

# Infrastructure NSW

Annual Report  
2015–16

## Letter to the Premier

31 October 2016

The Hon. Mike Baird MP  
Premier of NSW  
Parliament House  
Macquarie Street  
Sydney NSW 2000

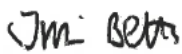
Dear Premier

I am pleased to submit for presentation to Parliament the Infrastructure NSW Annual Report for the financial year ended 30 June 2016.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983* and the regulations under those Acts.

The financial statements for 2015–16, which form part of the report, have been submitted to and certified by the Auditor-General of New South Wales.

Yours sincerely



Jim Betts  
Chief Executive Officer

## Our role

The role of Infrastructure NSW is to provide independent advice to assist the NSW Government in identifying, prioritising and assuring the delivery of critical public infrastructure across NSW for economic and social wellbeing.

Our role also includes ensuring decisions about infrastructure projects are informed by expert analysis and advice.

## The Act

Infrastructure NSW was established in July 2011 as a statutory body, under the *Infrastructure NSW Act 2011*.

The Act tasks Infrastructure NSW with the following functions:

- a) to prepare and submit to the Premier a 20-year State infrastructure strategy
- b) to prepare and submit to the Premier 5-year infrastructure plans and other plans requested by the Premier
- c) to prepare and submit to the Premier sectoral State infrastructure strategy statements
- d) to prepare project implementation plans for major infrastructure projects
- e) to review and evaluate proposed major infrastructure projects by government agencies or the private sector and other proposed infrastructure projects (including recommendations for the role of Infrastructure NSW in the delivery of those projects)
- f) to oversee and monitor the delivery of major infrastructure projects and other infrastructure projects identified in plans adopted by the Premier
- g) to carry out or be responsible for the delivery of a specified major infrastructure project in accordance with an order of the Premier under Part 5
- h) to assess the risks involved in planning, funding, delivering and maintaining infrastructure, and the management of those risks
- i) to provide advice to the Premier on economic or regulatory impediments to the efficient delivery of specific infrastructure projects or infrastructure projects in specific sectors
- j) to provide advice to the Premier on appropriate funding models for infrastructure
- k) to co-ordinate the infrastructure funding submissions of the State and its agencies to the Commonwealth Government and to other bodies
- l) to carry out reviews of completed infrastructure projects at the request of the Premier
- m) to provide advice on any matter relating to infrastructure that the Premier requests.

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## Chairman and CEO overview

Infrastructure NSW marked the 5th anniversary of its establishment on 30 June 2016. In those five years it has become an embedded part of the structure of governance for the prioritisation, planning and delivery of high value infrastructure projects across the state. It has also become the model for similar agencies created in other Australian states.

Infrastructure NSW has during the past year continued to provide independent advice on infrastructure priorities and major project delivery assurance to support the NSW Government's once-in-a-generation infrastructure investment program designed to grow the State's economy and to improve liveability and community wellbeing for the people of NSW.

The \$73 billion budgeted for infrastructure capital spending across the State to 2019–20 has drawn strongly on the agency's advice over its first five years. With the establishment of Projects NSW as a specialist delivery unit within Infrastructure NSW in November 2015, Infrastructure NSW is now charged with new responsibilities in supporting the Government's objective of delivering major infrastructure projects on time and on budget.

This Annual Report sets out the key contributions made by Infrastructure NSW in 2015–16. During the past year Infrastructure NSW has:

- Recommended over \$9.6 billion in commitments from the Restart NSW fund for infrastructure projects that have been approved by the Treasurer.
- Delivered key milestones in the transformation of Darling Harbour including the new Exhibition, Convention and Entertainment facilities as well as major commercial residential and hotel developments undertaken by Lend Lease.
- Developed and implemented an Investor Assurance Framework for all capital projects over \$10 million in value, incorporating monthly progress reporting to Cabinet and implementation of project gateway reviews and health checks.
- Established Projects NSW, to draw on the organisation's existing governance structure and expertise to deliver some of the State's high priority infrastructure projects, including the New Grafton Correctional Centre, the Walsh Bay Arts Precinct, the ANZAC Memorial Redevelopment and the Western Sydney Stadium.
- Prepared the five year State Infrastructure Plan (as input to the 2015-16 Budget).
- Led the Hawkesbury-Nepean Valley Flood Management Taskforce and recommended to Government an integrated strategy to address significant flood risk issues in the Sydney basin.
- Progressed the development of a Cultural Infrastructure Strategy for delivery to Government in late 2016.

Infrastructure NSW seeks to work collaboratively across government to promote effective infrastructure investment planning with a focus on improved business case development, drawing on expert, independent assurance reviews at key project milestones. Infrastructure NSW is also committed to supporting the Government's aim to attract private sector investment to foster competition and innovation in the design, financing and delivery of new infrastructure.

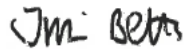
Looking ahead, in 2016-17 Infrastructure NSW plans to focus on the following priorities:

- Development of the second five-yearly State Infrastructure Strategy to be delivered in November 2017.
- Completion of the Darling Harbour transformation project on time and on budget.
- Progressing delivery of Projects NSW's major projects to meet target delivery dates and budgets.
- Progressing business cases and gateway reviews for the priority projects identified in the State Infrastructure Strategy Update 2014 that have been endorsed by the Government.
- Completing the Cultural Infrastructure Strategy 2016 and assisting Government to implement its recommendations.

We look forward to working with the Infrastructure NSW Board and our small but dedicated team in 2016-17 as we continue to improve the way both economic and social infrastructure is procured and delivered across our state.



Graham Bradley  
Chairman



Jim Betts  
Chief Executive Officer

## Review of 2015–16

Infrastructure NSW had a successful 2015–16. Major achievements during the year are outlined in this section.

### Establishment of Projects NSW

Projects NSW was established in November 2015 as a specialist unit within Infrastructure NSW to manage the procurement and delivery of a number of the state's infrastructure priorities.

The new unit was established to help deliver the largest capital program in the state's history and meet the challenge of translating its plans into projects.

The breadth and magnitude of that investment, meant a renewed approach was necessary to ensure projects were delivered on time and on budget.

Projects NSW has the commercial expertise needed to engage with the private sector and negotiate value for money outcomes for the community, and is able to leverage the wealth of experience built up through the transformation of Darling Harbour and the skills of the Infrastructure NSW Board.

The projects being managed by Projects NSW are:

- a new correctional centre at Grafton, in partnership with the Department of Justice and Corrective Services NSW
- the new 30,000 seat Western Sydney Stadium on the site of the existing Parramatta Stadium, in partnership with Venues NSW
- the redevelopment of the Walsh Bay Arts Precinct, in partnership with Arts NSW
- the upgrade of the Anzac Memorial at Hyde Park on behalf of the Anzac Memorial Trustees
- the completion and commissioning of Darling Harbour's transformation.

### New Grafton Correctional Centre

The new Grafton Correction Centre (NGCC) will help meet the State's need for increased prison capacity and will be a safe and secure correctional facility servicing the northern part of NSW.

The project is being delivered as a public private partnership (PPP) to deliver high quality, efficient, value for money correctional services. The private sector will be responsible for the design, construction, maintenance and operation of the facility. The NSW Government will retain ownership of it.

NGCC has been designated a State Significant Development and will be assessed in a two stage approval process. Construction of the new correctional complex is expected to begin in 2017, subject to planning approval, and be completed by 2020.

### Milestones in 2015-16

- Selection of the 195-hectare site following a rigorous selection process and issuing of the Secretary's Environmental Assessment Requirements for stage one planning approval in December 2015.

- Announcement in the NSW Budget in June 2016 that the facility would house 1,700 inmates, and feature state-of-the-art security and rehabilitation services.
- Early community consultation with two public meetings in Grafton in February 2016 to provide information about the project, answer questions and address issues.
- Issuing of an Expression of Interest to the private sector design, construct, operate and maintain the new Centre in February 2016 followed by the shortlisting of three consortia in June 2016 to participate in the Request for Proposals process .

### **Western Sydney Stadium**

The Western Sydney Stadium is a 30,000 seat rectangular stadium that will be constructed on the site of the existing Parramatta Stadium site. It will be used for a range of sports including rugby league, football and rugby union as well as for other events such as concerts.

The Stadium will accommodate more fans, provide an improved game day experience, serve as a catalyst for further investment in Parramatta as Sydney's dual CBD and bring wider community benefits to Western Sydney.

It has been designated as a State Significant Development and will be assessed in a two-stage approval process. Demolition of the existing stadium and the Parramatta Swimming Centre is due to commence in early 2017 with construction of the new Stadium to commence following demolition in mid-2017 for completion in 2019, subject to planning approval.

### **Milestones in 2015-16**

- NSW Government announcement in September 2015 that a new Stadium would be constructed on the site of the existing Parramatta Stadium facility.
- Issuing of the Secretary's Environmental Assessment Requirements for stage one planning approval in March 2016.
- Issuing of an Expression of Interest in June 2016 to the private sector to design, construct and commission the new Stadium.

### **Walsh Bay Arts Precinct**

The Walsh Bay Arts Precinct in Sydney is being redeveloped into a cultural and creative hub and landmark waterfront destination that supports world-class productions and delivers memorable experiences for people from Sydney, across NSW and international visitors.

The project will boost Sydney's reputation as an innovative, culturally competitive city within the Asia Pacific region.

The Walsh Bay Arts Precinct encompasses Pier 2/3, Wharf 4/5 and the Roslyn Packer Theatre, all located within a unique waterfront and heritage setting.

The redevelopment will more than double the arts offerings at Walsh Bay with new and upgraded production, rehearsal, studio and performance venues including:

- Creating new arts facilities and performance venues in Piers 2/3
- Refurbishing facilities in Wharf 4/5
- Providing a new waterfront square between them for outdoor performances, festivals, public art, commercial and community activities.

The first stage of the redevelopment was approved in May 2015 and will be followed by a second stage planning application to be submitted and exhibited in late 2016.

### **Milestones in 2015-16**

- In December 2015, delivery of the project was allocated to Projects NSW in partnership with Arts NSW.
- Appointment of award-winning architectural firm Tonkin Zulaikha Greer (TZG), which has worked on the refurbishment of Customs House, Carriageworks and the Sydney Opera House renewal, as the project architect in March 2016.

### **Anzac Memorial Centenary Project**

The Anzac Memorial Centenary Project will see a renewal of the Anzac Memorial at Hyde Park in Sydney. The project includes completing the architect's original vision from the 1930s and will be the legacy of the State's Centenary of Anzac commemorations in 2018.

The project will add a water cascade, educational facilities and historical displays to the Anzac Memorial, allowing future generations to learn about the Australian values of freedom, courage and respect.

The development of the project is being overseen by the Anzac Memorial Trustees with the support for the NSW Government, the Federal Government, the City of Sydney and the NSW Returned and Services League. Projects NSW is responsible for the delivery of the project.

Major construction commenced in late 2016 with completion scheduled for 2018.

### **Milestones in 2015-16**

- Announcement in July 2015 that the Anzac Memorial will be redeveloped to complete its original 1930s vision and NSW Government funding of \$20.3 million along with the Federal Government's \$19.6 million funding from the Anzac Centenary Public Fund.
- Announcement of a new public artwork inspired by a century of military service and its legacy to form the centrepiece of the new Anzac Memorial.
- Receipt of planning approval from the City of Sydney in May 2016.

### **Darling Harbour's transformation**

Infrastructure NSW has been overseeing the delivery of Darling Harbour's \$3.4 billion transformation since September 2011.

