



**Infrastructure
Australia**

October 2019

Annual Report

Infrastructure Australia
Report to Parliament 2018–19



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

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

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

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

15 October 2019

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

Dear Deputy Prime Minister,

I am pleased to present the Annual Report of Infrastructure Australia for the period ending 30 June 2019 on behalf of the Infrastructure Australia Board.

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

The report has been prepared in accordance with the requirements of s46 of the *Public Governance, Performance and Accountability Act 2013* and s39C of the *Infrastructure Australia Act 2008*. It was approved by a resolution of the Board on 11 October 2019.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Julieanne". The signature is written in a cursive, flowing style.

Julieanne Alroe
Chair





Chair's foreword

Annual report to Parliament

Infrastructure Australia, the nation's independent infrastructure advisor, is tasked with improving the quality of Australia's infrastructure to deliver better community outcomes now and into the future.

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

Infrastructure Australia continues to provide a forward-looking view of Australia's infrastructure needs, giving clear sight of the challenges and opportunities that will impact on living standards and our future prosperity. This vision is grounded in independent, evidence-based analysis, cross-sectoral research and engagement with stakeholders

across government, industry and the community.

Australia's infrastructure needs are changing rapidly and sustained investment and reform is required to meet the challenges ahead. We are facing a changing climate, a re-ordering of the world economy and a reshaping of global institutions and norms. Closer to home, our population is growing and changing, the structure of the economy is shifting and rapid technology change is fundamentally transforming our day-to-day lives.

For this reason, Infrastructure Australia is focused on building a national consensus on the solutions we need most and providing clear guidance to decision makers on the best use of public infrastructure funding.

Guiding nationally-significant investment

Over the past 12 months, our work with industry and government to develop the *Infrastructure Priority List* has delivered a clear investment pathway for the nation.

Published annually and updated as we receive and assess new business cases, the Priority List identifies the infrastructure gaps, emerging opportunities and investments that will have the greatest impact for Australian communities in the long term. At the close of the 2018–19 financial year, the *Infrastructure Priority List* identified 125 nationally significant proposals and a record \$60 billion project pipeline, made up of 22 Projects and 103 Initiatives.

Each proposal included on the Priority List was assessed using our publicly available Assessment Framework. The Framework guides proponents to clearly demonstrate the problem or opportunity that a given project is trying to solve, whether it has strategic value and whether it represents good value for taxpayers. This clear and transparent model for infrastructure decision-making ensures that governments, industry and the community can be confident in future infrastructure investments chosen from the Priority List.

In the 2019 *Infrastructure Priority List*, we independently identified forward-thinking and innovative solutions to meet emerging trends in infrastructure demand. This included identifying the need for a national fast-charging network for electric vehicles and investment to improve the connectivity, reliability and optimisation of our National Electricity Market to support energy security.

These kinds of innovative solutions will be critical if the next 15 years of infrastructure planning and service provision are to deliver on community expectations.

Infrastructure Australia collaborates with proponents, government officials and their advisors to improve the quality of business case development and infrastructure service delivery across the country.

Since 2017, we have run a national series of Business Case Improvement workshops, which have been attended by more than 300 stakeholders. These workshops create a forum to discuss cost-benefit analysis in infrastructure business cases, improving the quality of infrastructure proposals submitted to the *Infrastructure Priority List* and raising the standard of future infrastructure investments.

An assessment of Australia's future infrastructure needs

For the past 12 months, Infrastructure Australia has been engaging with community, industry and peak bodies across sectors to inform the development of the 2019 *Australian Infrastructure Audit*. Released every four years, the Audit reports on the performance of our existing infrastructure networks and assets, and identifies the challenges and opportunities sectors will face in the coming 15 years.

On Friday 28 June, I was proud to provide the 2019 *Australian Infrastructure Audit* to our Minister, the Deputy Prime Minister, the Hon. Michael McCormack MP. This significant document is the culmination of 12 months' work, and will act as an evidence base to focus investment and reform on the key issues facing Australia's infrastructure.

The 2019 Audit puts the community at the centre of infrastructure decision-making, measuring service delivery against the key outcomes of access, quality and cost. It covers the infrastructure sectors of transport, energy, water, telecommunications and – for the first time – social infrastructure. We have taken a wide view of social infrastructure, and considered the challenges and opportunities facing schools and tertiary education, hospitals and aged care, social housing, justice and emergency services, arts and culture, and green, blue and recreational infrastructure. The Audit is a truly collaborative document with 150 contributors and more than 5,000 people surveyed as part of our community research. Most importantly, the Audit brings together the views and experiences of industry. It is not solely Infrastructure Australia’s view, but a common benchmark from which to drive long-term investment and reform.

The Audit examines Australia’s infrastructure needs and strategically assesses the drivers of future demand. The findings of the 2019 Audit will inform the recommendations in the next *Australian Infrastructure Plan* (due for release in 2021), which acts as a roadmap for infrastructure reform and will consider each challenge and opportunity identified in the Audit that requires action via policy reform. Likewise, future updates to the *Infrastructure Priority List* will respond to challenges and opportunities that require action via infrastructure investment.

“Australia’s infrastructure needs are changing rapidly and sustained investment and reform is required to meet the challenges ahead. We are facing a changing climate, a re-ordering of the world economy and a reshaping of global institutions and norms.”

Julianne Alroe,
Chair, Infrastructure Australia.

Strengthening the evidence base for infrastructure planning and reform

In advance of the release of the 2019 Audit, Infrastructure Australia continued to strengthen the evidence base for infrastructure planning and reform with the release of two Reform Series papers in 2018. As ever, our Reform Series acts to provoke the national conversation on infrastructure needs and maintain momentum on the reform recommendations of the last *Australian Infrastructure Plan*.

Between 2017 and 2047, Australia’s population is projected to increase by over 11 million people. Around 80% of this growth will occur in our five largest cities – Sydney, Melbourne, Brisbane, Perth and Adelaide. Understanding this, Infrastructure Australia’s most recent Reform Series publications provided advice to Australia’s governments on how best to respond to growth in Australia’s five largest cities.

Released in October 2018, *Outer Urban Public Transport: Improving accessibility in lower-density areas* assessed the quality and accessibility of public transport services in Australia’s largest cities and presented a reform agenda for improving public transport in outer urban areas. This paper was followed in December 2018 with the release of *Planning Liveable Cities: A place-based approach to sequencing infrastructure and growth*, which provided advice to governments, industry and the community on how to appropriately sequence the delivery of housing and infrastructure, a critical issue in our rapidly growing cities.

Creating liveable places, where infrastructure networks meet community needs, is not optional for governments; it is essential. Liveability is intrinsically linked to economic growth and will play a key role in maximising the opportunities of population growth in our cities in the future.



February 2019 launch of Infrastructure Priority List L–R: Deputy Prime Minister, the Hon. Michael McCormack, Infrastructure Australia Chair Julieanne Alroe, Acting Chief Executive Anna Chau, Incoming Chief Executive Romilly Madew AO and Secretary of the Department of Infrastructure, Transport, Cities and Regional Development Steven Kennedy.

The needs of the community are at the centre of Infrastructure Australia’s work, encouraging us to collaborate and interrogate the solutions available to us. To help Australians better understand how infrastructure trends will impact them, and to improve the capacity of proponents to engage with our independent research and assessment process, Infrastructure Australia completed significant work in 2018–19 to improve the accessibility and usability of our website: www.infrastructureaustralia.gov.au

Looking forward, the release of the *Australian Infrastructure Audit* in August 2019 is just the starting point to addressing the major challenges and opportunities facing Australia’s infrastructure networks. In the latter half of 2019, we will invite submissions from governments, industry experts and peak bodies, academics, community groups and individual Australians to respond to the Audit, submit proposals to meet the key challenges and opportunities identified, and contribute to the national evidence base for infrastructure solutions.

In this way, Infrastructure Australia will ensure our advice reflects diverse evidence and opinions about the role infrastructure should play for decades to come, and that infrastructure planning remains firmly grounded in community needs.

Julieanne Alroe
Chair, Infrastructure Australia

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Overview

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

Established under the *Infrastructure Australia Act 2008*, Infrastructure Australia is an independent statutory body with a mandate to advise governments, industry and the community on the investments and reforms needed to deliver better infrastructure for all Australians.

We maintain the *Infrastructure Priority List* to ensure that public funds are directed towards projects that will deliver the best outcomes for our growing communities.

Our rigorous and independent analysis identifies infrastructure needs and opportunities, to ensure that our infrastructure funds are spent where they are needed most.

We also develop research and advice on the broader opportunities for infrastructure

reform, and publish new and interactive data to support better infrastructure decision-making.

Working closely and collaboratively with stakeholders across government and the infrastructure sector, our focus is on raising the quality of infrastructure planning and delivery throughout Australia.

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



Infrastructure Australia's five-year policy cycle

Australian Infrastructure Audit

Every five years the *Australian Infrastructure Audit* takes a forward-looking view to assessing our nation's infrastructure needs, and examines future challenges and opportunities.

Australian Infrastructure Plan

Following the Audit, the *Australian Infrastructure Plan* provides a roadmap for infrastructure reform that responds to the challenges and opportunities identified in the Audit. The Plan sets out detailed recommendations to deliver better infrastructure for all Australians.

Infrastructure Priority List

The *Infrastructure Priority List* is an annual prioritised list of nationally significant investments. It provides decision makers with advice and guidance on specific infrastructure investments that will underpin Australia's continued prosperity. It draws on evidence from the Audit and proposals from proponents around Australia.

Prioritising Reform

Prioritising Reform provides a two-yearly update on the progress of infrastructure reform identified in the *Australian Infrastructure Plan*.

The *Australian Infrastructure Audit* acts as the foundation for Infrastructure Australia's reform and investment recommendations. The Audit, released every five years, takes a forward-looking view to assess our nation's infrastructure needs and examines future challenges and opportunities. The document considers fifteen years into the future, as well as the period since the last Audit.

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

The *Australian Infrastructure Plan* sets out policy responses to the infrastructure needs identified in the Audit. It is intended to support the ambitions of Australia's governments, as well as industry and community. The next Plan will be released in 2021.

Infrastructure Australia publishes additional data and research on how best to implement the reform recommendations of the Plan via the Reform Series, a series of advisory papers for government, industry and communities. The Reform Series allows Infrastructure Australia to support the momentum of reform and to spark national conversations about what we want to get out of our infrastructure networks and steps to get there.

