

Infrastructure NSW

Annual Report
2017–18

Letter to the Premier

31 October 2018

The Hon. Gladys Berejiklian
Premier of NSW
Parliament House
Macquarie Street
Sydney NSW 2000

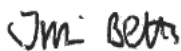
Dear Premier

I am pleased to submit for presentation to Parliament the Infrastructure NSW Annual Report for the financial year ended 30 June 2018.

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 2017–18, 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.

Contents

Chairman and CEO overview	4
Review of 2017–18	6
Governance	17
Management and structure	17
Board meetings	22
Committee meetings	22
Organisation structure	23
Our senior management team	23
Risk management and insurance	20
Internal audit and risk management attestation	24
Digital information security attestation	25
Financial Statements	27
Infrastructure NSW	27
Infrastructure NSW Staff Agency	64
Outline budget for 2017–18	82
Statutory reporting obligations	83
Human resources	83
Executive remuneration and performance	83
Personnel policies and practices	83
Diversity	83
Industrial relations	84
Annual report production	84
Promotion	84
Responding to consumers	84
Payment of accounts	85
Contracted services and consultants	86
Public interest disclosures	88
Government Information (Public Access) Act 2009	88
Contact us	90

Chairman and CEO overview

In 2017-18 Infrastructure NSW continued to provide independent advice on infrastructure priorities and major project assurance to support the NSW Government's unprecedented infrastructure investment program.

Infrastructure NSW has maintained a key role in the prioritisation, planning and delivery of high value infrastructure projects across NSW.

The \$87.2 billion pipeline budgeted for infrastructure capital spending across NSW to 2021-22 is derived in large measures as a result of the agency's advice over the last seven years. This Annual Report sets out the key contributions made by Infrastructure NSW in 2017-18.

During the past year, Infrastructure NSW has:

- Delivered a range of key project milestones, including:
 - starting major works on the Clarence Correctional Centre,
 - commencing construction on Western Sydney Stadium in Parramatta,
 - securing (through Create NSW) planning approval for the upgrade of the Walsh Bay Arts Precinct, with works to commence in late 2018,
 - continuing the final stages of the construction of the refurbished Anzac Memorial,
 - completing the Martin Place Siege Memorial,
 - preparing a Final Business Case and beginning the planning and procurement for the new Sydney Football Stadium, and
 - completing a Strategic Business Case for the redevelopment of Stadium Australia.
- Continued to oversee the Infrastructure Investor Assurance Framework, with 113 reviews undertaken during the year to provide Cabinet with assurance about the on-time, on-budget delivery of major capital projects and programs.
- Submitted to the Premier the 2018 *State Infrastructure Strategy*, containing 122 recommendations, of which 113 were accepted by the Government.
- Commenced the South Creek Sector Review, advising the NSW Government on how infrastructure and other decisions can achieve its vision for Sydney's Western Parkland City.
- Established the cross-agency Construction Leadership Group to drive reform in the construction sector, resulting in the June 2018 release of the NSW Government's *Action Plan: A Ten Point Commitment to the Construction Sector*.
- Prepared and published the first of a series of Business Case Summaries for major projects approved for funding, including the Sydney Football Stadium Redevelopment, the Powerhouse Museum in Western Sydney and the F6 Extension – Stage 1.
- Continued to update and release the NSW Infrastructure Pipeline document, giving the construction sector and its suppliers up-to-date information about forthcoming major projects.

- Continued the implementation of the Hawkesbury Nepean Flood Mitigation Strategy, including:
 - completing social research on community awareness and preparedness for flood risks,
 - testing and validating a new evacuation road signage system for the Valley,
 - working with the Bureau of Meteorology to develop new ways of improving flood forecasting,
 - preparing a new Regional Flood Study,
 - through WaterNSW, ongoing preparation of a comprehensive environmental impact statement for the proposed raising of the Warragamba Dam.
- Oversaw the ongoing allocation of funds to infrastructure projects from the \$32.9 billion Restart NSW fund, with over \$4.9 billion committed to economically beneficial infrastructure during the year and over 360 project funding deeds now in place with local Councils and other funding recipients across regional NSW.
- Continued to oversee the implementation of the *Cultural Infrastructure Strategy: Advice to NSW Government 2016*, following the release of the NSW Government's response, the *Cultural Infrastructure Action Plan 2018*, including supporting two of the priority projects recommended in the strategy, the Walsh Bay Arts Precinct and the Sydney Modern Project.

Infrastructure NSW seeks to work collaboratively across government to promote effective infrastructure planning with a focus on improved business case development, and 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.