The redevelopment of the 20-hectare precinct includes:

- The \$1.5 billion International Convention Centre Sydney (ICC Sydney), which will be Asia Pacific's premier business events precinct
- An adjacent new 600 room luxury hotel
- The new Darling Square city neighbourhood comprising apartments, commercial offices, student accommodation, shops, restaurants, cafes and a public car park
- Reinvigorated public spaces and improved pedestrian connections that will make Darling Harbour more accessible.

ICC Sydney will feature three tiered theatres capable of hosting major conventions at the same time, the biggest with seating for 8,000 delegates, and Australia's largest ballroom on the top floor with magnificent water and city views and a red carpet arrival area.



The new state of the art facilities will generate \$200 million in annual economic benefit for the NSW economy, with ongoing employment for 4,000 people.

The project is on track with the ICC Sydney scheduled to open in December 2016.

### **Milestones in 2015-16**

- Closure of the Sydney Entertainment Centre in December 2015.
- Reopening of Tumbalong Park in December 2015, which had been closed since May 2015 as part of the precinct's redevelopment, with new turf laid, levelling of open space land and reconfiguring of pathways for easier movement around the precinct.
- Ongoing construction of ICC Sydney convention, exhibition and entertainment buildings and public domain improvements.

### **Investor assurance**

In 2015-16, the NSW Government strengthened its assurance processes, to provide a robust oversight of the state's significant infrastructure capital program.

Infrastructure NSW has developed an Infrastructure Investor Assurance Framework (IIAF) to implement a tiered, risk-based approach to investor assurance for projects with a capital value of \$10 million and above. The Framework applies to all capital projects being developed or delivered by General Government agencies and Government Businesses. The Framework consists of three pillars to check that projects are on-track. These include: project monitoring, regular project reporting, and expert and independent Gateway Reviews and Health Checks.

The Infrastructure Investor Assurance Framework has created a single point of responsibility for the independent assessment of capital projects across government. The risk-based, tiered approach to evaluating projects ensures that the focus is on the most important and complex projects. The process is confidential to each project, and advice is provided to the investor, through reports to Cabinet. This approach enables "red flags" to be raised and interventions ordered in time to ensure projects are delivered on-time, on-budget, and in accordance with the Government's objectives.

Key milestones for 2015-16 are highlighted in the following Investor Assurance metrics graphic

# Investor Assurance metrics for 2015-16

## Project Registrations



Capital projects are registered with Infrastructure NSW for risk profiling to determine an appropriate project tier.

This project tier is based on a project's capital cost and an assessment of the qualitative risk criteria, which includes: level of government priority; interface complexity; procurement complexity; agency capability; and essential service.

The level of assurance and reporting applied to a project is then proportionate to its project tier.

330 capital projects worth \$10 million or more registered with Infrastructure NSW

330

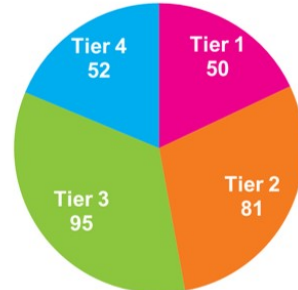
278 of these projects have been risk-profiled, with project tiers endorsed

278

Oversight of project portfolio worth a combined \$145 billion\*

\$145B

Project tier breakdown of the 278 projects, which follows the risk-based approach of the IIAF



## Regular Project Reporting



Regular project reporting provides Government with updates on implementation against time, cost, quality, risks and impediments to project development/delivery.

Reporting provides alerts for management attention and/or intervention where required.

50

Monthly reporting to Cabinet for Tier 1 (High-Profile/High-Risk) projects commenced in July 2015, which peaked at 50 projects by June 2016 valued at over \$70 billion

176

Quarterly reporting for Tier 2 and Tier 3 projects commenced in mid 2016 for the initial period of April-June 2016

## Gateway Reviews and Health Checks



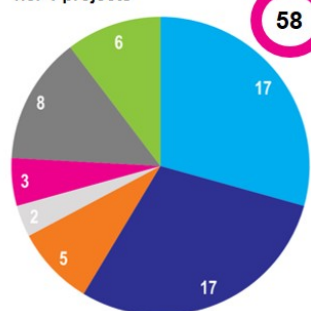
Gateway Reviews are focused, independent expert reviews of a project, at key decision points (gates). Health Checks are reviews undertaken between gates.

Reviews are conducted by a team of experienced practitioners appointed by Infrastructure NSW.

Gateway Reviews and Health Checks are designed to enhance project development and delivery and assist in preventing project failure.

Tier 1 projects

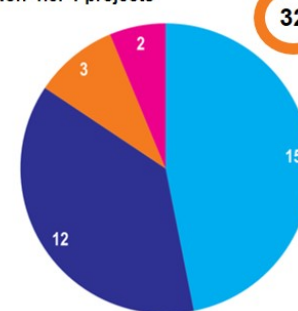
58



- Gate 1 Strategic Assessment Gateway Reviews
- Gate 2 Business Case Gateway Reviews
- Gate 3 Pre-tender Gateway Review
- Gate 4 Tender Evaluation Gateway Review
- Health Checks during development
- Health Checks during procurement
- Health Checks during delivery

Non-Tier 1 projects

32



- Gate 1 Strategic Assessment Gateway Reviews
- Gate 2 Business Case Gateway Reviews
- Gate 3 Pre-tender Gateway Review
- Other Health Checks

\* Note that this includes projects with funding to be spent on development or delivery in the forward estimates and potential projects undergoing development work for consideration of government.

## Hawkesbury-Nepean Flood Management Taskforce

The Hawkesbury-Nepean Valley Flood Management Taskforce was led by Infrastructure NSW from April 2014 and involved 13 government agencies and numerous expert advisors including the CSIRO for extensive flood risk and evacuation modelling. The Taskforce Steering Committee was independently chaired by Mark Bethwaite, AM. The challenge was to develop the Hawkesbury-Nepean Flood Risk Management Strategy.

The Strategy is a comprehensive long term plan for the NSW Government, local councils, businesses and the community to manage the risk posed by regional floods in the Hawkesbury-Nepean Valley. It includes detailed planning, environmental assessments and community consultation for raising the Warragamba Dam wall by around 14 metres for the temporary storage of flood waters. It also includes immediate actions to improve responsiveness to flood risk in the Valley.

The NSW Government will consider the final business case for raising the Warragamba Dam wall in 2019. Pending approval of the business case, and subject to environmental and planning approvals, it is expected to take three to four years to complete construction. The NSW Government will also consider the ongoing implementation, monitoring and improvement of the Strategy.

### Milestones in 2015-16

- The Hawkesbury-Nepean Valley Flood Management Taskforce led by Infrastructure NSW recommended an integrated Strategy to Government in early-2016.
- In June 2016 the NSW Government announced \$58 million to fund the implementation of the Hawkesbury-Nepean Flood Risk Management Strategy to reduce the potential flood risk to life, the economy and social amenity in the Hawkesbury-Nepean Valley.

## Restart NSW

In 2011, the NSW Government established the Restart NSW Fund to enable a range of high priority infrastructure projects to be funded and delivered. Infrastructure NSW is responsible for assessing and making recommendations to the Government for use of the Restart NSW Fund.

The purpose of the Restart NSW Fund is to improve economic growth and productivity by investing in major projects that will improve public transport, roads and the competitiveness of the State, as well as local infrastructure in regional areas that are affected by mining operations, health facilities, and workplaces for frontline government staff.

By the end of 2015-16, \$16.5 billion had been deposited in the Restart NSW Fund. Use of these funds is focused on accelerating priority projects, including the Rebuilding NSW commitments in the State Infrastructure Strategy Update 2014. These commitments were based on the NSW Governments decision to invest \$20 billion in new infrastructure funded by the lease of 49 per cent of the State's electricity network businesses and Australian

Government Asset Recycling Incentive payments. The proceeds are first deposited into the Restart NSW Fund before being invested into Rebuilding NSW projects.

New infrastructure projects considered for Restart NSW funding are subject to a rigorous selection process. Projects selected for delivery must be supported by a sound business case showing the project is financially and economically justifiable. The key components of the project assessment framework are:

- strategic assessment to ensure the project aligns with the Restart Act criteria, existing government priorities and Restart NSW investment themes
- economic assessment to ensure the project is expected to produce a net economic benefit and improve economic growth and productivity in the State (demonstrated by a benefit-cost ratio of at least greater than 1)
- Gateway assurance review process to ensure the project has successfully completed the appropriate business case development processes.

### **Milestones in 2015-16**

In 2015-16 there has been a significant increase of about \$9.7 billion in Restart NSW Fund commitments.

The principal components of this increase include:

- The Sydney Metro City and Southwest (\$7 billion)
- Existing Network Enhancements (previously Sydney Rail Futures 2) (\$1 billion)
- Northern Beaches Bus Priority Infrastructure (including B-Line) (\$290 million)
- Fixing Country Roads program (\$50 million)
- Northern Beaches Hospital, Road Connectivity and Network Enhancement (\$348 million)
- Grafton Bridge (\$177 million)
- Regional Tourism Infrastructure program (\$97 million)
- Parramatta Light Rail planning (\$64 million).

Thirty per cent of Restart NSW funds are committed towards Regional NSW projects (outside Newcastle, Sydney and Wollongong). This includes allocations to local government programs. In 2015-16, Infrastructure NSW has recommended local government projects the following programs:

- Resources for Regions (\$198 million)
- Water Security for Regions (\$90 million)
- Fixing Country Roads (\$91 million)
- Regional Tourism Infrastructure (\$77 million)

### **Parramatta Strategic Framework**

In May 2016 Infrastructure NSW presented the Parramatta Strategic Framework to Government. The Parramatta Strategic Framework is an evidence-based spatial plan and assessment framework developed by Infrastructure NSW to facilitate better integrated decision-making for NSW Government investment in Parramatta, as Parramatta transforms from a key centre to Sydney's second CBD.

The framework was considered when (among other things) analysing options for the relocation of the Museum of Applied Arts and Science to Parramatta and potential light rail routes. In developing the spatial plan for the Parramatta CBD, Infrastructure NSW was assisted by the City of Parramatta, NSW Department of Planning and the Office of the Government Architect.

Following adoption of the Strategic Framework by the Government, Infrastructure NSW transferred responsibility for development of plans for the application of the framework to the Greater Sydney Commission.

## Governance

### Management and structure

Infrastructure NSW's governance model as established by the *Infrastructure NSW Act 2011* comprises a Board and Chief Executive Officer.

#### The Board

The Board provides general policies and strategic direction for Infrastructure NSW as well as advice to the Premier and CEO of Infrastructure NSW on infrastructure matters. It comprises an independent Chairman and five members with relevant infrastructure sector experience, all appointed by the Premier, and the heads of the Departments of Premier and Cabinet, Trade and Investment, Regional Infrastructure and Services, Planning and Infrastructure, and the Secretary of the Treasury.

#### **Graham Bradley AM – Chairman**

Appointed 4 July 2013 for a period of four years.

Graham Bradley is a professional company director and is currently Non-Executive Chairman of HSBC Bank Australia and Energy Australia Holdings. He is also on the Boards of The Hongkong and Shanghai Banking Corporation, Virgin Australia International Holdings, GI Dynamics, Ensemble Foundation Limited and Tennis Australia.

Graham was managing director of Perpetual Limited from 1995-2003. Prior to joining Perpetual, Graham was national managing partner of leading national law firm, Blake Dawson (now Ashurst). Before this, Graham was a partner of McKinsey & Company, a leading international firm of management consultants.

