandatory
17BE(l)	Section 3 – Governance – p28	Outline of the location (whether or not in Australia) of major activities or facilities of the entity.	Mandatory
17BE(m)	Section 3 – Governance – p21-28	Information relating to the main corporate governance practices used by the entity during the reporting period.	Mandatory
17BE(n), 17BE(o)	Nil to report	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): <ul style="list-style-type: none"> a. the decision making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and b. the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions. 	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17BE	Contents of annual report		
17BE(p)	Nil to report	Any significant activities and changes that affected the operation or structure of the entity during the reporting period.	If applicable, mandatory
17BE(q)	Nil to report	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity.	If applicable, mandatory
17BE(r)	Nil to report	Particulars of any reports on the entity given by: <ol style="list-style-type: none"> the Auditor-General (other than a report under section 43 of the Act); or a Parliamentary Committee; or the Commonwealth Ombudsman; or the Office of the Australian Information Commissioner. 	If applicable, mandatory
17BE(s)	Nil to report	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report.	If applicable, mandatory
17BE(t)	Nil to report	Details of any indemnity that applied during the reporting 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).	If applicable, mandatory
17BE(taa)	Section 3 – Governance – p25-27	The following information about the audit committee for the entity: <ol style="list-style-type: none"> direct electronic address of the charter determining the functions of the audit committee; the name of each member of the audit committee; the qualifications, knowledge, skills or experience of each member of the audit committee; information about each member's attendance at meetings of the audit committee; the remuneration of each member of the audit committee. 	Mandatory
17BE(ta)	Section 3 – Governance – p30	Information about executive remuneration.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17BF	Contents of annual report		
17BF(1)(a)(i)	Not applicable	An assessment of significant changes in the entity's overall financial structure and financial conditions.	If applicable, mandatory
17BF(1)(a)(ii)	Not applicable	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions.	If applicable, mandatory
17BF(1)(b)	Nil to report	Information on dividends paid or recommended.	If applicable, mandatory
17BF(1)(c)	Nil to report	<p>Details of any community service obligations the government business enterprise has including:</p> <ul style="list-style-type: none"> a. an outline of actions taken to fulfil those obligations; and b. an assessment of the cost of fulfilling those obligations. 	If applicable, mandatory
17BF(2)	Not applicable	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise.	If applicable, mandatory

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

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