Australia's infrastructure priorities

The *Infrastructure Priority List* is a consensus list of nationally significant challenges, opportunities and investment-ready projects for the short, medium and longer term. It provides decision makers with specific infrastructure investments that will deliver better infrastructure services for our communities and support Australia's continued prosperity. The 2019 *Infrastructure Priority List* was developed using data from the *Australian Infrastructure Audit*, and more than 100 submissions from state and territory governments, industry and the community. Defining Australia's most pressing infrastructure needs, the Priority List provides government, the community, industry and investors with a clear understanding of the nation's future spending priorities.

Infrastructure Australia relies on a robust assessment process to independently evaluate infrastructure proposals and ensure they offer the best use of public infrastructure funds. This process,

grounded in principles of transparency, supports community confidence in future infrastructure investments. The publicly available Infrastructure Australia Assessment Framework sets out the process by which Infrastructure Australia assesses any given proposal and provides actionable guidance on the information and economic analysis required for a project to be included on the Priority List.

Infrastructure Australia could not deliver on its mandate without the support of and close collaboration with Australia's governments and industry. Infrastructure Australia works with proponents throughout the assessment process to support the development of strong business cases and regularly updates the Assessment Framework to ensure it is practical and easy to use for proponents. Infrastructure Australia also runs a program of Business Case Improvement workshops across the country with proponents and their advisors to support best practice in infrastructure planning.



Vision, mission and strategic goals

Vision

Infrastructure Australia’s purpose is to:

1. Improve decision-making on matters relating to infrastructure.
2. Advise governments and others on infrastructure matters, including the better assessment of infrastructure needs and prioritisation of infrastructure projects.

3. Promote best practice in infrastructure planning, financing, delivery and operation.

Infrastructure Australia’s Corporate Plan 2018–19 to 2021–22 sets out how the organisation will achieve its purpose. The Corporate Plan outlines Infrastructure Australia’s vision, mission and strategic goals, as detailed in **Table 1**.

Table 1: Infrastructure Australia’s vision, mission and strategic goals

<h3>Vision</h3> <p>Infrastructure services that enhance Australians’ future quality of life.</p> <h3>Mission</h3> <p>Provide leadership through independent advice and long-term infrastructure planning, as a champion of best practice and reform.</p>	<h3>Strategic goals</h3> <ol style="list-style-type: none">1 Lead and inform debate about infrastructure policies and reforms across all infrastructure sectors.2 Establish a long-term pipeline of nationally significant, productivity-enhancing infrastructure priorities.3 Develop an evidence base to underpin national infrastructure decision-making.4 Continuously improve the standard of business cases for infrastructure investment.5 Develop the capability of Infrastructure Australia’s systems and people and ensure Infrastructure Australia meets its legislative obligations.
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Performance against the strategic goals in Infrastructure Australia’s Corporate Plan is reported in the Annual Performance Statements at **page 42**.



Infrastructure
Australia



Australian Infrastructure Audit 2019

An Assessment of Australia's
Future Infrastructure Needs

www.infrastructure.gov.au



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Members of the Board



Julieanne Alroe

Board Member:

1 June 2015 –
31 October 2017

Chair:

1 September 2017 –
31 August 2020

Julieanne Alroe is the Chair of Infrastructure Australia, the Queensland Ballet and of ERM Power Ltd. In addition, Ms Alroe is a member of the University of Queensland Senate. She is also a Member of the Committee for Brisbane Advisory Board, the Council of Governors of the American Chamber of Commerce QLD (AMCHAM) and is the Inaugural President of the Queensland Futures Institute (QFI).

Julieanne Alroe retired in June 2018 from Brisbane Airport Corporation (BAC) where she held the position of CEO and Managing Director since 1 July 2009. Julieanne has a Bachelor of Economics from the University of Queensland and was granted the Doctor of the Griffith University (*honoris causa*) in December 2016. She also is a Member of the Australian Institute of Company Directors and a member of the Chief Executive Women (CEW).



**Peter Corish
AM**

Board Member:

1 September 2014 –
31 October 2017;
1 September 2017 –
31 July 2021

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

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



Andrew Ethell

Board Member:

1 September 2017 –
30 November 2019

Andrew Ethell is the Executive Director of Amalgam Strategic and the CEO of TAPPI where he helps graduates and career changers into the career of their choice. He was previously a member of the global leadership team and Group Director Corporate Affairs at Toll Group, where he was a leader of the global rebrand and One Toll integration program. Prior to that he was

senior policy adviser to Australia's Deputy Prime Minister and Minister for Transport and Trade.

Mr Ethell is the former Chairman of the iconic Driver Reviver road safety program. He was previously Chairman of Vividas and Deputy Chairman of the Australian Logistics Council.



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

In his earlier career, Mr Harris served as: Senior Private Secretary handling microeconomic reform for then Australian Prime Minister Bob Hawke; adviser to the Hilmer Inquiry on National Competition Policy; senior positions in the Commonwealth Department of Transport dedicated to rail, road and aviation reforms, including the privatisation of Australia's largest airports; Vice President in the Ansett/Air New Zealand group; and Director General of Public Transport in Victoria. On behalf of the Commonwealth Government, he also led the public policy aspects of negotiations with Telstra over the

establishment of the National Broadband Network (NBN) as Secretary of the Commonwealth Department of Broadband, Communications and the Digital Economy. Mr Harris is an adviser to Tanarra Capital.



Samantha Hogg has more than 25 years' experience in executive management across the resources and infrastructure sectors, as well as broader Australian and international experience in finance, marketing and strategic projects. She resides on a farm in northern Tasmania and holds positions on a number of Tasmanian and other boards, including Chair of Tasmanian Irrigation, Non-Executive Director of Hydro Tasmania, Non-Executive Director of MaxiTRANS Industries Limited and Member of the Australian Renewable Energy Agency Board.

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



Rod Hook

Board Member:
1 April 2019 –
30 March 2021

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

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



Dianne Leeson

Board Member:
1 December 2016 –
30 November 2019

Dianne Leeson has extensive experience in the New South Wales public sector and urban planning. Ms Leeson currently holds a board position with Health Infrastructure NSW, and is a member of the University of Sydney's Senate Building and Estates Committee, Infrastructure NSW Audit and Risk Committee, and is a commissioner of the NSW Independent Planning Commission.

Previously, Ms Leeson was the Chair of the NSW Government's Steering Committee for the Sydney Convention and Exhibition Centre and led the master and statutory planning processes for the Sydney Olympic Games. She has been involved in NSW Government urban renewal sites such as Green Square, the Bays Precinct and Barangaroo. Ms Leeson has also worked on major project procurements and transactions such as the Port Botany Expansion, the Newcastle Port lease, and Royal North Shore and Northern Beaches hospitals. Ms Leeson holds a Bachelor of Arts (Asian Studies) from the Australian National University and a Master in Urban and Regional Planning from the University of Sydney.



**Nicole
Lockwood**

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

Nicole Lockwood is the Principal of Lockwood Advisory, providing strategic advice to government and the private sector in the areas of regional development, infrastructure and stakeholder engagement. Ms Lockwood is a member of the Board of the Water Corporation, the Board of Tourism WA, Chair of the Freight and Logistics Council and the Deputy Chair of the Leadership WA Board.

Previously she was a Director at KPMG, leading the government team in Management Consulting. She resided in the Pilbara for seven years until 2012, as Chairman of the Pilbara Development Commission, a member of the WA Planning Commission, a Director on the Horizon Power Board and a Councillor at the Shire of Roebourne. She was the Shire President from 2009 to 2011. Ms Lockwood has worked as a lawyer in private practice, at the Office of the Director of Public Prosecutions and as the Principal Solicitor of the Pilbara Community Legal Service. She is passionate about government reform, regional and economic development and the creation of thriving communities. She has a Bachelor of Laws as well as Bachelor of Business (Environment) from Notre Dame.



Deena Shiff

Board Member:
1 September 2017 –
31 August 2020

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

Ms Shiff is currently Chairman of global wireless infrastructure company BAI Communications, Chairman of the Supervisory Board of Marley Spoon AG and a director on the board of Appen (ASX: APX). She is also the Chairman of the Cooperative Research Centre: Alertness, Safety and Productivity. Previous board roles include EFIC and the Citadel Group (ASX: CGL). In 2015, Ms Shiff chaired the Australian Government's Regional Telecommunications Independent Review Committee. She has also served on the NSW Government Digital Economy Task Force. Ms Shiff has a Bachelor of Science (Economics) with Honours from the London School of Economics and a Bachelor of Laws with Honours from the University of Cambridge.



**Gabrielle
Trainor AO**

Board Member:

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

Gabrielle Trainor is a non-executive director and advisor with more than 25 years' experience on boards ranging from infrastructure, transport and urban renewal to sports, arts and culture and empowerment of Aboriginal and Torres Strait Islander people. Among her current appointments, Ms Trainor is a director of the Western City & Aerotropolis Authority, the ACT City Renewal Authority and the Major Transport Infrastructure Authority (Vic). She is a commissioner of the Australian Football League and of the Australian Sports Commission. She chairs the Construction Industry Culture Taskforce, comprising a group of senior government representatives, industry and academics. She is a member of the boards of Zurich Australia Ltd and WAM Global Ltd, a listed investment company. Ms Trainor is the Chair of the National Film and Sound Archive. She is a trustee of the Charlie Perkins Trust.

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



**Reece Waldock
AM**

Board Member:

1 January 2018 –
1 September 2020

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

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



Peter Wood

Board Member:
1 September 2017–
30 November 2019

Peter Wood has over 35 years' leadership experience in the Australian and international infrastructure industry, including roles as Principal and Co-Chairman of E3 Advisory, senior executive positions for major international contractors (Leighton and Walter Bau AG) and Global Managing Director for specialist infrastructure advisory firm Evans & Peck. Dr Wood has provided strategic advisory services to Australian C-suite executives and boards, from both the public and private sector, on how to improve outcomes from their infrastructure investments. This has included prioritisation frameworks, portfolio analysis, strategic asset management, instilling an investor perspective, business case assurance, independent reviews of project and organisational effectiveness, and developing national infrastructure guidelines for the Council of Australian Governments.

In his career, Dr Wood has served as the Chair of the Infrastructure Association of Queensland, President of Queensland Major Contractors Association, and Fellow of the Institution of Engineers, Australia. Dr Wood is an alumnus of Monash University, Harvard Business School, and Queensland University of Technology with a First Class Honours degree in Engineering, Master of Business Administration, Doctor of Business Administration and an Advanced Diploma in Corporate Governance.

Outgoing Board Members

Dr Daniel Norton AO

Board Member:
1 September 2014 – 31 October 2017;
1 September 2017 – 31 January 2019.

Mr John Ellice-Flint

Board Member:
1 December 2014 – 30 November 2017;
1 December 2017 – 31 January 2019.

Dr Colin Duffield

Board Member:
1 September 2014 – 31 October 2017;
1 September 2017 – 31 January 2019.