Graham was President of the Business Council of Australia from 2009-2011 and Vice President from 2011-2012. He was Deputy President of the Takeovers Panel from 2006-2013. He is a member of the Advisory Council of the Australian School of Business at UNSW and a director of the European Australian Business Council. Graham also devotes time to a range of non-profit organisations, including the State Library of NSW.

Graham was made a member of the Order of Australia in 2009 in recognition of his contribution to business, medical research and the arts.

### **Jim Betts – Chief Executive Officer**

Appointed 29 June 2013.

Jim joined Infrastructure NSW following five years as the Secretary of the Victorian Department of Transport and four years as Victoria's Director of Public Transport at the Victorian Department of Infrastructure.

As part of his role at Infrastructure NSW, Jim led the development of more than 80 recommendations to Government of critical infrastructure for NSW—set out in the State Infrastructure Strategy Update 2014. Jim is Chairman of Infrastructure Investor Assurance Committee, reporting to cabinet on High Profile/ High Risk projects, while providing oversight almost 400 projects across government registered in the Infrastructure NSW assurance database. Since the establishment of Projects NSW in 2015, Jim has also been responsible for the delivery of a number of the state's infrastructure priorities, including the \$3.4 billion Darling Harbour transformation.

During his time in Victoria, Jim was involved in the delivery of the \$38 billion Victorian Transport Plan, the overhaul of Victoria's legislative framework to integrate the planning of transport and land use, and overseeing construction of the \$4.3 billion Regional Rail Link project.

### **Max Moore-Wilton AC – Private Sector Member**

Appointed 15 July 2011 for a period of four years.

Max Moore-Wilton was appointed as Chairman of Sydney Airport Holdings Limited, formerly called MAp Airports Limited, in April 2006. He was Chairman of Sydney Airport Corporation Limited from 2006 to May 2015. Prior to this appointment he was Executive Chairman of Sydney Airport Corporation from 2002 and is past President of the Airport Council International (ACI) World Governing Board.

Max was Chairman of Southern Cross Austereo Media Group (Previously Macquarie Media Group) from 2007 to February 2015.

From 1996 Max was Secretary to the Department of Prime Minister and Cabinet where he oversaw fundamental reform of the Commonwealth Public Service. He was appointed a Companion in the General Division of the Order of Australia in the Australia Day Honours List 2001.

### **Rod Pearse OAM – Private Sector Member**

Appointed 15 July 2011 for a period of four years.

Rod Pearse is a member of the Sydney Motorway Corporation Board and Chairman of the SMC Audit and Risk Committee. Rod is also a Board member of O'Connell Street Associates (from 2010).

Rod was CEO of Boral Limited (2000 to 2009), a Board member of the Business Council of Australia (2003 to 2009), a member of the Westconnex Delivery Authority Board (2013 to 2015) and a member of the COAG Reform Council Expert Panel on Cities (2010 to 2012).

Rod was awarded an OAM for services to Youth in 2009.

### **Roger Fletcher – Private Sector Member**

Appointed 15 July 2011 for a period of four years.

Roger Fletcher is Managing Director of Fletcher International Exports, a company that exports sheep meats, wool and grain to more than 95 countries worldwide and farms sheep, wheat and cotton.

Roger is also Deputy Chairman of the National Export Lamb, Sheep and Goat Industries Council, board member of the Australian Meat Industry Council and the Australian Processor Council.

### **Arlene Tansey – Private Sector Member**

Appointed 11 June 2014 for a period of four years.

Arlene Tansey is a Non-Executive Director of Adelaide Brighton Limited, Primary Health Care, Lendlease Investment Management and ARACY: The Australian Research Alliance for Children & Youth. She is also the Chairman of Urbanise.com Limited and Future Fibre Technologies Limited.

Arlene's professional background is as a senior investment banker, commercial banker and finance and securities lawyer. Arlene has previously held Directorships at ANZ Banking Group Ltd and Westpac Corporate Finance, and was Associate Director Macquarie Bank Limited (now Macquarie Capital). She is a former member of the ANZ Chief Executive Group (2004-2007) and former committee member of The Boston, Melbourne, Oxford, Vancouver, Conversazione on culture and Society (2001-2015). Arlene is a Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women.

### **Dieter Adamsas – Private Sector Member**

Appointed 11 June 2014 for a period of four years.

Dieter Adamsas is Chairman of Geotech Group. He was formerly Deputy Chief Executive Officer and Chief Financial Officer of Leighton Holdings Limited (2000-2007 and 1986-2007 respectively), and has 40 years' experience in the construction industry.

Dieter was previously Chairman of Leighton Contractors (2007-2010) and Chairman of Hong Kong based Leighton Asia (2008-2011). He is a former Director of the Committee for Economic Development of Australia and former Member of the Trade Advisory Council. He is currently a Member of the University of New South Wales Business Advisory Council and Fellow of the Australian Institute of Company Directors. He has also previously been a Director of Thiess Pty Ltd, John Holland Pty Ltd and Leighton Properties Pty Ltd.

Active in CFO affairs, Dieter is a current Director and former President of the Financial Executives Institute of Australia. Dieter is active in community service and is currently on the Board of the Sydney Adventist Hospital Foundation and Chairman of their Audit Committee

### **Blair Comley – Secretary, NSW Department of Premier and Cabinet**

Appointed 7 October 2014 by virtue of his position within the NSW public service and consistent with the *Infrastructure NSW Act 2011*.

Blair Comley is a trained economist and was formerly a special adviser with financial services firm Price Waterhouse Coopers.

Between 1994 and 2007 Blair held a number of senior roles with Commonwealth Treasury, including an assignment with the Australian delegation to the OECD in Paris.

In 2013 he was Secretary of the Department of Resources, Energy and Tourism, and between 2008 and 2013 was with Department of Climate Change and Energy Efficiency, including as Secretary from 2011 to 2013.

### **Rob Whitfield – Secretary, NSW Treasury**

Appointed 13 July 2015 by virtue of his position within the NSW public service and consistent with the *Infrastructure NSW Act 2011*.

Rob is Secretary of NSW Treasury. Rob's portfolio includes NSW Treasury, NSW Treasury Corporation, NSW Industrial Relations, NSW Long Service Corporation and SAS Trustee Corporation. Rob is responsible for the strategic management of the entirety of the state's finances, budget, assets, liabilities and financial risk management framework and transformation.

Rob joined the public service following a distinguished 30-year career at Westpac, most recently as Chief Executive of Westpac's Institutional Bank and Chairman of Westpac's Asia Advisory Board. Rob is widely known for leading the amalgamation between Westpac and St. George Bank in 2008. He was also a key figure in developing risk functions and risk management strategies for Westpac, particularly through the Global Financial Crisis.

Rob is a Fellow of the Australian Institute of Company Directors (AICD) and a Senior Fellow of the Financial Services Institute of Australasia (FINSIA).

### **Carolyn McNally – Secretary, NSW Planning and Environment**

Appointed 1 May 2014 by virtue of her position within the NSW public service and consistent with the *Infrastructure NSW Act 2011*.

Carolyn McNally has a strong public sector reform background and has worked extensively as a Commonwealth Government senior executive in regional services, infrastructure, health and education.

Carolyn commenced with the State Government in 2011 as Deputy Director General in Transport with responsibility for transport planning, including the NSW Long Term Transport Masterplan, and the capital investment portfolio.

### **Simon Smith – Secretary, NSW Department of Industry**

Simon Smith was appointed to the position of Secretary in July 2015 by the Premier.

Prior to this appointment Simon was Chief Executive at the Office of Finance and Services and before that, Deputy Secretary at the NSW Department of Premier and Cabinet.

Simon trained as an economist and first joined the NSW Public Sector in 1994. His public sector roles have focused on the nexus between the economy and the environment, including roles in regulation, policy development and program delivery.



## Board meetings

There were 11 Board meetings in 2015–16.

Board member	Meetings attended
Chairman – Graham Bradley	11
CEO – Jim Betts	11
Private sector member – Roger Fletcher	10
Private sector member – Arlene Tansey	10
Private sector member – Max Moore-Wilton	10
Private sector member – Rod Pearse	11
Private sector member – Dieter Adamsas	9
Secretary, Department of Planning and Infrastructure*	8
Secretary, Department of Premier and Cabinet*	11
Secretary, Department of Industry* (since May 2016)	2
Secretary for Treasury*	11

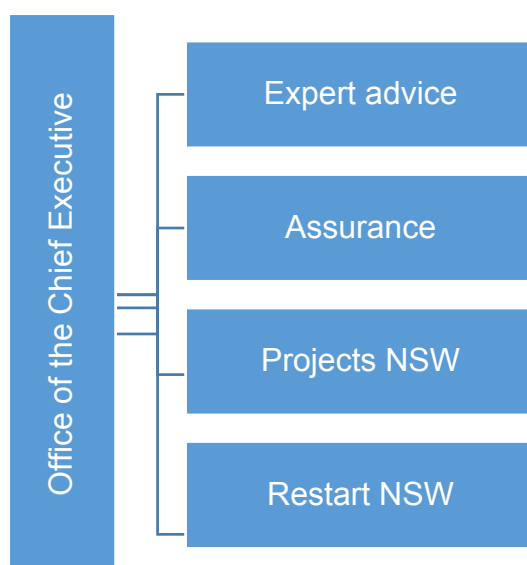
\* Includes nominee's attendance. Secretary, Department of Industry was invited to attend from May 2016.

## Audit and risk committee meetings

There were four audit and risk committee meetings in 2015–16.

Committee member	Meetings attended
Chair – Rod Pearse	4
Member – Arlene Tansey	4
Member – Christopher Swann	4

## Organisation structure



## Our senior management team

Infrastructure NSW has a small team of talented and experienced staff who are working to deliver the functions of the organisation. The senior management team is detailed below

### **Jim Betts**

Chief Executive Officer and Coordinator General

*Experience as outlined in section: Board*

### **Amanda Jones**

Deputy Chief Executive Officer and Chief Operating Officer

Amanda is an Executive with over 25 years' experience in infrastructure planning and delivery including water, energy, transport and IT. Her career as an executive in the utilities sector spans responsibility for corporate governance, capital investment and services, as well as operations, including being CEO of an Energy Retailer. Highlights range from being responsible for the first 20 year wastewater strategy for Sydney, to providing energy supply for all Sydney 2000 Olympic Games venues, to establishing an energy retail joint venture and meeting customer and profit targets.

Since May 2011 Amanda has been a foundation member of the Infrastructure NSW team, leading the delivery team of *First Things First* – the 20 year Infrastructure Strategy for NSW released in October 2012. Amanda was also an integral part of the team responsible for State Infrastructure Strategy Update 2014.

Amanda manages the operation of Infrastructure NSW and is responsible for finance, program support for Projects NSW and Restart NSW, as well as governance, including in the role of corporate secretary. Amanda represents Infrastructure NSW on a number of key forums.

### **Anissa Levy**

Deputy Chief Executive Officer and Head of Investor Assurance

Anissa joined Infrastructure NSW in September 2015 to establish the Infrastructure Investor Assurance function, an independent risk based assurance process for the State's capital projects. Anissa oversees the operation of the Infrastructure Investor Assurance Framework, reporting to Cabinet on Tier 1 - High Profile/ High Risk projects. Her role provides assurance and monitoring for almost 400 infrastructure projects across the whole of government.