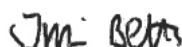
Looking forward, in 2018-19 Infrastructure NSW plans to focus on the following priorities:

- Delivering key project milestones including the completion of the Anzac Memorial and Western Sydney Stadium projects.
- Finalising, with Water NSW, an Environmental Impact Statement for the raising of the Warragamba Dam.
- Undertaking Gateway reviews and other forms of assurance to ensure the effective delivery of major projects that have been endorsed by the Government.
- Finalising the South Creek sector review to support the Western Sydney City Deal and development of the Western Parkland City.
- Continuing to coordinate the NSW Government's effort to improve construction procurement and drive reform in the infrastructure sector.
- Continuing to ensure Restart NSW funds are directed to high priority projects, not least in regional NSW.

We look forward to working with the Infrastructure NSW Board and our small but dedicated team in 2018-19 as we continue to improve the way high value economic and social infrastructure is procured and delivered across our state.



Graham Bradley
Chairman



Jim Betts
Chief Executive Officer

Review of 2017–18

Infrastructure NSW had a successful 2017–18. Major achievements during the year are outlined in this section.

Projects NSW

Projects NSW is a specialist unit within Infrastructure NSW that manages the procurement and delivery of a number of the state's infrastructure priorities.

Projects NSW uses its commercial expertise to engage with the private sector and negotiate value for money outcomes for the community, in doing so it is able to leverage the wealth of experience built up through projects like the transformation of Darling Harbour and the skills of the Infrastructure NSW Board.

In the past financial year, Projects NSW continued to manage the following projects:

- 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 old Parramatta Stadium, in partnership with Venues NSW.
- The redevelopment of the Walsh Bay Arts and Cultural Precinct, in partnership with Create NSW.
- The upgrade of the Anzac Memorial at Hyde Park on behalf of the Anzac Memorial Trustees.
- The Martin Place Siege Memorial in partnership with the Department of Premier and Cabinet.

Projects NSW also began managing or supporting the following projects:

- The redevelopment of the Sydney Football Stadium at Moore Park, in partnership with the Sydney Cricket and Sports Ground Trust and the Office of Sport.
- The redevelopment of Stadium Australia at Sydney Olympic Park, in partnership with Venues NSW and the Office of Sport.
- The expansion of the Art Gallery of NSW – the Sydney Modern Project – in partnership with the Art Gallery of NSW.

Clarence Correctional Centre

Formally known as the New Grafton Correctional Centre, the new 1,700 bed prison located at Grafton was officially named the Clarence Correctional Centre in March 2018.

When complete, it will be Australia's largest prison and will feature state-of-the-art security and surveillance, as well as advanced rehabilitation services. The prison will play a critical role in addressing the shortage of correctional centre beds and facilities within NSW and be the key correctional facility servicing the northern region of NSW.

The project is being delivered as a public private partnership (PPP) to offer high quality, efficient, value for money correctional services. The private sector is responsible for the design, construction, maintenance and operation of the facility for the next 20 years. The NSW Government will retain ownership of it.

Early works began in July 2017, with major construction now underway and on track to be

completed in mid-2020.

Milestones in 2017-18

- Start of early works in July 2017, following receipt of stage one planning approval from the Department of Planning and Environment in March 2017.
- Preparation and exhibition of the stage two State Significant Development Application in July 2017, followed by receipt of planning approval in December 2017.
- Start of major construction in February 2018.
- Completion of works to provide the site with telecommunications and a water supply.
- Completion of work to widen a two kilometre section of Avenue Road, the main access road to the prison.
- Inclusion of the project in the NSW Government's Infrastructure Skills Legacy Program, in which it has exceeded training and employment targets.

Western Sydney Stadium

The Western Sydney Stadium is a new 30,000 seat rectangular stadium being constructed on the site of the old Parramatta Stadium. 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 second CBD and bring wider community benefits to Western Sydney.

Major construction commenced in September 2017, following completion of the demolition of the old Parramatta Stadium, and is on track to be completed in early 2019.

Milestones in 2017-18

- Receipt of stage two planning approval in August 2017 from the Department of Planning and Environment.
- Start of major construction works in September 2017.

Walsh Bay Arts Precinct

The redevelopment of the Walsh Bay Arts Precinct is a priority infrastructure project for the NSW Government. The iconic heritage wharves at Pier 2/3 and Wharf 4/5 will be redeveloped to create a public arts and cultural hub on Sydney's famous waterfront, while preserving its unique heritage.

Infrastructure NSW is overseeing delivery of this project on behalf of Create NSW. After the original staged State Significant Development Application, was declared invalid in June 2017, the planning process recommenced and planning approval was received in May 2018. Work to deliver the project is expected to commence in late 2018.