CEO and management

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

Romilly Madew AO commenced as Chief Executive Officer of Infrastructure Australia in April 2019, replacing Philip Davies, who held the position from March 2015 to August 2018. Anna Chau was Acting Chief Executive from August 2018 to April 2019.

Ms Madew is recognised internationally as a leader and advocate for change in the property and construction sector. In 2019, she was awarded an Order of Australia in acknowledgment of her contribution to Australia's sustainable building movement. Prior to Infrastructure Australia, Ms Madew led the Green Building Council of Australia for 13 years.

Ms Madew holds board positions with Sydney Olympic Park Authority and Chief Executive Women, and has sat on numerous ministerial panels. Her achievements have previously been recognised with national and international awards, including the 2017 World Green Building Council Chairman's Award and the 2015 International Leadership Award from the US Green Building Council.

An Honorary Life Fellow of the Australian Sustainable Built Environment Council, Life Fellow of the Green Building Council of Australia and Honorary Fellow of the Planning Institute of Australia, Ms Madew has been named one of the '100 Women of Influence' by the Australian Financial Review and Westpac, and is a national and New South Wales winner of the Telstra Business Women's Award.

Anna Chau, Acting Chief Executive Officer (August 2018–April 2019)

Anna Chau was Acting Chief Executive Officer of Infrastructure Australia from August 2018 to April 2019. As Executive Director of Project Advisory, Ms Chau leads the on-going development of the national *Infrastructure Priority List* and the assessment of project business case submissions, which are considered by the Infrastructure Australia Board for the Priority List. She is a leading applied economist in infrastructure with 28 years' professional experience, specialising in transport economics.

Ms Chau was previously Chief Economist at AECOM Australia and led AECOM's national Economics team, Principal at Booz & Company and Executive Director of EY's Economics team in Sydney. Her contribution to the transport sector was recognised in 2018 when she was awarded the Professional Woman in Logistics and Transport award by the Chartered Institute of Logistics and Transport Australia. Ms Chau is a member of the Australian Institute of Company Directors.

Phillip Davies, Chief Executive Officer (March 2015–August 2018)

Phillip Davies was Chief Executive Officer of Infrastructure Australia from March 2015 to August 2018. Before joining Infrastructure Australia, Mr Davies led AECOM's Infrastructure Advisory business in Asia Pacific, providing government and private sector clients with infrastructure advisory services. Formerly, he was a Director of Transport for London, where he led major reforms across London's surface transport business.

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



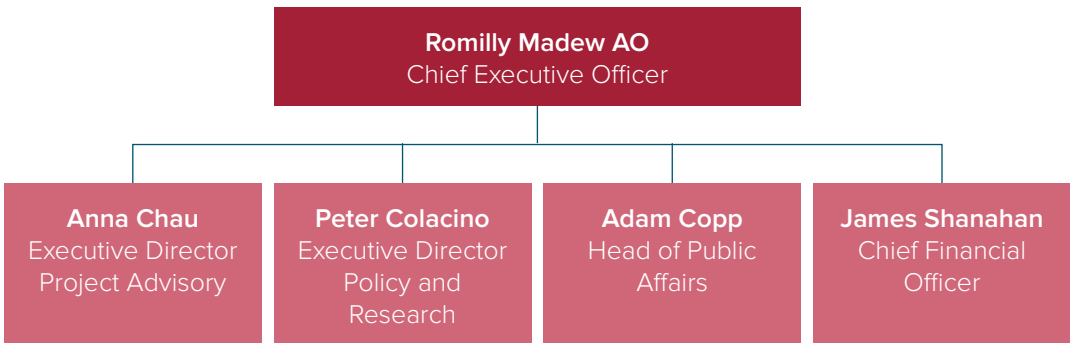
Organisational structure

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 four key functions:

- Project Advisory
- Policy and Research
- Public Affairs
- Corporate Services

Further information about the management of Infrastructure Australia is at page 38.

Figure 1: Organisational structure of Infrastructure Australia as at 30 June 2019



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Activities and outcomes

For more than a decade, Infrastructure Australia has supported better infrastructure planning and delivery in Australia by providing an independent evidence base, forward-thinking advice and by collaboratively promoting best practice.

In 2018–19, fulfilling its role as the nation’s independent infrastructure advisor, Infrastructure Australia set out a cross-sectoral vision of the imminent challenges and opportunities facing our infrastructure networks and a roadmap for future investment and reform.

This included the delivery of the most diverse *Infrastructure Priority List* to date and Reform Series papers detailing innovative solutions to support our growing cities. Additionally, Infrastructure Australia continued to champion best practice infrastructure planning and delivery through a national program of Business Case Improvement workshops and wide-reaching engagement on the 2019 *Australian Infrastructure Audit*.





Australian Infrastructure Audit 2019

The organisation has commenced its second rotation through the five-year policy cycle with the delivery of the *2019 Australian Infrastructure Audit: An assessment of Australia's future infrastructure needs*. The Audit provides an assessment of the most significant challenges and opportunities facing the Australian infrastructure sector since the completion of the last Audit in 2015 and 15 years into the future.

Infrastructure Australia has refreshed the approach to the Audit following the 2015 Audit, adopting elements of the foresighting methodology. This includes horizon scanning through an assessment of seven future trends, including population growth, technological change and changing community preferences. The Audit examines the impacts of these trends on the infrastructure sector and services for users.

Examining transport, energy, water and telecommunications, as well as waste and social infrastructure, the Audit presents 136 challenges and 44 opportunities from across the sector. It considers these challenges through the prism of access, quality and cost of services to users, as well as the differing performance of the sector based on scales of place: fast growing cities, smaller cities and regional towns, small towns, rural communities and remote areas as well as Northern Australia and developing regions.

One of the Audit's key findings is that the infrastructure sector is experiencing elevated levels of activity that are likely to continue for beyond the next 15 years. The capacity of the sector to deliver on this elevated activity has been constrained by access to skills and resources as

well as a patchwork of performance on decision making and planning. The sector is also responding to heightened levels of uncertainty as well as addressing considerable maintenance backlogs.

Urban Transport Crowding and Congestion

Urban transport crowding and congestion is a supplementary report to the 2019 *Australian Infrastructure Audit*. It provides analysis of the performance of the urban transport networks in Australia's 11 largest centres divided into six conurbations. The paper provides a snapshot of transport network performance in 2016 and examines the estimated performance of these networks in 2031 if investment in infrastructure were to be limited to current projects and population growth was to continue.

The modelling to support the report incorporates an innovative approach to assessing public transport crowding as well as examining access to jobs, social infrastructure and green spaces.

The report identifies significant limitations of existing transport modelling, including shortcomings related to data inputs and model limitations. The report proposes the need for decision-making tools to evolve in order to cater for the rapidly changing environment now characterising Australian cities.

Infrastructure Priority List

The *Infrastructure Priority List* delivers on Infrastructure Australia's mandate to prioritise and progress nationally significant infrastructure investments.

The Priority List is a key reference point for Australia's governments, guiding investment towards the initiatives and projects that will deliver world-class energy, telecommunications, water, social and transport services for Australian communities.

Being included as a High Priority or Priority Project on the *Infrastructure Priority List* shows that a proposal has undergone a rigorous business case assessment and has been proven to have significant benefits for the community. This supports better project selection by ensuring Australia's governments are presented with the best available evidence when making funding decisions.

In the past four years, Infrastructure Australia has assessed projects totalling more than \$100 billion of infrastructure investment.

Infrastructure Priority List: key terms

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

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

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

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

This year's annual update to the *Infrastructure Priority List*, published in February 2019, is the largest and most diverse list of investments Infrastructure Australia has delivered in its decade-long history. Spanning across sectors, the 2019 Priority List identified 121 nationally significant proposals and a record \$58 billion project pipeline, made up of 18 projects and 103 initiatives.

The *Infrastructure Priority List* is a consensus list developed through a collaborative process, using data from the *Australian Infrastructure Audit* and submissions from state and territory governments, industry and the community, including more than 100 submissions in the year to February 2019.

While the *Infrastructure Priority List* is published annually at the beginning of each year, it is also a live document and new projects are added as the Infrastructure Australia Board receives and assesses project business cases. Government, industry and the community can search an interactive version of the Priority List on Infrastructure Australia's website (www.infrastructureaustralia.gov.au) to find up-to-date assessments of the nation's infrastructure priorities.

During 2018–19, Infrastructure Australia completed 11 business case evaluations:

1. Ballarat Line Upgrade
2. Bruce Highway – Cairns Southern Access Corridor – Stage 3: Edmonton To Gordonvale
3. Derwent River Crossing Capacity
4. Gawler Rail Line Electrification and Modernisation
5. M1 Pacific Motorway – Eight Mile Plains to Daisy Hill
6. M1 Pacific Motorway – Varsity Lakes to Tugun
7. METRONET: Thornlie-Cockburn Link

8. METRONET: Yanchep Rail Extension
9. North East Link
10. Northern Transformation Program (University of Tasmania in Launceston and Burnie)
11. Waurin Ponds Duplication Stage 2.

A further 10 business case evaluations were commenced during the financial year, and progressed into the early engagement phase.

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

No other methods of preparing a cost-benefit analysis were used in 2018–19. Details of this methodology are set out in the Assessment Framework.

The 2019 *Infrastructure Priority List* included six initiatives independently identified by Infrastructure Australia as infrastructure gaps or opportunities of national significance.

- Regional road network safety improvements
- Remote housing overcrowding
- National Electricity Market (future connectivity and reliability)
- National Electricity Market (near-term optimisation)
- National electric vehicle fast-charging network
- Canning Bridge crossing capacity and interchange

Building better business cases

To improve the quality of infrastructure planning and delivery in Australia, Infrastructure Australia works with governments and industry to foster best practice.

Infrastructure Australia takes a collaborative approach to improving the quality of business case development in Australia. To support proponents, Infrastructure Australia maintains the Assessment Framework, which acts as a best practice guide for business case development and sets out the process used to consider initiatives and projects for inclusion on the *Infrastructure Priority List*. In 2018–19, Infrastructure Australia commenced work on updating the Assessment Framework to provide further easy-to-use guidance that responds to proponent feedback.

Since 2017, Infrastructure Australia has also run a national series of Business Case Improvement workshops around the country, which have been attended by more than 300 stakeholders. These workshops bring together proponents, government officials and their advisors to discuss cost-benefit analysis in infrastructure business cases.

The workshops provide proponents with a forum to ask questions outside of the formal project business case evaluation process, supporting open dialogues on best practice infrastructure planning.