Prior to joining Infrastructure NSW, Anissa was the Deputy Director General of Planning and Programs at Transport for NSW where she was responsible for the Transport Cluster capital budget, the Bureau of Transport Statistic, strategic integrated transport planning and project development. Key personal achievements during this time included the oversight of a number of major capital programs including the Transport Access Program, Sydney's Rail Future, Sydney's Light Rail Future, Sydney Motorways Planning, Bus Rapid Transit Development Program, Walk and Cycle Programs and the Major Urban Renewal Program.

Anissa is a civil engineer and her 25 years' experience spans executive leadership, strategic transport planning and infrastructure planning and delivery. Anissa has a mix of private sector experience as well as state and local government.

### **Risk management and insurance**

Infrastructure NSW has appropriate structures and processes to identify and manage material risks to its strategic and operational objectives.

Under the Model Charter adopted by Infrastructure NSW's Audit and Risk Management Committee, the Committee will ensure Infrastructure NSW operates with appropriate and effective risk management and control frameworks and processes and ensure it has a performance management framework that is linked to organisational objectives and outcomes. The internal audit function of Infrastructure NSW is outsourced to external advisors O'Conner Marsden.

Infrastructure NSW uses the NSW Treasury Managed Fund for its insurance requirements including workers' compensation, public liability, property and miscellaneous items.

During 2015–16 there were no claims made against any of these insurance categories.

## Internal audit and risk management attestation 2015-2016

I, Jim Betts am of the opinion that Infrastructure NSW has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

### Core Requirements

#### Risk Management Framework

Compliant

- 1.1 The agency head is ultimately responsible and accountable for risk management in the agency
- 1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009

Compliant

#### Internal Audit Function

- 2.1 An internal audit function has been established and maintained
- 2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing
- 2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'

Compliant

Compliant

Compliant

#### Audit and Risk Committee

- 3.1 An independent Audit and Risk Committee with appropriate expertise has been established
- 3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations
- 3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'

Compliant

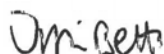
Compliant

Compliant

#### Membership

The chair and members of the Audit and Risk Committee are:

- Independent Chair, Rod Pearce, appointed to the position on 1 June 2014 for a term consistent with his tenure on the Board of Infrastructure NSW.
- Independent Member 1, Arlene Tansey, appointed on 11 June 2014 for a term consistent with her tenure on the Board of Infrastructure NSW.
- Non-independent Member 1, Chris Swann, appointed on 7 May 2013 with a term date of 30 June 2017.



Jim Betts  
Chief Executive Officer  
Infrastructure NSW

18 October 2016

## Digital information security attestation

### **Digital Information Security Annual Attestation Statement for the 2015-16 Financial Year for Infrastructure NSW**

I, Jim Betts, am of the opinion that Infrastructure NSW had an Information Security Management System in place during the 2015-16 financial year that is consistent with the Core Requirements set out in the NSW Government *Digital Information Security Policy*.

The controls in place to mitigate identified risks to the digital information and digital information systems of Infrastructure NSW are adequate.

There is no agency under the control of Infrastructure NSW which is required to develop an Independent ISMS in accordance with the NSW Government Digital Information Security Policy.



Jim Betts  
Chief Executive Officer  
Infrastructure NSW

18 October 2016

## Financial statements

### Infrastructure NSW

#### STATEMENT BY THE CHIEF EXECUTIVE OFFICER Infrastructure NSW

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, I state that to the best of my knowledge and belief:

- a) the accompanying Financial Statements exhibit a true and fair view of the financial performance and financial position of Infrastructure NSW as at 30 June 2016, and transactions for the year then ended;
- b) the accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2015, the Financial Reporting Code for NSW General Government Entities and Treasurer's Directions;
- c) the financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board;
- d) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Jim Betts  
Chief Executive Officer  
Infrastructure NSW

5 October 2016



## INDEPENDENT AUDITOR'S REPORT

### Infrastructure NSW and Controlled Entity

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of Infrastructure NSW and its controlled entity, which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information of Infrastructure NSW and the consolidated entity. The consolidated entity comprises Infrastructure NSW and the entities it controlled at the year's end and from time to time during the financial year.

In my opinion the financial statements:

- give a true and fair view of the financial position of Infrastructure NSW and the consolidated entity as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

I conducted my audit in accordance with 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 Infrastructure NSW and its controlled entity in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

## The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer must assess Infrastructure NSW and its controlled entity's ability to continue as a going concern unless their operations will cease as a result of an administrative restructure. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of 'accounting'.

## Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

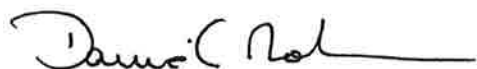
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that Infrastructure NSW and its controlled entity carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



David Nolan  
Director, Financial Audit Services  
5 October 2016  
SYDNEY



**Infrastructure NSW**

**Financial Statements**  
**for the year ended 30 June 2016**

**Infrastructure NSW**  
**Statement of comprehensive income**  
**for the year ended 30 June 2016**

	Notes	Consolidated			INSW		
		Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
<b>Expenses excluding losses</b>							
Operating expenses							
Employee related	2(a)	5,251	5,464	4,590	-	-	-
Other operating expenses	2(b)	7,249	6,106	8,480	7,249	6,106	8,480
Depreciation and amortisation expenses	2(c)	129	106	221	129	106	221
Personnel services	2(d)	-	-	-	4,836	5,383	4,408
Other expenses-Projects NSW	2(e)	8,521	5,277	8,380	8,521	5,277	8,380
<b>Total Expenses excluding losses</b>		<b>21,150</b>	<b>16,953</b>	<b>21,671</b>	<b>20,735</b>	<b>16,872</b>	<b>21,489</b>
<b>Revenue</b>							
Sale of goods and services	3(a)	8,521	5,277	8,380	8,521	5,277	8,380
Investment income	3(b)	-	-	35	-	-	35
Grants and contributions	3(c)	12,489	11,294	12,226	12,489	11,294	12,226
Acceptance by the Crown Entity of employee benefits	3(d)	415	81	182	-	-	-
<b>Total Revenue</b>		<b>21,425</b>	<b>16,652</b>	<b>20,823</b>	<b>21,010</b>	<b>16,571</b>	<b>20,641</b>
<b>Gain / (loss) on disposal</b>	4	<b>(1)</b>	<b>-</b>	<b>(7)</b>	<b>(1)</b>	<b>-</b>	<b>(7)</b>
<b>Net Result</b>		<b>274</b>	<b>(301)</b>	<b>(855)</b>	<b>274</b>	<b>(301)</b>	<b>(855)</b>
<b>Other comprehensive income</b>							
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>274</b>	<b>(301)</b>	<b>(855)</b>	<b>274</b>	<b>(301)</b>	<b>(855)</b>

The accompanying notes form part of these financial statements.

**Infrastructure NSW**  
**Statement of financial position**  
**as at 30 June 2016**

	Notes	Consolidated			INSW		
		Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and cash equivalents	6	4,483	1,230	2,919	4,483	1,230	2,919
Receivables	7	7,148	2,641	2,042	7,148	2,641	2,042
<b>Total Current Assets</b>		<b>11,631</b>	<b>3,871</b>	<b>4,961</b>	<b>11,631</b>	<b>3,871</b>	<b>4,961</b>
<b>Non-Current Assets</b>							
Plant and equipment	8	229	112	192	229	112	192
Intangible assets	9	48	32	-	48	32	-
<b>Total Non-Current Assets</b>		<b>277</b>	<b>144</b>	<b>192</b>	<b>277</b>	<b>144</b>	<b>192</b>
<b>Total Assets</b>		<b>11,908</b>	<b>4,015</b>	<b>5,153</b>	<b>11,908</b>	<b>4,015</b>	<b>5,153</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Payables	10	5,994	1,779	3,152	6,703	2,106	3,561
Provisions	11	698	327	403	-	-	-
Other	12	-	-	65	-	-	65
Prepaid Income		3,387	-	-	3,387	-	-
<b>Total Current Liabilities</b>		<b>10,079</b>	<b>2,106</b>	<b>3,620</b>	<b>10,090</b>	<b>2,106</b>	<b>3,626</b>
<b>Non-Current Liabilities</b>							
Provisions	11	133	319	111	122	319	105
Other	12	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>		<b>133</b>	<b>319</b>	<b>111</b>	<b>122</b>	<b>319</b>	<b>105</b>
<b>Total Liabilities</b>		<b>10,212</b>	<b>2,425</b>	<b>3,731</b>	<b>10,212</b>	<b>2,425</b>	<b>3,731</b>
<b>Net Assets</b>		<b>1,696</b>	<b>1,590</b>	<b>1,422</b>	<b>1,696</b>	<b>1,590</b>	<b>1,422</b>
<b>EQUITY</b>							
Accumulated funds		1,696	1,590	1,422	1,696	1,590	1,422
<b>Total Equity</b>		<b>1,696</b>	<b>1,590</b>	<b>1,422</b>	<b>1,696</b>	<b>1,590</b>	<b>1,422</b>

The accompanying notes form part of these financial statements.

**Infrastructure NSW**  
**Statements of changes in equity**  
**for the year ended 30 June 2016**

<b>Consolidated / INSW</b>	<b>Accumulated Funds \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2015</b>	<b>1,422</b>	<b>1,422</b>
<b>Net result for the year</b>	<b>274</b>	<b>274</b>
<b>Total comprehensive income for the year</b>	<b>274</b>	<b>274</b>
<b>Balance at 30 June 2016</b>	<b>1,696</b>	<b>1,696</b>

<b>Consolidated / INSW</b>	<b>Accumulated Funds \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2014</b>	<b>2,277</b>	<b>2,277</b>
<b>Net result for the year</b>	<b>(855)</b>	<b>(855)</b>
<b>Total comprehensive income for the year</b>	<b>(855)</b>	<b>(855)</b>
<b>Balance at 30 June 2015</b>	<b>1,422</b>	<b>1,422</b>

**Infrastructure NSW**  
**Statement of cash flows**  
**for the year ended 30 June 2016**

	Consolidated			INSW		
	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related	(4,468)	(5,383)	(4,234)	-	-	-
Other	(15,092)	(11,383)	(17,567)	(19,560)	(16,766)	(21,801)
<b>Total Payments</b>	<b>(19,560)</b>	<b>(16,766)</b>	<b>(21,801)</b>	<b>(19,560)</b>	<b>(16,766)</b>	<b>(21,801)</b>
<b>Receipts</b>						
Sale of goods and services	8,834	5,277	11,800	8,834	5,277	11,800
Interest received	16	-	43	16	-	43
Grants and contributions	12,489	11,294	12,226	12,489	11,294	12,226
<b>Total Receipts</b>	<b>21,339</b>	<b>16,571</b>	<b>24,069</b>	<b>21,339</b>	<b>16,571</b>	<b>24,069</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,779</b>	<b>(195)</b>	<b>2,268</b>	<b>1,779</b>	<b>(195)</b>	<b>2,268</b>
16						
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of plant and equipment	(215)	-	(13)	(215)	-	(13)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(215)</b>	<b>-</b>	<b>(13)</b>	<b>(215)</b>	<b>-</b>	<b>(13)</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>1,564</b>	<b>(195)</b>	<b>2,255</b>	<b>1,564</b>	<b>(195)</b>	<b>2,255</b>
Opening cash and cash equivalents	2,919	1,425	664	2,919	1,425	664
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>4,483</b>	<b>1,230</b>	<b>2,919</b>	<b>4,483</b>	<b>1,230</b>	<b>2,919</b>
6						

The accompanying notes form part of these statements.