Milestones in 2017-18

- Preparation and exhibition of a new planning application in November 2017.
- Receipt of planning approval from the Department of Planning and Environment in May 2018.
- Release of Request for Tender to the market for construction of the project in April 2018

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.

Infrastructure NSW is overseeing delivery of the project on behalf of the Anzac Memorial Trustees. The project is jointly funded by the NSW Government, the Federal Government, and supported by the City of Sydney and the NSW Returned and Services League.

The project is on track with the refurbished memorial expected to open in late 2018, as the Centenary of Armistice Day commemorations approach.

Milestones in 2017-18

- Ongoing construction of the refurbished Anzac Memorial, including the completion of structural works and commencement of internal fitout of the new memorial and exhibition spaces.
- Continuation of the Anzac Memorial Centenary Project Soil Collection in March 2017, a program to assist in collecting soil samples from 1,700 locations across NSW to feature in the new public artwork at the centre of the refurbished memorial.

Martin Place Siege Memorial

Infrastructure NSW assisted the Department of Premier and Cabinet in the planning and delivery of the permanent memorial in Martin Place, that pays tribute to the victims of the 2014 Martin Place Siege. The design of the memorial was inspired by the many floral tributes that were left in Martin Place in the days following the siege, and featured more than 200 hand-crafted flowers inlaid into the pavement. The Memorial was opened by the Premier on 16 December 2017.

Redevelopment of the Sydney Football Stadium

In late 2017, Infrastructure NSW was asked to prepare a Final Business Case for the redevelopment of the Sydney Football Stadium. After submitting the Business Case to Government in March 2018, Infrastructure NSW was then tasked with the planning, procurement and delivery of the Sydney Football Stadium redevelopment.

The new Sydney Football Stadium will deliver a world-class spectator experience and will feature seats closer to the field of play, the best sight lines, contemporary food and beverage offerings and state-of-the-art technology.

The project has been designated a State Significant Development and planning approval is being sought in two stages. The procurement process is also underway.

Milestones in 2017-18

- Preparation and exhibition of the stage one planning application in June 2018.
- Release of an Expression of Interest, followed by the shortlisting of two firms in June 2018.

- Implementation of a collaborative procurement methodology in response to feedback gauged during early market engagement.

Sydney Modern Project

The expansion of the Art Gallery of NSW – the Sydney Modern Project – is also a priority project recommended in the Cultural Infrastructure Strategy, and will enable the display of more of the State’s art collection and the hosting of more major exhibitions from around the world. The new building designed by international Pritzker Prize-winning architects SANAA will be linked by an outdoor art garden to the existing and much-loved historical building.

In 2017-18 Infrastructure NSW provided strategic advice to the Art Gallery of NSW during the design development phase, and from late 2018, will be responsible for the procurement and delivery of the project.

Redevelopment of Stadium Australia

In late 2017, Infrastructure NSW was asked to prepare a Strategic Business Case for the redevelopment of Stadium Australia. Infrastructure NSW submitted the Business Case to Government, which in March 2018 announced its decision to proceed with a reconfiguration of the existing stadium rather than a full redevelopment.

Infrastructure NSW has been tasked with the development of a Final Business Case for the preferred option – a reconfiguration of the stadium to make it a permanent rectangle stadium, bringing seats closer to the field of play as well as upgrading facilities and amenities. The Final Business Case is due to be submitted to Government in mid-2019.

Investor assurance

The Infrastructure Investor Assurance Framework (IIAF) was developed in 2015-16 under the NSW Gateway Policy, and is administered by Infrastructure NSW. The IIAF applies to all capital projects and programs, with an estimated total cost of \$10 million or more, being developed or delivered by NSW Government agencies and government businesses.

The risk-based, tiered approach to investor assurance under the IIAF continues to ensure that the greatest focus is on the most important and complex projects, with 48 Tier 1 – High profile, high risk (HPHR) projects (at the end of June 2018) monitored and reported to Cabinet monthly. At the end of June 2018, 137 Tier 2 and 137 Tier 3 projects were monitored and reported to Cabinet on a quarterly basis.

The monitoring and reporting of projects is complemented by Gateway Reviews and Health Checks, a series of short, focused reviews at key project milestones conducted by expert reviewers, who are independent of projects and delivery agencies.

During 2017-18, 113 reviews were conducted. Reports were provided to Cabinet enabling Infrastructure NSW and delivery agencies to address any issues with the on-time on-budget delivery of projects.

Key registration, reporting and independent Gateway Reviews and Health Check metrics are highlighted in the figure overleaf.

The following performance reports, covering the 2016-2017 period, were submitted to the Infrastructure Investor Assurance Committee (IIAC) and to Cabinet:

- Cluster Assurance Plans.