Infrastructure Reform Series

Infrastructure Australia advocates for reform on important issues including the planning, funding, delivery and use of our nation's infrastructure. We continue to make the case for recommendations in the *Australian Infrastructure Plan* through our Reform

Series papers. These papers provide detailed research and advice intended to help chart a pathway to reform.

In 2018–19, Infrastructure Australia released two new additions to the Reform Series:

- *Outer Urban Public Transport: Improving accessibility in lower-density areas.*
- *Planning Liveable Cities: A place-based approach to sequencing infrastructure and growth.*

Outer Urban Public Transport: Improving accessibility in lower-density areas

Released in October 2018, Outer Urban Public Transport assessed the quality and accessibility of public transport services in Australia's largest cities and presented a reform agenda for improving public transport in outer urban areas.

Close to half the population of Australia's five largest cities – Sydney, Melbourne, Brisbane, Perth and Adelaide – live in the outer suburbs. And yet Infrastructure Australia found that across all five cities, a substantial number of people living in the outer suburbs do not have frequent public transport services within walking distance of their home.

Outer Urban Public Transport found that the increasing congestion being experienced in Australia's growing cities was compounded by efficiency failures in public transport systems.

The paper urged governments to improve the efficiency of existing transport networks and consider new models, such as on-demand buses, to service communities in the growing outer suburbs. It presented recommendations for adapting our public

transport networks to better service low-density areas, building on recommendations from the 2016 *Australian Infrastructure Plan* and the 2018 *Future Cities: Planning for our growing population* paper.

Planning Liveable Cities: A place-based approach to sequencing infrastructure and growth

Planning Liveable Cities, released in December 2018, provides advice to governments, industry and the community on how to appropriately sequence the delivery of housing and infrastructure.

Between 2017 and 2047, Australia's population is projected to increase by over 11 million people. Around 80% of this growth will occur in our five largest cities – Sydney, Melbourne, Brisbane, Perth and Adelaide. To support this growth and prepare for the future, we need to deliver new housing and substantially upgrade the capacity of many of our infrastructure networks.

Based on a review of Australia's five largest cities, Infrastructure Australia found six challenges common to all of these cities when sequencing infrastructure and housing. Planning Liveable Cities advised that with a place-based approach to planning, it would be possible to grow Australia's cities while retaining their liveability and unique character.

The paper makes nine recommendations for an overhaul of the way we deliver new housing and infrastructure in our largest cities, proposing changes to current planning systems, governance frameworks and funding arrangements to better manage our rapid population growth.

Planning Liveable Cities proposes a 'place-based' approach to infrastructure planning. This approach is built on collaboration across levels of government and with industry, and a vision of infrastructure needs through the lens of outcomes for a place and community, rather than outcomes for a single project or sector.



Infrastructure Decision-making Principles

The *Infrastructure Decision-making Principles* were published by Infrastructure Australia in July 2018 to drive greater transparency and accountability in infrastructure decision-making.

Developed out of a recommendation in the 2016 *Australian Infrastructure Plan*, the *Infrastructure Decision-making Principles* are designed to ensure major public infrastructure investments deliver the best outcomes for the community and the best

value for taxpayers. The guidelines aim to promote greater accountability and transparency, and reduce instances of major projects receiving funding before appropriate planning and assessment.

The Principles lay out clear expectations for nationally significant, publicly funded projects across the project lifecycle – from problem identification to post-completion review.

Figure 2: Infrastructure Australia's *Infrastructure Decision-making Principles*



3

Governance

Overview

Accountability

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

Infrastructure Australia was also responsible in the reporting period to the Minister for Urban Infrastructure and Cities, the Hon. Paul Fletcher MP.

No directions were given to Infrastructure Australia by the Minister under s6(1) of the *Infrastructure Australia Act 2008* during 2018–19.

Statutory framework

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





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

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

The Statement of Intent outlines:

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

The Statement of Intent is available on our website: www.infrastructureaustralia.gov.au

Statement of Expectations

Infrastructure Australia was issued with a Statement of Expectations for this reporting period by the then Minister for Urban Infrastructure, the Hon. Paul Fletcher MP. This Statement provides guidance on the Australian Government’s expectations relating to the strategic direction, operation and performance of Infrastructure Australia from 1 July 2017 to 30 June 2019. The Statement of Expectations is available on our website:

www.infrastructureaustralia.gov.au

Statement of Intent

Infrastructure Australia responded to the Statement of Expectations with a Statement of Intent. The Statement of Intent, in conjunction with the Portfolio Budget Statements, responds to the Australian Government’s expectations by identifying the key objectives and related initiatives to be delivered by Infrastructure Australia from 1 July 2017 to 30 June 2019.

Purpose

Infrastructure Australia’s purpose is to:

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

This purpose is achieved through the delivery of one program, being to ‘contribute to the Government’s objective of supporting competitiveness, driving productivity and enhancing quality of life, through the provision of high-quality advice’. Performance against the criteria for that program is reported in the Annual Performance Statements (see **page 42**).

Board and committees

Infrastructure Australia Board

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

Board meetings

The Board held six meetings in the year to 30 June 2019. During the reporting period, the Board continued to update and maintain an *Infrastructure Priority List* (see page 25) as required by s5 of the *Infrastructure Australia Act 2008*. The *Infrastructure Priority List* is a prioritised list of nationally

significant needs and opportunities, which provides decision makers with advice and guidance on specific infrastructure investments that will underpin Australia's continued prosperity.

The *Infrastructure Priority List* is updated throughout the year as the Board receives and assesses project business cases. Additionally, an annual refresh is conducted during which submissions for new or updated projects and initiatives are sought.

In 2018–19, the Board evaluated proposals for investment in, or enhancements to, nationally significant infrastructure, as required by s5A of the *Infrastructure Australia Act 2008*. Specifically, the Board received 18 proposals, and completed 11 evaluations in 2018–19 as detailed in **Table 2**. Definitions of 'project' and 'initiative' are set out at **page 25**.

Table 2: Infrastructure Australia business case activity, 2018–19

Date accepted for evaluation	State	Proposal	Evaluation outcome as at 30 June 2019
22 June 2017	SA	Gawler Rail Line Electrification and Modernisation Project	Complete – Added as Priority Project 30/8/18
15 May 2018	Vic	Ballarat Line Upgrade	Complete – Added as Priority Project 30/8/18
6 June 2018	Vic	Waurin Ponds Duplication Stage 2	Complete – Added as Priority Project 30/8/18
29 June 2018	Vic	North East Link	Complete – progressed to High Priority Project 18/10/18
1 August 2018	WA	METRONET: Yanchep Rail Extension	Complete – added as a High Priority Project 18/10/18
1 August 2018	WA	METRONET: Thornlie-Cockburn Link	Complete – added as a Priority Project 1/11/18
5 December 2018	Tas	Derwent River Crossing Capacity	Complete – retained as a Priority Initiative 13/6/19
9 January 2019	Qld	M1 Pacific Motorway – Eight Mile Plains to Daisy Hill	Complete – progressed to a Priority Project 13/6/19

Date accepted for evaluation	State	Proposal	Evaluation outcome as at 30 June 2019
15 January 2019	Qld	M1 Pacific Motorway – Varsity Lakes to Tugun	Complete – progressed to a High Priority Project 13/6/19
31 January 2019	Tas	University of Tasmania Northern Transformation Program	Complete - added as a Priority Project 13/6/19
15 February 2019	Qld	Gold Coast Light Rail Stage 3A	Active evaluation
25 February 2019	Qld	Bruce Highway upgrade – Cooroy to Curra – Section D	Active evaluation
7 March 2019	Qld	Bruce Highway – Cairns Southern Access Corridor – Stage 3: Edmonton To Gordonvale	Complete - added as a Priority Project 13/6/19
7 March 2019	Qld	Bruce Highway upgrade – Maroochydore Road Interchange	Active evaluation
7 March 2019	Qld	Bruce Highway upgrade – Deception Bay Road Interchange	Active evaluation
8 March 2019	Vic	North East Rail Line	Active evaluation
20 March 2019	NSW	Nowra Bridge	Active evaluation
28 March 2019	WA	Great Northern Highway – Bindoon Bypass	Active evaluation
5 April 2019	Qld	Bruce Highway upgrade – Bribie Island Road to Steve Irwin Way	Active evaluation
13 June 2019	WA	High Capacity Signalling (Automatic Train Control) Project	Active evaluation
26 June 2019	Qld	Peak Downs Highway Realignment (Walkerston Bypass)	Active evaluation

In 2018–19, the Board approved the publication of two research papers, as outlined in **Table 3**.

Table 3: Research papers approved for publication by Infrastructure Australia Board, 2018–19

Approval date	Publication title	Details
18 October 2018	<i>Planning Liveable Cities: A place-based approach to sequencing infrastructure and growth</i>	Advises Australia’s governments on appropriately sequencing the delivery of housing and infrastructure in Australia’s five largest cities.
30 August 2018	Outer Urban Public Transport: Improving accessibility in lower-density areas	Advises Australia’s governments on the quality and accessibility of public transport services in Australia’s five largest cities and how to improve public transport in outer-urban areas.

Table 4: Infrastructure Australia Board membership and attendance

Board Member	Meetings attended	Meetings eligible to attend
Julieanne Alroe (Chair)	6	6
Peter Corish AM	5	6
Dr Colin Duffield (term ended 31 January 2019)	3	3
John Ellice-Flint (term ended 31 January 2019)	3	3
Andrew Ethell	6	6
Peter Harris AO (appointed 1 March 2019)	2	2
Samantha Hogg (appointed 1 March 2019)	2	2
Rod Hook (appointed 1 April 2019)	1	2
Dianne Leeson	6	6
Nicole Lockwood	5	6
Dr Daniel Norton AO (term ended 31 January 2019)	3	3
Deena Shiff	5	6
Gabrielle Trainor AO	5	6
Peter Wood	5	6
Reece Waldock AM	5	6

People & Culture Committee

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

- oversight of human resources strategies to foster high-quality management practices
- the setting of key performance areas for the Chief Executive Officer and the regular review of the Chief Executive Officer’s performance
- oversight of executive and staff remuneration and benefits to recognise contributions to the business by staff and to reward these appropriately

- oversight of staff policies and procedures, including superannuation, diversity and a code of conduct
- oversight of compliance with applicable laws and regulations.

Membership of the People & Culture Committee is set out in **Table 5**.

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

In 2018–19 the Committee oversaw the development of the remuneration strategy and the undertaking of the alignment and engagement employee survey. It reviewed the work health and safety framework and three corporate policies. The Committee also monitored work health and safety and offered guidance on a work health and safety incident.