## **1 Summary of Significant Accounting Policies**

### **(a) Reporting entity**

Infrastructure New South Wales (hereafter referred to as INSW) was established in July 2011 as a statutory authority under the Infrastructure NSW Act 2011. It provides independent advice to help the Government identify and prioritise critical public infrastructure across NSW. INSW is a reporting entity, comprising all the entities under its control, namely INSW Staff Agency (Staff Agency).

The Staff Agency is a public service agency established under the Administrative Arrangements Order 2014 and is pursuant to Part 2 of Schedule 1 of the Government Sector Employment Act 2013 (formerly the Infrastructure Special Officers Group (INSW Division) established under the former Public Sector Employment Management Act 2002). The Staff Agency comprises persons who are employed under the Government Sector Employment Act 2013 to enable INSW to exercise its functions.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

INSW is a budget dependent Statutory Authority. INSW is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These consolidated financial statements for the year ended 30 June 2016 have been authorised for issue by the Chief Executive Officer on 5 October 2016.

### **(b) Basis of preparation**

INSW's financial statements are general purpose financial statements which have been prepared in accordance with:

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- The requirements of the *Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015 and*
- The Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Plant and equipment are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

### **(c) Statement of compliance**

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

### **(d) Insurance**

INSW's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past experience.

## **1 Summary of Significant Accounting Policies (cont'd)**

### **(e) Accounting for the Goods and Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of GST, except that:

- The amount of GST incurred by INSW as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- Receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flow on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

### **(f) Income recognition**

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

#### **(i) Grants revenue**

Grants are generally recognised as income when INSW obtains control over the assets and grants are normally obtained upon the receipt of cash.

#### **(ii) Sale of goods\***

Revenue from the sale of goods is recognised as revenue when INSW transfers the significant risks and rewards of ownership of the assets.

#### **(iii) Rendering of services\***

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

#### **(iv) Investment revenue**

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

- \* The Sale of goods and services disclosed in the Statement of Comprehensive Income represents recovery from other NSW government agencies for projects being delivered on their behalf by the project delivery unit of Infrastructure NSW. The expenditure at reporting date is shown as Other Expenses.

### **(g) Assets**

#### **(i) Acquisitions of assets**

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

**1 Summary of Significant Accounting Policies (cont'd)**

(g) *Assets (cont'd)*

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to INSW.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

<b>Depreciation Rates</b>	<b>2016 % Rate</b>
<b>Intangible Asset</b>	
Computer software	25
<b>Plant &amp; Equipment</b>	
Office furniture and fittings	14
Computer equipment and hardware	25
General plant and equipment	25
Leasehold improvements	depreciated over the period of the lease



## **1 Summary of Significant Accounting Policies (cont'd)**

### **(g) Assets (cont'd)**

#### **(vi) Restoration costs**

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

#### **(vii) Maintenance**

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or a component of an asset, in which case the costs are capitalised and depreciated.

#### **(viii) Leased assets**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

#### **(ix) Intangible assets**

INSW recognises intangible assets only if it is probable that future economic benefits will flow to INSW and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for NSW's intangible assets, the assets are carried at cost less any accumulated amortisation.

INSW's intangible assets are amortised using the straight line method over a period of four years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

#### **(x) Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

### **(h) Liabilities**

#### **(i) Payables**

These amounts represent liabilities for goods and services provided to INSW and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

#### **(ii) Employee benefits and other provisions**

## 1 Summary of Significant Accounting Policies (cont'd)

### (h) Liabilities (cont'd)

*Employee benefits are provided to the INSW by the Staff Agency. The INSW recognises personnel services expenses and provisions for these benefits.*

#### (a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

#### (b) Long service leave and superannuation

INSW's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. INSW accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

#### (c) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

#### (iii) Other Provisions

Other provisions exist when: INSW has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

#### (i) Fair value hierarchy

Fair value hierarchy disclosure under AASB 13 Fair Value Measurement, is not required as INSW's assets are non-specialised short-lived assets and measured at depreciated historical cost as a surrogate for fair value.

#### (j) Equity and reserves

##### (i) Accumulated Funds

## 1 Summary of Significant Accounting Policies (cont'd)

(j) *Equity and reserves (cont'd)*

The category 'Accumulated Funds' includes all current and prior period retained funds.

(k) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(l) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(m) Changes in accounting policy, including new or revised Australian Accounting Standards

i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except for the following standards adopted for the first time in 2015-16. The impact of these Standards in the period of initial application is not material.

- AASB 2015-3 regarding materiality (operative 1 July 2015)
- AASB 2013-9 (Part C), AASB 2014-1 (Part E) and AASB 2014-8 regarding financial instruments

ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective (NSW TC 16/02).

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 14 and AASB 2014-1(Part D) regarding Regulatory Deferral Accounts
- AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers
- AASB 1056 Superannuation Entities
- AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards
- AASB 16 regarding leases
- AASB 2016-01 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for unrealised losses
- AASB2016-02 Amendments to Australian Accounting Standard- Disclosure Initiative: Amendments to AASB 107
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 and AASB 2015-10 regarding sale or contribution of assets between and investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception
- AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities

INSW anticipates that the adoption of these standards in the period of initial application will have no material impact of the financial statements.

**Infrastructure NSW**  
**Notes to the financial statements**  
**for the year ended 30 June 2016**

**2 Expenses Excluding Losses**

	Consolidated		INSW	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>(a) Employee related expenses</b>				
Salaries and wages (including annual leave)	4,259	3,972	-	-
Superannuation - defined contribution plans	247	196	-	-
Long service leave	408	178	-	-
Workers compensation insurance	11	12	-	-
Payroll tax and fringe benefit tax	231	201	-	-
On-costs- annual leave and long service leave	95	31	-	-
	<b>5,251</b>	<b>4,590</b>	<b>-</b>	<b>-</b>
	Consolidated		INSW	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>(b) Other operating expenses include the following:</b>				
Auditor's remuneration - audit of the financial statements	75	73	75	73
Internal audit fees	6	52	6	52
Other contractors	5,105	6,564	5,105	6,564
Boards and Committees	163	163	163	163
Fees for services rendered	839	669	839	669
Insurance - public liability	9	9	9	9
Operating lease rental expense - minimum lease payments	744	757	744	757
Printing	25	31	25	31
Other expenses	281	161	281	161
Maintenance expenses	2	1	2	1
	<b>7,249</b>	<b>8,480</b>	<b>7,249</b>	<b>8,480</b>
<i>* Reconciliation - Total maintenance</i>				
Maintenance expense - other (non-employee related), as above	2	1	2	2
Total maintenance expenses included in Note 2(a) + 2(b)	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>
<b>(c) Depreciation and amortisation expense</b>				
Depreciation				
Plant and Equipment	57	63	57	63
Leasehold improvements	56	139	56	139
Total depreciation	<b>113</b>	<b>202</b>	<b>113</b>	<b>202</b>
Amortisation				
Intangible	16	19	16	19
	<b>129</b>	<b>221</b>	<b>129</b>	<b>221</b>

**Infrastructure NSW**  
**Notes to the financial statements**  
**for the year ended 30 June 2016**

**2 Expenses Excluding Losses (cont'd)**

	Consolidated		INSW	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>(d) Personnel services</b>				
Personnel services	-	-	<u>4,836</u>	<u>4,408</u>
	-	-	<u>4,836</u>	<u>4,408</u>
<b>(e) Other expenses</b>				
Projects NSW	<u>8,521</u>	<u>8,380</u>	<u>8,521</u>	<u>8,380</u>
	<u>8,521</u>	<u>8,380</u>	<u>8,521</u>	<u>8,380</u>

Project NSW	(\$'000)
Sydney International Convention, Exhibition and Entertainment Precinct	2,069
New Grafton Correctional Centre	4,424
Walsh Bay Arts Precinct	1,457
Western Sydney Stadium	543
Other	<u>28</u>
Total	<u>8,521</u>

The expenses incurred for the projects NSW are fully recoverable from other NSW government Agencies for projects being delivered on their behalf by the project delivery unit of Infrastructure NSW.

**3 Revenue**

	Consolidated		INSW	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>(a) Sale of goods and services</b>				
Rendering of services - Projects NSW	<u>8,521</u>	<u>8,380</u>	<u>8,521</u>	<u>8,380</u>
	<u>8,521</u>	<u>8,380</u>	<u>8,521</u>	<u>8,380</u>
<b>(b) Investment revenue</b>				
Interest revenue from financial assets not at fair value through profit or loss	-	35	-	35
	-	35	-	35

**Infrastructure NSW**  
**Notes to the financial statements**  
**for the year ended 30 June 2016**

**3 Revenue (cont'd)**

<b>(c) Grants and contributions</b>				
Grants received from budget dependant agencies	<u>12,489</u>	<u>12,226</u>	<u>12,489</u>	<u>12,226</u>
	<u>12,489</u>	<u>12,226</u>	<u>12,489</u>	<u>12,226</u>

<b>(d) Acceptance by the Crown Entity of employee benefit</b>				
Long Service Leave	<u>415</u>	<u>182</u>	<u>-</u>	<u>-</u>
	<u>415</u>	<u>182</u>	<u>-</u>	<u>-</u>

**4 Gain / (Loss) on Disposal**

	Consolidated		INSW	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Gain / (loss) on disposal of plant and equipment</b>				
Proceeds from disposal	-	-	-	-
Less: Written down value of assets disposed	<u>(1)</u>	<u>(7)</u>	<u>(1)</u>	<u>(7)</u>
Net gain / (loss) on disposal of plant and equipment	<u>(1)</u>	<u>(7)</u>	<u>(1)</u>	<u>(7)</u>

**5 Service Group of the Entity**

**Purpose**

The service group covers improving the identification and delivery of critical infrastructure across the state and advises the Government on economic and regulatory impediments to infrastructure delivery and funding approaches.

**6 Current Assets - Cash and Cash Equivalents**

**(a) Cash**

	Consolidated		INSW	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash at bank and on hand	<u>4,483</u>	2,919	<u>4,483</u>	2,919
	<b>4,483</b>	<b>2,919</b>	<b>4,483</b>	<b>2,919</b>

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and cash on hand.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statements of cash flows as follows:

	Consolidated		INSW	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash and cash equivalents (per statement of financial position)	<u>4,483</u>	2,919	<u>4,483</u>	2,919
Closing cash and cash equivalents (per statements of cash flows)	<u>4,483</u>	2,919	<u>4,483</u>	2,919

Refer Note 17 for details regarding credit risk, liquidity risk, and market risk arising from financial instruments.

**(b) Financing facilities available**

A credit facility of \$0.05m and a transaction negotiation authority of \$1.0m are held with the Government's banker, Westpac Banking Corporation, to facilitate routine transactions.

**7 Current Assets – Receivables**

	Consolidated		INSW	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Sale of goods and services	1,254	204	1,254	204
Goods and services Tax (GST)	-	43	-	43
Investor Assurance	3,324	-	3,324	-
Interest receivable	-	16	-	16
Projects NSW	<u>2,570</u>	1,779	<u>2,570</u>	1,779
	<b>7,148</b>	<b>2,042</b>	<b>7,148</b>	<b>2,042</b>

Sale of goods and services represent invoiced amounts and includes recoveries from other NSW government agencies for projects being delivered on their behalf by either the project delivery unit of Infrastructure NSW and/or the investor assurance unit. The amounts disclosed in Project NSW and Investor Assurance represent expenditure incurred by INSW but not yet invoiced.