Table 5: People & Culture Committee membership and attendance

Committee Member	Meetings attended	Meetings eligible to attend
Dr Dan Norton AO (Committee Chair) (term ended 31 January 2019)	1	1
Deena Shiff (Committee Chair)	2	2
Dr Colin Duffield (term ended 31 January 2019)	1	1
Gabrielle Trainor AO	1	2

Audit, Risk and Compliance Committee

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

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

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

Accountability Act 2008 and rule 17 of the Public Governance, Performance and Accountability Rules.

Membership of the Audit, Risk and Compliance Committee is set out in **Table 6**.

During the reporting period the Committee met on four occasions. In 2018–19 the Committee undertook a program of work in order to meet its Charter obligations. This included overseeing the implementation of the internal audit plan, the development of the cyber security strategy and plan, and monitoring the organisation’s approach to business continuity, risk, insurance and financial management. The Committee endorsed the capital and operating budgets, and the 2017–18 financial statements for approval by the Board.

Table 6: Audit, Risk and Compliance Committee membership and attendance

Committee Member	Meetings attended	Meetings eligible to attend
Nicole Lockwood (Committee Chair)	4	4
Peter Corish AM	3	4
Andrew Ethell	4	4
Dianne Leeson	3	4

People and operations

Infrastructure Australia's office is located at 126 Phillip Street, Sydney, NSW 2000.

Management structures

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

Executive Leadership team

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

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

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

Assessment Panel

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

Budget Oversight Committee

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

Executive Remuneration

Overview

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

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

Senior executives of Infrastructure Australia consist of the Executive Leadership team, being the Chief Financial Officer, Head of Public Affairs, Executive Director of Project Advisory and Executive Director of Policy and Research.

Remuneration policies, practices and governance

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

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

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

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

Total remuneration for all employees of Infrastructure Australia is fixed.

Remuneration reporting

The following tables report on the remuneration of Infrastructure Australia's key management personnel and senior executive in 2018–19.

Table 7: Key management personnel remuneration, 2018–19

Name	Position Title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base Salary (\$)	Bonuses (\$)	Other benefits and allowances (\$)	Super-annuation contributions (\$)	Long service leave (\$)	Other long-term benefits (\$)		
Julianne Alroe	Chair	116,840	–	–	11,100	–	–	–	127,940
Andrew Ethell	Board Member	58,420	–	–	5,550	–	–	–	63,970
Deena Shiff	Board Member	58,420	–	–	5,550	–	–	–	63,970
Diane Leeson	Board Member	58,420	–	–	5,550	–	–	–	63,970
Gabrielle Trainor AO	Board Member	58,420	–	–	5,550	–	–	–	63,970
Nicole Lockwood	Board Member	58,420	–	–	5,550	–	–	–	63,970
Peter Cornish AM	Board Member	58,420	–	–	5,550	–	–	–	63,970
Peter Harris AO	Board Member	19,473	–	–	1,850	–	–	–	21,323
Peter Wood	Board Member	58,420	–	–	5,550	–	–	–	63,970
Reece Waldock AM	Board Member	58,420	–	–	5,550	–	–	–	63,970
Rod Hook	Board Member	14,605	–	–	1,387	–	–	–	15,992
Samantha Hogg	Board Member	19,473	–	–	1,850	–	–	–	21,323
Dr Colin Duffield	Board Member	34,078	–	–	3,237	–	–	–	37,316
Dr Daniel Norton AO	Board Member	34,078	–	–	3,237	–	–	–	37,316
John Ellice-Flint	Board Member	34,078	–	–	3,237	–	–	–	37,316
Romilly Madew AO	Chief Executive Officer	80,473	–	–	3,580	–	–	–	86,214
Anna Chau	Acting Chief Executive Officer	285,937	–	–	15,243	2,161	–	–	307,930
Philip Davies	Chief Executive Officer	104,789	–	–	5,133	6,750	–	–	109,922
Total		1,211,185	–	–	94,254	8,912	–	–	1,314,351

Table 8: Senior Executives Remuneration FY2018–19

Remuneration band (\$)	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 and allowances (\$)	Average superannuation contributions (\$)	Average long service leave (\$)	Average other long-term benefits (\$)	Average termination benefits (\$)	Average total remuneration (\$)
\$0–\$220,000	3	97,096	–		6,956	1,787		–	105,839
\$220,001–\$245,000	1	202,854	–		19,000	4,430		–	226,284
\$245,001–\$270,000	1	224,436	–		20,531	5,464		–	250,431
\$370,001–\$395,000	1	364,417	–		20,531	5,195		–	390,144
\$395,001–\$420,000	1	250,824	–		24,721	–		137,308	412,853

In 2018–19 the Executive Director of Project Advisory role was filled by three people during the year. The remuneration reflected in this table relates to the time they were in this role.

People

Composition of workforce

As at 30 June 2019, Infrastructure Australia employed 26 people (24.1 full-time equivalent) under s39 of the *Infrastructure Australia Act 2008*. During the reporting period, Infrastructure Australia also engaged four people on secondment from the NSW Department of Premier and Cabinet:

- One person was engaged commencing 23 October 2017 and ending 28 January 2019.
- Three people were engaged commencing 1 February 2019 and ending 29 March 2019.

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

	Male		Female	
	No.	%	No.	%
Holders of Public Office ^a	7	54	6	46
Senior management	3	75	1	25
Other employees	9	41	13	59
Total^b	19	49	20	51

a. Includes Board members and the Chief Executive Officer.

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

Work Health and Safety¹

Infrastructure Australia is committed to ensuring the health and safety of its workers and any other person in the workplace. In 2018–19, Infrastructure Australia implemented a number of measures to ensure health and safety in the workplace:

- Workers completed training modules on work health and safety, and bullying, discrimination and harassment. Managers also completed additional training on good management of incidents and complaints.
- An Employee Assistance Program was available to all workers, which include an expansive range of specialist support services.
- All employees desks were replaced with sit-to-stand desks.
- 12 employees chose to undertake a health assessment.

Incidents and accidents

In 2018–19, there was one reported work health and safety incident. No new claims for workers' compensation were made.

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

Risk management

Infrastructure Australia has adopted a risk management framework to support its Corporate Plan, key objectives and delivery of core business. The framework includes a process to ensure risks are identified and analysed consistently across all areas. It links the risk evaluation to practical and cost-effective risk responses and controls appropriate to the business. The framework

ensures that risks are regularly monitored, reviewed, and communicated to internal and external stakeholders in a timely and effective manner.

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

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

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

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

Audit

Internal audit

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

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

In 2018–19, audits of IT systems establishment, records and information management and Conflict of Interest were completed.

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

Annual Performance Statements

Statement of preparation

We, the Infrastructure Australia Board, as the accountable authority of Infrastructure Australia, present the 2018–19 Annual Performance Statements of Infrastructure Australia, as required under paragraph 39(1)(a) of the *Public Governance, Performance*

and Accountability Act 2013. In our opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the Act.

Results

Strategic Goal 1

Lead and inform debate about infrastructure policies and reform across all infrastructure sectors.

Performance criterion	Deliver agreed activities.	
	Target	Result
	The following activities completed:	Achieved
	<ul style="list-style-type: none"> Continue to develop a strong capability to provide robust and independent advice to all levels of government across the transport, water, telecommunications and energy infrastructure sectors, including social infrastructure, with a focus on building productive cities and regions (excluding defence). 	Infrastructure Australia continued to develop its Policy and Research function in 2018–19.
	<ul style="list-style-type: none"> Release of two policy papers each year, building on key reforms outlined in the <i>Australian Infrastructure Plan</i>. 	Two papers released: Planning Liveable Cities in December 2018 and Outer Urban Public Transport in October 2018.
	<ul style="list-style-type: none"> Engage actively with the media on key reform activities to ensure that Infrastructure Australia is leading and informing debate on infrastructure. 	Infrastructure Australia engaged proactively with the media on all policy papers, business case evaluations and the launch of the <i>Infrastructure Priority List</i> .
	<ul style="list-style-type: none"> Deliver a public update on progress of key recommendations from the <i>Australian Infrastructure Plan</i> every two years. 	Prioritising Reform released in June 2018.
	<ul style="list-style-type: none"> Consult, and establish productive working relationships with, key infrastructure stakeholders, including all levels of government (Commonwealth, state, territory and local governments) and other relevant bodies and organisations, including state infrastructure advisory bodies and industry. 	Infrastructure Australia continued to work closely with its key stakeholders in 2018–19 to maintain the <i>Infrastructure Priority List</i> and advance its infrastructure reform agenda.

	<ul style="list-style-type: none"> • Provide input into key infrastructure reform initiatives announced through the Australian Government’s response to the <i>Australian Infrastructure Plan</i>, including a national freight and supply chain strategy, and a study into the potential benefits and impacts of road user charging for light vehicles. 	<p>Infrastructure Australia participated actively in the National Freight and Supply Chain Inquiry and continued to advocate for a study into the potential benefits and impacts of road user charging for light vehicles.</p>
	<ul style="list-style-type: none"> • Support the development of policy on funding and financing, including having regard for the work of the Infrastructure and Project Financing Agency and the Northern Australian Infrastructure Facility. 	<p>Throughout 2018–19, Infrastructure Australia actively engaged and supported the work of the Infrastructure and Project Financing Agency and the Northern Australian Infrastructure Facility.</p>
<i>Criterion source</i>	<p>Infrastructure Australia Corporate Plan 2018–19, p 7; Portfolio Budget Statements 2018–19, Infrastructure, Regional Development and Cities Portfolio, Program 1.1, p 149.</p>	

Performance criterion	Stakeholder opinion of Infrastructure Australia’s role driving the infrastructure debate.	
	Target	Result
	<p>75% of stakeholders surveyed agree that Infrastructure Australia leads and informs debate in infrastructure policy and reform.</p>	<p>73% of surveyed stakeholders agree.</p>
<i>Criterion source</i>	<p>Infrastructure Australia Corporate Plan 2018–19, p 7.</p>	

Performance criterion	Publicly leading infrastructure debate in Australia.	
	Target	Result
	<p>Infrastructure Australia’s amount of media coverage and proactive media coverage increases 10% each year.</p>	<p>Media coverage quantum increased by 55% as against the base year 2016–17.</p> <p>Proactive media coverage decreased by 3% as against the base year 2017–18.</p>
<i>Criterion source</i>	<p>Infrastructure Australia Corporate Plan 2018–19, p 7.</p>	

Strategic Goal 2

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

Performance criterion	Deliver agreed activities.	
	Target	Result
	The following activities completed:	Achieved
	<ul style="list-style-type: none"> Develop and maintain the top-down <i>Infrastructure Priority List</i> of nationally significant proposals, including a full update every 12 months. 	Updated <i>Infrastructure Priority List</i> launched on 14 February 2019.
	<ul style="list-style-type: none"> Evaluate project proposals on all infrastructure proposals where funding of more than \$100 million is sought from the Commonwealth, excluding defence projects. 	Infrastructure Australia assessed 11 business cases (see page 26).
	<ul style="list-style-type: none"> Publish all completed evaluations of project proposals on the Infrastructure Australia website. 	All evaluations published within statutory timeframes.
	<ul style="list-style-type: none"> Proactively identify infrastructure needs in Australia in collaboration with state and territory governments and the private sector. 	The latest update to the <i>Infrastructure Priority List</i> was based on the <i>Australian Infrastructure Audit</i> and more than 500 submissions that were sought from governments, stakeholder groups and the community since 2016.
<i>Criterion source</i>	Infrastructure Australia Corporate Plan 2018–19, p 8; Portfolio Budget Statements 2018–19, Infrastructure, Regional Development and Cities Portfolio, Program 1.1, p 149.	

Performance criterion	Stakeholder awareness and regard for the Infrastructure Priority List.	
	Target	Result
	75% of stakeholders surveyed are aware of the <i>Infrastructure Priority List</i> and support its role in infrastructure decision-making.	58% of surveyed stakeholders are aware of and support the Priority List.
<i>Criterion source</i>	Infrastructure Australia Corporate Plan 2018–19, p 8.	

Performance criterion	Timely and accurate assessment of business cases.	
	Target	Result
	100% of the time, clarifying questions are given to proponent within 30 days of receipt of the business case.	Achieved. Average response time 22.81 working days.
<i>Criterion source</i>	Infrastructure Australia Corporate Plan 2018–19, p 8.	
Performance criterion	Percentage of proponents who are satisfied or highly satisfied with the level of engagement and quality of advice provided in the assessment of their business case.	
	Target	Result
	Benchmark number of proponents who are satisfied or highly satisfied with the level of engagement and quality of advice provided in the assessment of their business case.	Benchmarking conducted in 2017–18. Satisfaction with level of engagement declined 17% in 2018–19. Satisfaction with quality of advice increased by 48% in 2018–19.
<i>Criterion source</i>	Infrastructure Australia Corporate Plan 2018–19, p 8.	
Performance criterion	Number of independently identified infrastructure initiatives added to Infrastructure Priority List.	
	Target	Result
	Add one or more independently identified infrastructure initiative to the <i>Infrastructure Priority List</i> each year.	Achieved. The updated February 2019 <i>Infrastructure Priority List</i> included six new independently identified initiatives: <ol style="list-style-type: none"> 1. Regional road network safety improvements 2. Remote housing overcrowding 3. National Electricity Market (future connectivity and reliability) 4. National Electricity Market (near-term optimisation) 5. National electric vehicle fast-charging network 6. Canning Bridge crossing capacity and interchange.
<i>Criterion source</i>	Infrastructure Australia Corporate Plan 2018–19, p 8.	

Strategic Goal 3

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

Performance criterion	Deliver agreed activities.	
	Target	Result
	The following activities completed:	Achieved.
	<ul style="list-style-type: none"> • Scope and deliver the 2019 <i>Australian Infrastructure Audit</i> by 30 June 2019. 	The <i>Australian Infrastructure Audit</i> was delivered to the Deputy Prime Minister on 28 June 2019.
	<ul style="list-style-type: none"> • Maintain the currency of the data and analysis of the current <i>Australian Infrastructure Plan</i>. 	Infrastructure Australia published two Reform Series papers on key issues identified in the <i>Australian Infrastructure Plan</i> .
	<ul style="list-style-type: none"> • Undertake appropriate research and policy development. 	Infrastructure Australia released two policy and research papers in 2018–19.
<i>Criterion source</i>	Infrastructure Australia Corporate Plan 2018–19, p 9.	

Performance criterion	Stakeholder regard for the quality of Infrastructure Australia’s advice.	
	Target	Result
	75% of stakeholders surveyed are satisfied or highly satisfied with the quality and rigour of Infrastructure Australia’s published policy work.	96% of surveyed stakeholders were satisfied or highly satisfied.
<i>Criterion source</i>	Infrastructure Australia Corporate Plan 2018–19, p 9.	

Strategic Goal 4

Continuously improve the standard of business cases for infrastructure investment.

Performance criterion	Stakeholder regard for the quality of Infrastructure Australia's advice.	
	Target	Result
	The following activities completed:	Achieved or on track.
	<ul style="list-style-type: none"> Review and update the Assessment Framework in compliance with legislative timeframes. 	The Assessment Framework will be reviewed before the due date of March 2020.
	<ul style="list-style-type: none"> Run a program of national engagement on business case improvement. 	Six Business Case Improvement workshops were conducted.
	<ul style="list-style-type: none"> Create and publish Principles for Infrastructure Decision-making by end of 2018. 	The <i>Infrastructure Decision-making Principles</i> were released on 24 July 2018.
	<ul style="list-style-type: none"> Undertake appropriate research to improve business case development and advice. 	Infrastructure Australia conducted a number of research pieces to improve business case development and advice. The results are being considered as part of a review of the Assessment Framework.
<i>Criterion source</i>	Infrastructure Australia Corporate Plan 2018–19, p 10; Portfolio Budget Statements 2018–19, Infrastructure, Regional Development and Cities Portfolio, Program 1.1, p 149.	

Performance criterion	Engage proponents on business case development and the expectations of Infrastructure Australia's assessment process.	
	Target	Result
	100% of states and territories have at least one business case development workshop delivered to proponents and their advisors each year.	Partially achieved. 75% of states and territories have accepted the offer of a Business Case Improvement workshop.
<i>Criterion source</i>	Infrastructure Australia Corporate Plan 2018–19, p 10.	

Performance criterion	Business case development presentations meet needs of proponents.	
	Target	Result
	75% of attendees at business case development workshops are satisfied or highly satisfied with the quality of business case development presentations.	96% of attendees who responded to the survey were satisfied or highly satisfied.
<i>Criterion source</i>	Infrastructure Australia Corporate Plan 2018–19, p 10.	

Strategic Goal 5

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

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

Other legislative requirements

Freedom of Information Act

In 2018–19, Infrastructure Australia received two requests for access to documents under the *Freedom of Information Act 1982* (the FOI Act).

A practical refusal was issued on both these requests. 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/about/freedom-of-information/disclosure-log.aspx

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

Privacy

In 2018–19, Infrastructure Australia continued to collect, use, disclose, store and dispose of personal information in accordance with the Australian Privacy Principles. No data breaches were identified or reported.

Market research and advertising

The following amounts were paid by or on behalf of Infrastructure Australia in 2018–19:

Advertising agencies: Nil

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

Polling organisations: Nil

Direct mail organisations: Nil

Media advertising organisations: Nil

Decisions of courts and tribunals

No judicial decisions or decisions of administrative tribunals were made in 2018–19 that had, or which may have, a significant effect on Infrastructure Australia’s operations.



Ecologically sustainable development and environmental performance

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

In 2018–19, Infrastructure Australia undertook all of its activities and operations in accordance with the following five principles of ecologically sustainable development:

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

Infrastructure Australia's activities are conducted from a central office comprising 746.5m², located at 126 Phillip Street, Sydney. The building is managed by Investa and is reported to have a 5-star NABERS energy rating and a 3½-star NABERS water rating. Infrastructure Australia has sought to reduce the environmental impact associated with air travel through an increased use of telephone and video conferencing where it is appropriate to do so.

4

Financial Performance

Summary of Financial Performance

Revenue and expenditure

Infrastructure Australia's revenue in 2018–19 totalled \$11,622,348, which consisted of the \$11,514,000 annual budget allocation, \$103,425 interest income and \$4,923 other gains.

Infrastructure Australia's 2018–19 expenditure totalled \$12,113,996. Expenditure included \$6,049,793 in employee related expenses, \$5,906,271 in supplier expenses and \$157,932 in depreciation, amortisation and asset write-downs.

The net result for the period was a deficit of \$491,648.

Use of retained earnings

At the 2018 Mid-Year Economic Financial Outlook (MYEFO), Infrastructure Australia was granted approval to release up to \$1,000,000 from retained earnings to complete the work on the 2019 *Australian Infrastructure Audit* by 30 June 2019.

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







INDEPENDENT AUDITOR'S REPORT

Minister for Infrastructure, Transport and Regional Development

Opinion

In my opinion, the financial statements of Infrastructure Australia ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

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

- Statement by the Board, Chief Executive Officer 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* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

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

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

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Australian National Audit Office



Scott Sharp
ANAO Signing Officer
Delegate of the Auditor-General

Canberra
23 August 2019

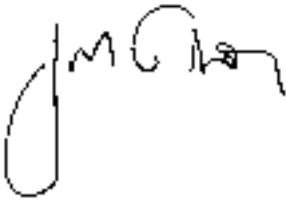
Infrastructure Australia

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

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

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



Julieanne Alroe
Chair

23 August 2019



Romilly Madew
Chief Executive Officer

23 August 2019



James Shanahan
Chief Financial Officer

23 August 2019



Infrastructure Australia

Statement of Comprehensive Income

for the period ended 30 June 2019

Net cost of services	Notes	2019 \$	2018 \$	Original Budget \$
Expenses				
Employee benefits	1.1A	6,049,793	6,169,617	6,203,000
Suppliers	1.1B	5,906,271	5,851,075	5,267,000
Depreciation and amortisation	2.2A	157,932	120,068	124,000
Write-down and impairment of assets		-	122	-
Total expenses		12,113,996	12,140,882	11,594,000
Own-source income				
Own-source revenue				
Interest	1.2A	103,425	118,842	80,000
Total own-source revenue		103,425	118,842	80,000
Gains				
Other gains	1.2B	4,923	-	-
Total gains		4,923	-	-
Total own-source income		108,348	118,842	80,000
Net (cost of)/contribution by services		(12,005,648)	(12,022,040)	(11,514,000)
Revenue from Government	1.2C	11,514,000	11,592,000	11,514,000
Surplus/(deficit) before income tax on continuing operations		(491,648)	(430,040)	-
Total comprehensive income/(loss)		(491,648)	(430,040)	-

The above statement should be read in conjunction with the accompanying notes (see **page 64**).

Budget Variances Commentary

Statement of Comprehensive Income

Expenses

Employee benefit expenses are under budget due to several unfilled positions during the year.

Supplier expenses are over budget due to the additional work on the *Australian Infrastructure Audit*, which was completed in June 2019. This is in line with approval obtained from the Department of Finance at the 2018 MYEFO stage, to release funds from our retained earnings to be utilised on the additional work in relation to the completion of the *Australian Infrastructure Audit*.