**Infrastructure NSW**  
**Notes to the financial statements**  
**for the year ended 30 June 2016**

**8 Non-Current Assets - Plant and Equipment**

**Consolidated / INSW**

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
<b>At 1 July 2015 - fair value</b>			
Gross carrying amount	349	547	896
Accumulated depreciation	(205)	(499)	(704)
Net carrying amount	<u>144</u>	<u>48</u>	<u>192</u>
<b>At 30 June 2016 - fair value</b>			
Gross carrying amount	375	668	1,043
Accumulated depreciation	(259)	(555)	(814)
Net carrying amount	<u>116</u>	<u>113</u>	<u>229</u>

**Reconciliation**

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below.

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
<b>Year ended 30 June 2016</b>			
Net carrying amount at start of year	144	48	192
Additions	30	121	151
Disposals	(1)	-	(1)
Depreciation expense	(57)	(56)	(113)
Net carrying amount at end of year	<u>116</u>	<u>113</u>	<u>229</u>

	Plant and Equipment	Leasehold Improvement	Total
<b>At 1 July 2014 - fair value</b>			
Gross carrying amount	352	541	893
Accumulated depreciation	(151)	(361)	(512)
Net carrying amount	<u>201</u>	<u>180</u>	<u>381</u>
<b>At 30 June 2015 - fair value</b>			
Gross carrying amount	349	547	896
Accumulated depreciation	(205)	(499)	(704)
Net carrying amount	<u>144</u>	<u>48</u>	<u>192</u>

**Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below.

	Plant and Equipment	Leasehold Improvement	Total
<b>Year ended 30 June 2015</b>			
Net carrying amount at start of year	201	180	381
Additions	13	7	20
Disposals	(16)	-	(16)
Depreciation expense	(63)	(139)	(202)
Write back on disposals	9	-	9
Net carrying amount at end of year	<u>144</u>	<u>48</u>	<u>192</u>



**Infrastructure NSW**  
**Notes to the financial statements**  
**for the year ended 30 June 2016**

**9 Intangible Assets**

**Software**  
**(including IT**  
**Network**  
**design)**  
**\$'000**

**Consolidated / INSW**

**At 1 July 2015**

Cost (gross carrying amount)	94
Accumulated amortisation and impairment	(94)
Net carrying amount	-

**At 30 June 2016**

Cost (gross carrying amount)	158
Accumulated amortisation and impairment	(110)
Net carrying amount	48

**Year ended 30 June 2016**

Net carrying amount at start of year	-
Additions	64
Amortisation (recognised in 'depreciation and amortisation')	(16)
Net carrying amount at end of year	48

**At 1 July 2014**

Cost (gross carrying amount)	94
Accumulated amortisation and impairment	(75)
Net carrying amount	19

**At 30 June 2015**

Cost (gross carrying amount)	94
Accumulated amortisation and impairment	(94)
Net carrying amount	-

**Year ended 30 June 2015**

Net carrying amount at start of year	19
Amortisation (recognised in 'depreciation and amortisation')	(19)
Net carrying amount at end of year	-

**10 Current Liabilities - Payables**

	Consolidated		INSW	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Accrued salaries, wages and on-costs	114	63	-	-
Creditors	5,105	3,089	4,730	2,946
Goods and Services Tax payable	775	-	775	-
Personnel services	-	-	1,198	615
	5,994	3,152	6,703	3,561

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 17.

**Infrastructure NSW**  
**Notes to the financial statements**  
**for the year ended 30 June 2016**

**11 Current /Non-Current Liabilities - Provisions**

	Consolidated		INSW	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Current</b>				
<b>Employee benefits and related on-costs</b>				
Annual leave	546	317	-	-
Long service leave	78	44	-	-
Payroll tax	74	42	-	-
<b>Total provisions</b>	<b>698</b>	<b>403</b>	<b>-</b>	<b>-</b>
	Consolidated		INSW	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Non-current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave	11	6	-	-
	11	6	-	-
<b>Non-current</b>				
<b>Other provisions</b>				
Restoration costs	122	105	122	105
	122	105	122	105
<b>Total provisions</b>	<b>133</b>	<b>111</b>	<b>122</b>	<b>105</b>
	Consolidated		INSW	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Aggregate employee benefits and related on-costs</b>				
Provisions - current	698	403	-	-
Provisions - non-current	11	6	-	-
Accrued salaries, wages and on-costs (Note 10)	114	63	-	-
	823	472	-	-

All the employee leave entitlements are expected to be paid within twelve months from the reporting period.

**Movements in provisions (other than employee benefits)**

Movements in each class of provision during the year, other than employee benefits are set out below:

**11 Current /Non-Current Liabilities - Provisions (cont'd)**

**Restoration  
Costs  
\$'000**

**Consolidated / INSW**

**2016**

Carrying amount at the beginning of financial year	105
Additional provisions recognised	<u>17</u>
Carrying amount at end of financial year	<u>122</u>

**12 Current / Non-Current Liabilities - Other**

	Consolidated		INSW	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Current</b>				
Lease incentive	-	65	-	65
	<u>-</u>	<u>65</u>	<u>-</u>	<u>65</u>

**13 Commitments for Expenditure**

	Consolidated		INSW	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000

**Operating Lease Commitments**

Future non-cancellable operating lease rentals not provided for and payable

Not later than one year	822	896	822	896
Later than one year and not later than five years	<u>2,055</u>	<u>2,985</u>	<u>2,055</u>	<u>2,985</u>
Total (including GST)	<u>2,877</u>	<u>3,881</u>	<u>2,877</u>	<u>3,881</u>

The total commitments above includes input tax credits of \$ 261,638 (\$352,850 for 2015) that are expected to be recoverable from the Australian Taxation Office.

**14 Contingent Liabilities and Contingent Assets**

INSW is not aware of any contingent liabilities and contingent assets associated with its operations.

## 15 Budget Review

### Net result

The net result for 2016 of \$274k represents recognition of revenue from the Restart NSW fund for expenditure incurred in 2015 on the Hawkesbury Nepean Flood Mitigation business case of \$413k as well as an overspend of \$139k against INSW's recurrent operational budget.

### Other Operating Expenses

Variance of +1.143m - as a result of INSW's expanded Assurance and Project Delivery functions, additional consulting works were undertaken to reassess the ICT Strategy, implement a revised Documents and Records Management System and to also develop and implement a Work Health Safety and Environment Management System.

### Other Expenses

Variance of +3.244m – An increase in transactions for project delivery as a result of the establishment of the Projects NSW function.

### Receivables and Payables

Variance in Receivables of +4.51m and payables of +4.215m are largely attributable to the increased volume of transactions associated with the expanded Projects NSW and Investor Assurance functions..

### Cash

Variance of +3.253m- Delayed purchase of land for the New Grafton Correctional Centre project on behalf of the Department of Justice.

## 16 Reconciliation of Cash Flows from Operating Activities to Net Result

	Consolidated		INSW	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net cash used on operating activities	1,779	2,268	1,779	2,268
Depreciation and amortisation	(129)	(220)	(129)	(220)
Decrease / (increase) in provisions	(317)	(133)	-	-
Increase / (decrease) in receivables and prepayments	5,106	(1,547)	5,106	(1,547)
Decrease / (increase) in creditors	(2,842)	(1,372)	(3,159)	(1,505)
Decrease / (increase) in other liabilities	(3,322)	156	(3,322)	156
Net gain / (loss) on sale of plant and equipment	(1)	(7)	(1)	(7)
Other	-	-	-	-
Net result	274	(855)	274	(855)

## 17 Financial Instruments

INSW's principal financial instruments are outlined below. These financial instruments arise directly from INSW's operations or are required to finance INSW's operations.

INSW's principal financial instruments are cash deposits held within the NSW Treasury Banking System, short term receivables and payables. These instruments expose INSW primarily to interest rate risk on cash balances held within the NSW Treasury Banking System and credit risk on short term receivables. INSW does not enter into or trade financial instruments for speculative purposes and does not use financial derivatives.

The Chief Executive Officer has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing risk. Risk management policies are established to identify and analyse the risks faced by INSW, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by Management on a periodic basis.

### (a) Financial instrument categories

<b>Financial Assets</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount 2016 \$'000</b>	<b>Carrying Amount 2015 \$'000</b>
<b>Class:</b>				
<b>Consolidated</b>				
Cash and cash equivalents	6	N/A	4,483	2,919
Receivables <sup>1</sup>	7	Receivables (at amortised cost)	7,148	1,999
<b>Financial Liabilities</b>				
<b>Class:</b>				
<b>Consolidated</b>				
Payables <sup>2</sup>	10	Financial liabilities measured at amortised cost	5,219	3,152
<b>Financial Assets</b>				
<b>Class:</b>				
<b>INSW</b>				
Cash and cash equivalents	6	N/A	4,483	2,919
Receivables <sup>1</sup>	7	Loans and receivables (at amortised cost)	7,148	1,999
<b>Financial Liabilities</b>				
<b>Class:</b>				
<b>INSW</b>				
Payables <sup>2</sup>	10	Financial liabilities measured at amortised cost	4,730	2,946

Notes :

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

**17 Financial Instruments (cont'd)**

**(b) Credit Risk**

Credit risk arises from the financial assets of INSW, including cash and receivables. No collateral is held by INSW. INSW has not granted any financial guarantees.

Credit risk arises when there is the possibility of INSW's debtors defaulting on their contractual obligations, resulting in a financial loss to INSW. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

**Cash**

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

**Receivables - trade debtors**

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that INSW will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

INSW is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are "sales of goods and services" in the "receivables" category of the statement of financial position.

	Total <sup>1,2</sup>	\$'000 Past due but not impaired <sup>1,2</sup>	Considered impaired <sup>1,2</sup>
<b>Consolidated 2016</b>			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
<b>Consolidated 2015</b>			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes :

- Each column in the table reports "gross receivables".
- The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

**17 Financial Instruments (cont'd)**

**(c) Liquidity risk**

Liquidity risk is the risk that INSW will be unable to meet its payment obligations when they fall due. INSW continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No interest was paid during the year (2015 Nil).

The table below summarises the maturity profile of INSW's financial liabilities, together with the interest rate exposure.

**Maturity Analysis and interest rate exposure of financial liabilities**

	Nominal Amount	\$'000		Maturity Dates		
		Interest Rate Exposure		< 1 yr	1-5 yrs	> 5 yrs
		Non-interest bearing				
<b>Consolidated 2016</b>						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	114	114	114	-	-	-
Creditors	<u>5,105</u>	<u>5,105</u>	<u>5,105</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,219</u>	<u>5,219</u>	<u>5,219</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Nominal Amount	\$'000		Maturity Dates		
		Interest Rate Exposure		< 1 yr	1-5 yrs	> 5 yrs
		Non-interest bearing				
<b>Consolidated 2015</b>						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	63	63	63	-	-	-
Creditors	<u>3,089</u>	<u>3,089</u>	<u>3,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,152</u>	<u>3,152</u>	<u>3,152</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Nominal Amount	\$'000		Maturity Dates		
		Interest Rate Exposure		< 1 yr	1-5 yrs	> 5 yrs
		Non-interest bearing				
<b>INSW 2016</b>						
<i>Payables:</i>						
Creditors	<u>4,730</u>	<u>4,730</u>	<u>4,730</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,730</u>	<u>4,730</u>	<u>4,730</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Nominal Amount	\$'000		Maturity Dates		
		Interest Rate Exposure		< 1 yr	1-5 yrs	> 5 yrs
		Non-interest bearing				
<b>INSW 2015</b>						
<i>Payables:</i>						
Creditors	<u>2,946</u>	<u>2,946</u>	<u>2,946</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,946</u>	<u>2,946</u>	<u>2,946</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 17 Financial Instruments (cont'd)

Note:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

### (d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. INSW's exposure to market risk is primarily through interest rates on cash and cash equivalents. INSW has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is structural change in the level of interest rate volatility. INSW's exposure to interest rate risk is set out below.