Depreciation is over budget as a result of higher than budgeted spend on software, video conferencing facilities and sit-to-stand desks.

Own source revenue

Interest earned on the deposit facilities are over budget due to timing differences in expenditure, resulting in additional funds available to invest throughout the year in our term deposit facility. The budgeted rate on this facility was lower than the actual rate achieved further increasing interest received.

Infrastructure Australia

Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$	2018 \$	Original Budget \$
Assets				
Financial assets				
Cash and cash equivalents	2.1A	3,843,364	4,346,182	4,325,000
Trade and other receivables	2.1B	120,236	52,580	58,000
Total financial assets		3,963,600	4,398,762	4,383,000
Non-financial assets				
Buildings	2.2A	96,111	162,071	185,000
Plant and equipment	2.2A	261,064	114,972	125,000
Computer software	2.2A	27,291	37,644	-
Prepayments		178,539	137,841	173,000
Total non-financial assets		563,005	452,528	483,000
Total assets		4,526,605	4,851,290	4,866,000
Liabilities				
Payables				
Suppliers	2.3A	1,014,003	659,016	1,032,000
Other payables	2.3B	215,159	431,459	271,000
Total payables		1,229,162	1,090,475	1,303,000
Provisions				
Employee provisions	4.1A	495,183	466,907	339,000
Total provisions		495,183	466,907	339,000
Total liabilities		1,724,345	1,557,382	1,642,000
Net assets		2,802,260	3,293,908	3,224,000
Equity				
Contributed equity		(1,263,525)	(1,263,525)	(1,263,000)
Asset revaluation reserve		573	573	28,000
Retained surplus		4,065,212	4,556,860	4,459,000
Total equity		2,802,260	3,293,908	3,224,000

The above statement should be read in conjunction with the accompanying notes (see **page 64**).

Budget Variances Commentary

Statement of Financial Position

Financial assets

Cash is under budget as a result of increased supplier expenses during the period, as referred to in the Statement of Comprehensive Income. This is in line with approval obtained from the Department of Finance at the 2018 MYEFO stage, to release funds from retained earnings / cash reserves. These funds were to be utilised on the additional work in relation to the completion of the *Australian Infrastructure Audit*.

Trade and other receivables are over budget due to two months of GST owing from the Australian Tax Office at 30 June 2019. One month of GST receivable was included in the budget.

Non-financial assets

Buildings are under budget due to works planned to the premises to increase capacity not going ahead.

Plant and equipment is over budget due to expenditure on the replacement of office desks to sit-to-stand desks.

There was further expenditure on video conferencing equipment to reduce travel required by employees.

The purchase of computer software was unbudgeted and relates to the production and amendment of maps, a process which now is to be brought in-house.

Payables

Other payables are under budget as a result of PAYG being paid over to the ATO in the month it was withheld in payroll. At the time of budgeting PAYG was paid in the following month.

Provisions

Employee provisions are over budget due to the long service leave provision being revised as noted in the prior year financial statements. This revision occurred after the 2018–19 financial year budgetary process, therefore was not budgeted for. Annual leave provision has increased on budgeted amounts as a result of lower annual leave taken than forecast.

Infrastructure Australia

Statement of Changes in Equity

for the period ended 30 June 2019

	Notes	2019 \$	2018 \$	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		4,556,860	4,958,982	4,459,000
Adjusted opening balance		4,556,860	4,958,982	4,459,000
Comprehensive income				
Surplus/(deficit) for the period		(491,648)	(430,040)	-
Other comprehensive income		-	-	-
Total comprehensive income		(491,648)	(430,040)	-
Transfers between equity components		-	27,918	-
Closing balance as at 30 June		4,065,212	4,556,860	4,459,000
Asset revaluation reserve				
Opening balance				
Balance carried forward from previous period		573	28,491	28,000
Adjusted opening balance		573	28,491	28,000
Comprehensive income				
Other comprehensive income		-	-	-
Total comprehensive income		-	-	-
Transfers between equity components		-	(27,918)	-
Closing balance as at 30 June		573	573	28,000

	Notes	2019 \$	2018 \$	Original Budget \$
Total equity				
Opening balance				
Balance carried forward from previous period		3,293,908	3,723,948	3,224,000
Adjusted opening balance		3,293,908	3,723,948	3,224,000
Comprehensive income				
Surplus/(deficit) for the period		(491,648)	(430,040)	-
Other comprehensive income		-	-	-
Total comprehensive income		(491,648)	(430,040)	-
Transfers between equity components		-	-	-
Closing balance as at 30 June		2,802,260	3,293,908	3,224,000

The above statement should be read in conjunction with the accompanying notes (see **page 64**).

Accounting Policy

Equity injections

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

Restructuring of administrative arrangements

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

Budget Variances Commentary

Statement of Changes in Equity

Retained Earnings

Retained earnings are under budget. This results mainly of the unbudgeted reportable deficit in 2018–19. This deficit was approved by the Department of Finance at the MYEFO stage after the publication of the budget. This is offset in part by differences between actual and budgeted opening balances.

Asset Revaluation

A revaluation of our non-financial assets was undertaken in June 2016. Of this revaluation performed in June 2016, many assets have since been disposed of, resulting in the decrease of the reserve.

Infrastructure Australia

Cash Flow Statement

for the period ended 30 June 2019

	Notes	2019 \$	2018 \$	Budget \$
Operating activities				
Cash received				
Receipts from Government		11,514,000	11,592,000	11,514,000
Interest		103,786	117,874	80,000
Net GST received		478,923	681,084	492,182
Total cash received		12,096,709	12,390,958	12,086,182
Cash used				
Employees		6,125,568	5,917,885	6,203,000
Suppliers		6,251,172	7,561,044	5,906,182
Total cash used		12,376,740	13,478,929	12,109,182
Net cash from/(used by) operating activities		(280,031)	(1,087,971)	(23,000)
Investing activities				
Cash used				
Purchase of property, plant, equipment and software		222,787	182,117	176,000
Total cash used		222,787	182,117	176,000
Net cash from/(used by) investing activities		(222,787)	(182,117)	(176,000)
Net increase/(decrease) in cash held		(502,818)	(1,270,087)	(199,000)
Cash and cash equivalents at the beginning of the reporting period		4,346,182	5,616,269	4,524,000
Cash and cash equivalents at the end of the reporting period	2.1A	3,843,364	4,346,182	4,325,000

The above statement should be read in conjunction with the accompanying notes (see **page 64**).

Budget Variances Commentary

Cash Flow Statement

Cash received

Cash received is over budget due to the receipt of additional interest earned on deposits compared to budget. This is offset in part by GST received from the ATO which is lower than budget due to two months of GST receivable being outstanding at 30 June 2019, one of which was not budgeted for.

Cash used

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

Cash used for the purchase of property, plant, equipment and software increased on budget as a result of increased expenditure on mapping software and office furniture.

Notes to and forming part of the Financial Statements

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Overview

Objectives of Infrastructure Australia

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

On 1 September 2014, relevant assets, liabilities and the balance of the Infrastructure Australia Special Account were transferred to Infrastructure Australia from the Department of Infrastructure, Transport, Cities 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 Australian Government policy and on continuing funding by Parliament for the entity's administration and program.

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

The Basis of Preparation

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

The financial statements have been prepared in accordance with:

1. Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR); and
2. Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

Indemnities and Insurance for Officers

In 2018–19 Infrastructure Australia held general liability, professional indemnity, officers' liability, and a range of other corporate insurance. Infrastructure Australia held insurance protecting directors and officers from liability for the consequences of wrongful acts as defined in Infrastructure Australia's Comcover policy.

New accounting standards

Adoption of new Australian accounting standard requirements

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

New accounting standard AASB 9 - Financial Instruments was adopted during the reporting period. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. Refer to **note 5.2**. The adoption of this accounting standard did not have a material impact on Infrastructure Australia's financial statements.

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

Taxation

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

Events after the reporting period

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

Financial Performance

This section analyses the financial performance of Infrastructure Australia for the year ended 30 June 2019.

1.1 Expenses

	2019 \$	2018 \$
1.1A: Employee benefits		
Wages and salaries	4,938,970	5,021,254
Superannuation		-
Defined contribution plans	477,727	494,864
Defined benefit plans	-	23,860
Leave and other entitlements	495,788	586,542
Separation and redundancies	137,308	43,097
Total employee benefits	6,049,793	6,169,617

Accounting Policy

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

1.1B: Suppliers

Goods and services supplied or rendered		
Consultants	3,207,465	2,477,154
Contractors	168,979	468,714
Travel	292,017	481,587
Property operating costs	250,419	255,813
Publications and subscriptions	313,759	251,719
Recruitment expenses	43,535	152,899
Training, conferences and seminars	115,828	109,573
Audit fees - external	42,000	42,000
Audit fees - internal	81,295	72,548
Stationery, printing and postage	45,096	97,824
IT services	374,488	339,582
Other	109,944	240,306
Total goods and services supplied or rendered	5,044,825	4,989,719

	2019 \$	2018 \$
Goods supplied	153,383	220,480
Services rendered	4,891,442	4,769,239
Total goods and services supplied or rendered	5,044,825	4,989,719
Other suppliers		
Operating lease rentals	861,446	861,356
Total other suppliers	861,446	861,356
Total suppliers	5,906,271	5,851,075

Leasing commitments

Infrastructure Australia in its capacity as a lessee has entered into an operating lease for office accommodation purposes. Lease payments are subject to a fixed price increase as per the lease agreement. The operating lease is effectively non-cancellable.

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

Within 1 year	1,006,147	954,937
Between 1 to 5 years	-	1,006,147
Total operating lease commitments	1,006,147	1,961,084

Infrastructure Australia's current premises lease expires on 30 June 2020. Infrastructure Australia is currently assessing the market regarding options for future premises.

Accounting Policy

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

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

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

1.2 Own-source revenue and gains

	2019 \$	2018 \$
Own-source revenue		
1.2A: Interest		
Deposits	103,425	118,842
Total interest	103,425	118,842

Accounting Policy

Interest revenue is recognised using the effective interest method.

1.2B: Other gains

Gain on disposal of assets		
Plant and equipment	4,923	-
Total other gains	4,923	-

Accounting Policy

Resources Received Free of Charge

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

1.2C: Revenue from Government

Corporate Commonwealth entity payment item	11,514,000	11,592,000
Total revenue from Government	11,514,000	11,592,000

Accounting Policy

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

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 (see **page 76**).