### (e) Interest rate risk

Exposure to interest rate risk arises primarily through INSW's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. INSW does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. INSW's exposure to interest rate risk is set out below.

		-1%		+1%	
	Carrying	Profit	Equity	Profit	Equity
	Amount	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>					
<b>2016</b>					
<i>Financial assets</i>					
Cash and cash equivalents	4,483	(45)	(45)	45	45
Receivables	7,148	-	-	-	-
<i>Financial liabilities</i>					
Payables	5,219	-	-	-	-
<b>Total</b>		<u>(45)</u>	<u>(45)</u>	<u>45</u>	<u>45</u>
<b>2015</b>					
<i>Financial assets</i>					
Cash and cash equivalents	2,919	(29)	(29)	29	29
Receivables	1,999	-	-	-	-
<i>Financial liabilities</i>					
Payables	3,152	-	-	-	-
<b>Total</b>		<u>(29)</u>	<u>(29)</u>	<u>29</u>	<u>29</u>
<b>INSW</b>					
<b>2016</b>					
<i>Financial assets</i>					
Cash and cash equivalents	4,483	(45)	(45)	45	45
Receivables	7,148	-	-	-	-
<i>Financial liabilities</i>					
Payables	4,730	-	-	-	-
<b>Total</b>		<u>(45)</u>	<u>(45)</u>	<u>45</u>	<u>45</u>



**Infrastructure NSW**  
**Notes to the financial statements**  
**for the year ended 30 June 2016**

**17 Financial Instruments (cont'd)**

**2015**

*Financial assets*

Cash and cash equivalents	2,919	(29)	(29)	29	29
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Receivables	1,999	-	-	-	-
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*Financial liabilities*

Payables	2,946	-	-	-	-
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<b>Total</b>	<b>2,946</b>	<b>(29)</b>	<b>(29)</b>	<b>29</b>	<b>29</b>
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**(f) Fair value measurement**

**(i) Fair value compared to carrying amount**

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

**18 Events after the Reporting Period**

There are no events subsequent to balance date which affect the financial statements.

**End of audited financial statements.**

## Financial statements

### Infrastructure NSW Staff Agency

#### **STATEMENT BY THE CHIEF EXECUTIVE OFFICER On behalf of the Infrastructure NSW Staff Agency**

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, I state that to the best of my knowledge and belief:

- a) the accompanying Financial Statements exhibit a true and fair view of the financial performance and financial position of the Infrastructure NSW Staff Agency as at 30 June 2016, and transactions for the year then ended;
- b) the accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2015, the Financial Reporting Code for NSW General Government Entities and Treasurer's Directions;
- c) the financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board;
- d) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Jim Betts  
Chief Executive Officer  
Infrastructure NSW

5 October 2016



## INDEPENDENT AUDITOR'S REPORT

Infrastructure NSW Staff Agency

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of Infrastructure NSW Staff Agency (the Agency), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information of the agency.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Infrastructure NSW Staff Agency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

I conducted my audit in accordance with 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 Infrastructure NSW Staff Agency in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

### The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer must assess the Agency's ability to continue as a going concern unless its operations will cease as a result of an administrative restructure. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of 'accounting'.

### **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

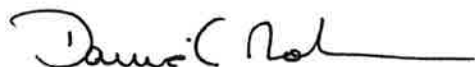
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that Infrastructure NSW Staff Agency carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



David Nolan  
Director, Financial Audit Services

5 October 2016  
SYDNEY

# **Infrastructure NSW Staff Agency**

## **Financial Statements for the year ended 30 June 2016**

**Infrastructure NSW Staff Agency  
Statement of comprehensive income  
for the year ended 30 June 2016**

	<b>Actual 2016 \$'000</b>	<b>Actual 2015 \$'000</b>
<b>Expenses excluding losses</b>		
Operating expenses		
Employee related expenses	2 <u>5,251</u>	4,590
<b>Total Expenses excluding losses</b>	<u>5,251</u>	4,590
<b>Revenue</b>		
Personnel services	3(a) 4,836	4,408
Acceptance by the Crown Entity of employee benefit and other liabilities	3(b) <u>415</u>	<u>182</u>
<b>Total Revenue</b>	<u>5,251</u>	4,590
<b>Net result</b>	<u>-</u>	-
<b>Other comprehensive income</b>		
<b>Total other comprehensive income</b>	<u>-</u>	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>-</u>	-

The accompanying notes form part of these financial statements.

**Infrastructure NSW Staff Agency  
Statement of financial position  
as at 30 June 2016**

	Notes	2016 Actual \$'000	2015 Actual \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Receivables	4	<u>1,198</u>	<u>615</u>
<b>Total Current Assets</b>		<u>1,198</u>	<u>615</u>
<b>Total Assets</b>		<u>1,198</u>	<u>615</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5	489	206
Provisions	6	<u>698</u>	<u>403</u>
<b>Total Current Liabilities</b>		<u>1,187</u>	<u>609</u>
<b>Non-Current Liabilities</b>			
Provisions	6	<u>11</u>	<u>6</u>
<b>Total Non-Current Liabilities</b>		<u>11</u>	<u>6</u>
<b>Total Liabilities</b>		<u>1,198</u>	<u>615</u>
<b>Net Assets</b>		<u>-</u>	<u>-</u>
<b>EQUITY</b>			
Accumulated funds		<u>-</u>	<u>-</u>
<b>Total Equity</b>		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Infrastructure NSW Staff Agency  
Statement of changes in equity  
for the year ended 30 June 2016**

	<b>Accumulated Funds \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2015</b>	-	-
<b>Net result for the year</b>	-	-
<b>Total comprehensive income for the year</b>	-	-
<b>Balance at 30 June 2016</b>	-	-
	<b>Accumulated Funds</b>	<b>Total</b>
<b>Balance at 1 July 2014</b>	-	-
<b>Net result for the year</b>	-	-
<b>Total comprehensive income for the year</b>	-	-
<b>Balance at 30 June 2015</b>	-	-



**Infrastructure NSW Staff Agency  
Statement of cash flows  
for the year ended 30 June 2016**

	<b>Actual 2016 \$'000</b>	<b>Actual 2015 \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Employee related	-	-
Personnel services	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	-	-
<b>NET INCREASE/ (DECREASE) IN CASH</b>	-	-
Opening cash and cash equivalents	-	-
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	-	-

The accompanying notes form part of these financial statements.

## **1 Summary of Significant Accounting Policies**

### **(a) Reporting entity**

The Infrastructure NSW Staff Agency (Staff Agency) is a public service agency established under the Administrative Arrangements Order 2014 and is pursuant to Part 2 of Schedule 1 of the Government Sector Employment Act 2013 (formerly the Infrastructure Special Officers Group (INSW Division) established under the former Public Sector Employment Management Act 2002). The Staff Agency comprises persons who are employed under the Government Sector Employment Act 2013 to enable INSW to exercise its functions. It is domiciled in Australia and its principal office is at Level 15, Macquarie House, 167 Macquarie Street, Sydney 2000.

The Staff Agency's objective is to provide personnel services to Infrastructure NSW.

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Chief Executive Officer on 5 October 2016.

### **(b) Basis of preparation**

The Staff Agency's financial statements are general purpose financial statements which have been prepared in accordance with:

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- The requirements of the *Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015 and*
- The Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

### **(c) Statement of compliance**

The Staff Agency's financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

### **(d) Income recognition**

Income is measured at the fair value of the consideration or contribution received or receivable.

Income from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

### **(e) Assets**

#### **(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the surplus / (deficit) for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

## 1 Summary of Significant Accounting Policies (cont'd)

### (f) Liabilities

#### (i) Payables

These amounts represent liabilities for goods and services provided to the Staff Agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

#### (ii) Employee benefits and other provisions

##### (a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

##### (b) Long service leave and superannuation

The Staff Agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The entity accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

##### (c) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

## **1 Summary of Significant Accounting Policies (cont'd)**

(g) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(h) New Australian Accounting Standards issued but not effective

i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except for the following standards adopted for the first time in 2015-16. The impact of these Standards in the period of initial application is not material.

- AASB 2015-3 regarding materiality (operative 1 July 2015)
- AASB 2013-9 (Part C), AASB 2014-1 (Part E) and AASB 2014-8 regarding financial instruments

ii) Issued but not effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective (NSW TC 16/02).

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 14 and AASB 2014-1(Part D) regarding Regulatory Deferral Accounts
- AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers
- AASB 1056 Superannuation Entities
- AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards
- AASB 16 regarding leases
- AASB 2016-01 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for unrealised losses
- AASB2016-02 Amendments to Australian Accounting Standard- Disclosure Initiative: Amendments to AASB 107
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 and AASB 2015-10 regarding sale or contribution of assets between and investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception
- AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities

INSW anticipates that the adoption of these standards in the period of initial application will have no material impact of the financial statements.

**Infrastructure NSW Staff Agency  
Notes to the financial statements  
for the year ended 30 June 2016**

**2 Expenses Excluding Losses**

	2016 \$'000	2015 \$'000
<b>Employee related expenses</b>		
Salaries and wages (including annual leave)	4,259	3,972
Superannuation - defined contribution plans	247	196
Long service leave	408	178
Workers compensation insurance	11	12
Payroll tax and fringe benefit tax	231	201
On costs - annual leave and long service leave	95	31
	5,251	4,590

**3 Revenue**

	2016 \$'000	2015 \$'000
<b>(a) Personnel services</b>		
Personnel services	4,836	4,408
	4,836	4,408
<b>(b) Acceptance by the Crown Entity of employee benefit</b>		
Long Service Leave	415	182
	415	182

**4 Current Assets – Receivables**

	2016 \$'000	2015 \$'000
Personnel services	1,198	615
	1,198	615

**5 Current Liabilities – Payable**

	2016 \$'000	2015 \$'000
Accrued salaries, wages and on-costs	114	63
Creditors	375	143
	489	206

**6 Current / Non-Current Liabilities – Provisions**

	2016 \$'000	2015 \$'000
<b>Current</b>		
<b>Employee benefits and related on-costs</b>		
Annual leave	546	317
Long service leave	78	44
Payroll tax	74	42
	698	403
<b>Total provisions</b>		

## 6 Current / Non-Current Liabilities - Provisions (cont'd)

### Non-current

#### Employee benefits and related on-costs

Long service leave	11	6
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#### Total provisions

11	6
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#### Aggregate employee benefits and related on-costs

Provisions - current	698	403
Provisions - non-current	11	6
Accrued salaries, wages and on-costs (Note 5)	114	63
	<u>823</u>	<u>472</u>

All the employee leave entitlements are expected to be paid within twelve months from the reporting period.

## 7 Contingent Liabilities and Contingent Assets

The Staff Agency is not aware of any contingent liabilities and/or contingent assets associated with its operations.