2.1 Financial Assets

	2019 \$	2018 \$
2.1A: Cash and cash equivalents		
Cash on hand or on deposit	3,843,364	4,346,182
Total cash and cash equivalents	3,843,364	4,346,182

Accounting Policy

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

2.1B: Trade and other receivables

Other receivables		
Interest receivables	882	1,243
GST receivable from the Australian Taxation Office	119,354	51,337
Total other receivables	120,236	52,580
Total trade and other receivables (gross)	120,236	52,580

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. AASB 9 replaces the 'incurred loss' model previously used under AASB 139 with an 'expected credit loss' (ECL) model. This new impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments measured at fair value through other comprehensive income.

2.2 Non-financial assets

	Buildings - leasehold improvement \$	Plant and equipment \$	Computer software \$	Total \$
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2.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

As at 1 July 2018				
Gross book value	335,922	179,690	47,820	563,432
Accumulated depreciation, amortisation and impairment	(173,851)	(64,718)	(10,176)	(248,745)
Total as at 1 July 2018	162,071	114,972	37,644	314,687
Additions				
Purchase	28,914	253,585	16,480	298,979
Depreciation and amortisation	(94,874)	(36,225)	(26,833)	(157,932)
Disposals	-	(71,268)	-	(71,268)
Total as at 30 June 2019	96,111	261,064	27,291	384,466
Total as at 30 June 2019 represented by				
Gross book value	364,836	342,954	64,300	772,090
Accumulated depreciation, amortisation and impairment	(268,725)	(81,890)	(37,009)	(387,624)
Total as at 30 June 2019	96,111	261,064	27,291	384,466

Revaluations of Non-Financial Assets

No asset revaluations were conducted during the financial year ended 30 June 2019. This was deemed appropriate as the assets were largely new, or had a limited remaining useful life, as in the case of leasehold improvements.

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

Non-financial assets were revalued in 2015–16 by valuation experts. Infrastructure Australia has relied on the valuations made by these experts. The experts provided written assurance that the model developed to value assets is in compliance with AASB13 and represents their highest and best use.

Any additions to non-financial assets since 2015–16 have been recognised at cost, with their value not materially differing from the carrying amount.

No indicators of impairment have been identified over the above non-financial assets as at 30 June 2019.

Reconciliation to Cash Flows

The cash outflows in relation to the purchase of desks in the cash flow statement were reduced by \$76,191 being the gross value of desks that were returned to and credited by the supplier. Any accumulated depreciation on disposal of these desks has been recognised in the statement of comprehensive income.

Accounting Policy

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

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

Asset recognition threshold

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

Revaluations

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

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a revaluation decrement of the same asset class that was recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

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

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

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

Asset class	2019	2018
Buildings (leasehold improvements)	Shorter of lease term or expected useful economic life	Shorter of lease term or expected useful economic life
Plant and equipment	3 to 10 years	3 to 10 years
Computer software	3 to 6 years	-

Impairment

All assets were assessed for impairment at 30 June 2019. Where indications of impairment exist, the asset’s recoverable amount is estimated and an impairment adjustment made if the asset’s recoverable amount is less than its carrying amount.

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

Derecognition

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

Accounting Judgements and Estimates

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

2.3 Payables

	2019 \$	2018 \$
2.3A: Suppliers		
Trade creditors and accruals	948,395	626,515
Payable to the Department of Infrastructure, Transport, Cities and Regional Development	65,608	32,501
Total suppliers	1,014,003	659,016

Settlement is usually made within 30 days.

2.3B: Other payables

Other receivables		
Wages and salaries	8,830	4,278
Employee statutory liabilities	-	150,431
Superannuation	42,868	1,039
Lease incentive liability	163,461	275,711
Total other payables	215,159	431,459

Funding

This section identifies Infrastructure Australia's funding structure.

3.1 Net cash appropriation arrangements

	2019 \$	2018 \$
Total comprehensive (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	(333,716)	(309,972)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(157,932)	(120,068)
Total comprehensive (loss) - as per the Statement of Comprehensive Income	(491,648)	(430,040)

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

	2019 \$	2018 \$
4.1A: Employee provisions		
Leave	495,183	466,907
Total employee provisions	495,183	466,907

Accounting Policy

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

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

Leave

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

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

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

Separation and Redundancy

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

Superannuation

Staff of Infrastructure Australia are members of the 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 2019 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, including any director (whether executive or otherwise) of Infrastructure Australia.

During 2018–19 Infrastructure Australia reviewed its key management personnel structure. This structure had not been reviewed since 2014, when Infrastructure Australia was established. The outcome of the review was that some members of the Executive Leadership Team of Infrastructure Australia did not meet the definition of key management personnel as per AASB 124, and have been removed from the structure.

Infrastructure Australia has determined the key management personnel to be the Board Members and Chief Executive Officer. Some roles were held by multiple officers throughout the period. Key management personnel remuneration is reported in the table below:

	2019 \$	2018 \$
Short-term employee benefits	1,211,185	1,127,300
Post-employment benefits	94,254	90,125
Other long-term employee benefits	8,912	-
Termination benefits	-	-
Total key management personnel remuneration expenses¹	1,314,351	1,217,425

The total number of key management personnel that are included in the above table are 18 (2018: 17).

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 Infrastructure Australia.
2. The prior year comparative in the above remuneration table and number of key management personnel have been revised to reflect the change in key management personnel structure.

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, Chief Financial Officer, Executive Directors, Head of Public Affairs, Director of Governance and other Australian Government entities.

Transactions with related parties:

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

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

Managing uncertainties

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

5.1 Contingent assets and liabilities

Infrastructure Australia does not have any quantifiable or unquantifiable contingencies (2018: 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

	2019 \$	2018 \$
5.2A: Categories of financial instruments		
Financial assets under AASB 139		
Loans and receivables		
Cash on hand or on deposit	-	4,346,182
Other receivables	-	1,243
Total loans and receivables	-	4,347,425
Financial assets under AASB 9		
Loans and receivables		
Cash on hand or on deposit	3,843,364	-
Other receivables	882	-
Total loans and receivables	3,844,246	-
Total financial assets	3,844,246	4,347,425
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	1,014,003	659,016
Other payables	51,698	155,748
Total financial liabilities measured at amortised cost	1,065,701	814,764
Total financial liabilities	1,065,701	814,764

The comparative figures were amended to include the classification of other payables.

Classification of financial assets on the date of initial application of AASB 9.

Financial asset class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$	AASB 9 carrying amount at 1 July 2018 \$
Cash on hand or on deposit	2.1A	Held-to-maturity	Amortised cost	4,346,182	4,346,182
Other receivables	2.1B	Held-to-maturity	Amortised cost	1,243	1,243
Total financial assets				4,347,425	4,347,425

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9.

Financial asset class	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Remeasurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Cash on hand or on deposit	4,346,182	-	-	4,346,182
Other receivables	1,243	-	-	1,243
Total amortised cost	4,347,425	-	-	4,347,425

Accounting Policy

Financial Assets

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

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- 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.

Comparatives have not been restated on initial application.

Financial assets at amortised cost

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

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

Amortised cost is determined using the effective interest method.

Effective interest method

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

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach 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).

	2019 \$	2018 \$
5.2B: Net gains or losses on financial assets		
Financial assets at amortised cost		
Interest revenue	103,425	118,842
Net gains on financial assets at amortised cost	103,425	118,842
Net gains on financial assets	103,425	118,842

Other information

6.1: Aggregate assets and liabilities

	2019 \$	2018 \$
Assets expected to be recovered in:		
No more than 12 months	4,142,138	4,536,603
More than 12 months	384,467	314,687
Total assets	4,526,605	4,851,290
Liabilities expected to be settled in:		
No more than 12 months	1,546,227	1,372,342
More than 12 months	178,118	185,040
Total liabilities	1,724,345	1,557,382



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Index

Regulatory Reporting Index

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

This is provided below:

Contents of Annual Report	Page no.
Approval of the Annual Report by the accountable authority.	2
Details of the legislation establishing the body; both of the following: <ul style="list-style-type: none"> • a summary of the objects and functions of the entity as set out in the legislation; • the purposes of the entity as included in the entity's Corporate Plan for the period. 	32
The names of the persons holding the position of responsible Minister or responsible ministers during the period, and the titles of those responsible ministers.	30
Any directions given to the entity by a minister under an Act or instrument during the period.	30
Any government policy orders that applied in relation to the entity during the period under s22 of the PGPA Act.	N/A
If, during the period, the entity has not complied with a direction or order particulars of the non-compliance.	N/A
The annual performance statements for the entity for the period.	42
A statement of any significant issue reported to the responsible Minister under s19(1)(e) of the PGPA Act that relates to non-compliance with the finance law in relation to the entity. If a statement is included under s19(h)—an outline of the action that has been taken to remedy the noncompliance.	N/A
If a statement is included under s19(h)—an outline of the action that has been taken to remedy the noncompliance.	N/A

Contents of Annual Report	Page no.
Information on the accountable authority, or each member of the accountable authority, of the entity during the period, including: <ul style="list-style-type: none"> • the name of the accountable authority or member; and • the qualifications of the accountable authority or member; and • the experience of the accountable authority or member; and • for a member—the number of meetings of the accountable authority attended by the member during the period; and • for a member—whether the member is an executive member or non-executive member. 	14–19, 35
An outline of the organisational structure of the entity (including any subsidiaries of the entity).	38
An outline of the location (whether or not in Australia) of major activities or facilities of the entity.	38
Information in relation to the main corporate governance practices used by the entity during the period. <p>The decision-making process undertaken by the accountable authority for making a decision if:</p> <ul style="list-style-type: none"> • the decision is to approve the entity paying for a good or service from another Commonwealth entity or a company, or providing a grant to another Commonwealth entity or a company; and • the entity, and the other Commonwealth entity or the company, are related entities; and • the value of the transaction, or if there is more than one transaction, the aggregate value of those transactions, is more than \$10,000 (inclusive of GST). 	30–49
Any significant activities and changes that affected the operations or structure of the entity during the period.	N/A
Particulars of judicial decisions or decisions of administrative tribunals made during the period that have had, or may have, a significant effect on the operations of the entity.	N/A
Particulars of any report on the entity given during the period by: <ul style="list-style-type: none"> • the Auditor-General, other than a report under s43 of the PGPA Act (which deals with the Auditor-General's audit of the annual financial statements for Commonwealth entities); or • a Committee of either House, or of both Houses, of the Parliament; or • the Commonwealth Ombudsman; or • the Office of the Australian Information Commissioner. 	N/A
If the accountable authority has been unable to obtain information from a subsidiary of the entity that is required to be included in the Annual Report—an explanation of the information that was not obtained and the effect of not having the information on the Annual Report	N/A
Details of any indemnity that applied during the period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs).	N/A
An index identifying where the requirements of this section and s17BF (if applicable) are to be found.	84–85

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

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

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

www.infrastructureaustralia.gov.au