## 8 Reconciliation of Cash Flows from Operating Activities to Net Result

	2016 \$'000	2015 \$'000
Net cash used on operating activities	-	-
Decrease / (increase) in provisions	(300)	(132)
Increase / (decrease) in prepayments and other assets	583	174
Decrease / (increases) in creditors	(283)	(42)
Net result	<u>-</u>	<u>-</u>

## 9 Financial Instruments

The Staff Agency's principal financial instruments are short term receivables and payables. These instruments expose the Staff Agency primarily to credit risk on short term receivables. The Staff Agency does not enter into or trade financial instruments for speculative purposes and does not use financial derivatives.

The Chief Executive Officer has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing risk. Risk management policies are established to identify and analyse the risks faced by INSW, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Management Committee on a periodic basis.

### (a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2016 \$'000	Carrying Amount 2015 \$'000
<b>Class:</b>				
Cash and cash equivalents		N/A	-	-
Receivables <sup>1</sup>	4	Loans and receivables (at amortised cost)	1,198	615
<b>Financial Liabilities</b>				
Financial Liabilities	Note	Category	Carrying Amount 2016 \$'000	Carrying Amount 2015 \$'000
<b>Class:</b>				
Payables <sup>2</sup>	5	Financial liabilities measured at amortised cost	489	206

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7).

### (b) Credit Risk

Credit risk arises from the financial assets of the Staff Agency, which are receivables. No collateral is held by the Staff Agency. The Staff Agency has not granted any financial guarantees.

Credit risk arises when there is the possibility of the Staff Agency's debtors defaulting on their contractual obligations, resulting in a financial loss to the Staff Agency. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

#### Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. The balance owing represents monies due from Infrastructure NSW. Sales are made to them on 14 day terms.

No financial assets are past due or impaired.

### (c) Liquidity risk

Liquidity risk is the risk that the Staff Agency will be unable to meet its payment obligations when they fall due. The Staff Agency continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

**9 Financial Instruments (cont'd)**

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No Interest for the late payment was paid during the year (2015 nil).

The table below summarises the maturity profile of the Staff Agency's financial liabilities, together with the interest rate exposure.

**Maturity Analysis and interest rate exposure of financial liabilities**

	Nominal Amount	Interest Rate Exposure		\$'000		
		Non-interest bearing	Maturity Dates			
			< 1 yr	1-5 yrs	> 5 yrs	
<b>2016</b>						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	114	114	114	-	-	
Creditors	<u>375</u>	<u>375</u>	<u>375</u>	<u>-</u>	<u>-</u>	
	<u>489</u>	<u>489</u>	<u>489</u>	<u>-</u>	<u>-</u>	
<b>2015</b>						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	63	63	63	-	-	
Creditors	<u>143</u>	<u>143</u>	<u>143</u>	<u>-</u>	<u>-</u>	
	<u>206</u>	<u>206</u>	<u>206</u>	<u>-</u>	<u>-</u>	

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

**(d) Market risk**

The Staff Agency has no exposure to foreign currency risk and does not enter into commodity contracts.

**(e) Fair value measurement**

**(i) Fair value compared to carrying amount**

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value.

**10 Events after the Reporting Period**

There are no events subsequent to balance date which affect the financial statements.

**End of audited financial statements.**



## Outline budget for 2016–17

### Operating statement

	2016-17 Budget \$000
Expenses Excluding Losses	
Operating Expenses -	
Employee related	4,768
Other operating expenses	136,418
Depreciation and amortisation	304
<b>TOTAL EXPENSES EXCLUDING LOSSES</b>	<b>141,490</b>
Revenue	
Sales of goods and services	107,740
Investment revenue	...
Grants and contributions	35,324
Acceptance by Crown Entity of employee benefits and other liabilities	83
<b>Total Revenue</b>	<b>143,147</b>
Gain/(loss) on disposal of non current assets	...
<b>Net Result</b>	<b>1,657</b>

## Statutory reporting obligations

### Human resources

Infrastructure NSW has a compact, specialised team that brings together the best of the public and private sectors. A high level implementation action plan has been put in place in order to transition all senior executive staff to a compliant structure in line with the Government Sector Employment Act 2013.

Infrastructure NSW has grown in this reporting period due to the addition of the Infrastructure Investor Assurance team. Infrastructure NSW also employs contracted services for short term engagements as required to fulfil its functions.

### Executive remuneration and performance

The total number of executive positions at equivalent to SES Level 1 or higher is 21. The CEO expressed satisfaction with the performance of his executive team throughout 2015-16. Infrastructure NSW does not make performance payments.

Senior Executive Staff	Number / gender	Average remuneration
Band 3	2 male / 3 female	\$457,264
Band 2	7 male / 5 female	\$292,103
Band 1	4 male / 4 female	\$201,132

### Personnel policies and practices

Infrastructure NSW has adopted and continues to develop the best policies and practices of both ether public and private sectors in employee management. Employees of Infrastructure NSW are employed under an employment agreement which determines the significant conditions of employment. The employment agreement was developed specifically for Infrastructure NSW in line with SES guidelines and is compliant with the Government Services Employment Act 2013. Each role is assessed to establish suitable remuneration.

### Diversity

Below is snap shot of the organization based on the June 2016 Workforce Profile Approval Report

Item	Response	Response
Gender	Female 48.1%	Male 51.9%
ATSI identified	0%	
Disability identified	0%	
Ethnicity identified	0% from a minority	
Language diversity	100% English	

## Industrial relations

There were no industrial disputes lodged and no working time was lost due to industrial disputes during the year.

## Annual report production

The production and printing cost for the 2015–16 Annual Report was nil. A PDF version of the report can be downloaded at [www.insw.com](http://www.insw.com).

## Promotion

Date	Officer	Destination	Purpose
14-15 September 2015	Jenny Davis	Washington D.C., U.S.A.	Present a paper titled "Improving Decision Making for Investment in Infrastructure - the Infrastructure NSW Experience" at the 2015 International Symposium for Next Generation Infrastructure
18-19 November 2015	Graham Bradley	San Francisco, U.S.A.	Attend McKinsey Global Infrastructure Initiative

## Responding to consumers

Infrastructure NSW is a small agency that does not deliver direct services to the public.

## Credit card certification

In accordance with Treasurer's Directions, it is certified that credit card usage by Infrastructure NSW officers conforms to the appropriate government policies, Premier's Memoranda and Treasurer's Directions. Infrastructure NSW currently has three credit cards on issue with a total limit of \$50,000.

## Payment of accounts

The tables below summarise the account payment performance during 2015–16. During the year, there were no instances where penalty interest was paid and there were no significant events that affected payment performance.

### Aged Analysis at the end of each quarter – All suppliers

Quarter	Current (within due date)	< 30 days overdue	30 - 60 days overdue	61 - 90 days overdue	90 + days overdue
September	\$ 16,066	\$5,940	0	0	0
December	\$11,982	\$3,330	\$3,160	0	0
March	\$ 193,647	\$117,127	\$4,162	\$3,160	\$15,886
June	\$ 320,674	-\$71,914	\$968	0	\$2,590

### Accounts due or paid within each quarter

Measure	September	December	March	June
<b>All suppliers</b>				
Number of accounts due for payment	218	294	364	595
Number of accounts paid on time	187	214	195	355
Actual percentage of accounts paid on time (based on number of accounts)	85.78%	72.79%	53.57%	59.66%
Dollar amount of accounts due for payment (\$)	2,967,406	4,305,020	4,289,273	8,682,582
Dollar amount of accounts paid on time	2,387,064	2,111,220	1,903,162	5,457,663
Actual percentage of accounts paid on time (based on \$)	80.44%	49.04%	44.37%	62.86%
<b>Small business suppliers</b>				
Number of accounts due for payment	0	0	0	0
Number of accounts paid on time	0	0	0	0
Actual percentage of accounts paid on time (based on number of accounts)				
Dollar amount of accounts due for payment	-	-	-	-
Dollar amount of accounts paid on time	-	-	-	-
Actual percentage of accounts paid on time (based on \$)				
Number of payments for interest on overdue accounts				
Interest paid on overdue accounts				

## Consultants and contractors

Infrastructure NSW was created as a specialist small agency drawing on the best of public and private sector expertise to provide independent advice to Government, as outlined in the Infrastructure NSW Act. As such, Infrastructure NSW engages external support during peaks in workloads as necessary. This enables specialist subject matter experts to be used economically and efficiently as required.

In 2015–16, Infrastructure NSW did not engage any consultants. A number of contracted service providers were engaged to assist on key work streams valued at more than \$50,000, and these are presented in the table below.

### Contracted services – Key projects

Name	Amount (\$)	Description
Acton Advisory	93,339	Provide input into the development of the Sydney Gateway Strategic Options Study
Advisian Pty Ltd	219,759	Assisted with development of the Infrastructure Investor Assurance Framework.
Advisian Pty Ltd	58,455	Provided advice on the Infrastructure Capability Assessment
AEA Consulting	208,097	Assisted with the development of the Cultural Infrastructure Strategy
Centre for International Economics	190,850	Assisted with development of an evaluation framework for flood mitigation measures in the Hawkesbury-Nepean Valley
Elton Consulting	78,504	Assisted with corporate affairs and stakeholder management
KPMG Australia Pty Ltd	101,617	Provided IT advice in relation to review and options of system needs to support the Projects NSW function
KPMG Australia Pty Ltd	186,003	Assisted with the design, implementation and change management of a new Document and Records Management System
KPMG Australia Pty Ltd	172,000	Assisted with the design, implementation and change management of a Work Health Safety and Environment Management System to support the Projects NSW function
Mojo Soup Pty Ltd	251,295	Assisted with the development of the Investor Assurance portal and associated reporting
National ICT Australia	85,250	Assisted with proof of concept agent-based evacuation traffic modelling for evacuation scenario planning and infrastructure decision making for the Hawkesbury-Nepean Flood Management Review
SGS Economics and Planning Pty Ltd	51,850	Assisted with the development of the Cultural Infrastructure Strategy
Terroir Pty Ltd	106,493	Assisted with the development of the Parramatta Strategic Framework
WMA Water Pty Ltd	127,250	Assisted with flood modelling for the Hawkesbury Nepean Flood Management Review
<b>TOTAL</b>	<b>1,930,763</b>	

## Public interest disclosures

During the year, Infrastructure NSW received no public interest disclosures.

## Government Information (Public Access) Act 2009

The intention of the *Government Information (Public Access) Act 2009* is to make government information more open and readily available to members of the public. Infrastructure NSW complies with this Act.

In 2015–16, Infrastructure NSW received two GIPA Act access applications from the media, two from members of Parliament, and one from a private sector business.

Infrastructure NSW provides the following statistical information about the access applications received which is required by Schedule 2 of the Government Information (Public Access) Regulation 2009:

### Number of applications by type of applicant and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	3	3	1	0	0	0	0
Members of Parliament	0	1	2	2	1	2	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	1	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	1	0	0	0	0	0	0
Personal information applications	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

Note: Statistics include applications reviewed and determined in 2015-16, some of which are subject to review or have multiple outcomes.

## Contact us

For more information or to comment on the Infrastructure NSW Annual Report 2015–16, please contact:

Infrastructure NSW  
Telephone: + 61 2 8016 0100  
Email: [mail@insw.com](mailto:mail@insw.com)  
[www.insw.com](http://www.insw.com)

Business hours: 8.30am – 5.30pm

Macquarie House, Level 15, 167 Macquarie Street, Sydney  
PO Box R220, Royal Exchange, NSW 1225

ABN 85 031 302 516