- Assessment of expert reviewer panel capability.
- Gateway reviewer performance.
- Performance of closing-out recommended actions for all projects undergoing a review.
- Trends and analysis of the key issues.
- Overall performance of the IIAF.

In light of these reports, several amendments to the performance reporting regime were approved by the IIAC, including changes to the frequency and time period that each of the performance reports cover, as well as the need to avoid the duplication of content within these reports.

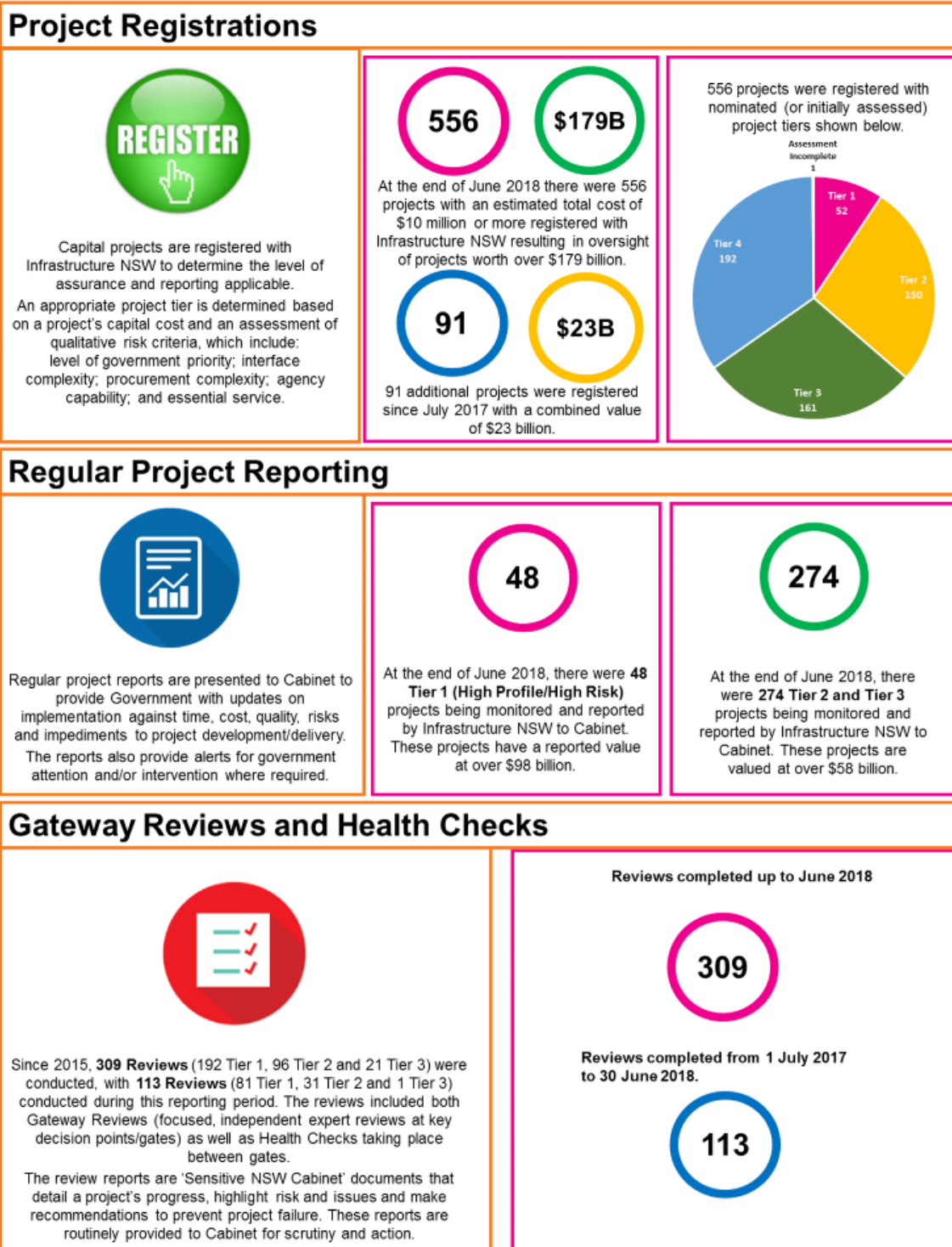
Gateway Review Workbooks were an area identified for improvement in the performance reports. Infrastructure NSW has undertaken a review of the Gateway Review Gates within the capital infrastructure review process. Ten revised Gateway Review Workbooks have been developed and are being piloted. The new workbooks have been made available on the Infrastructure NSW internet site.

Infrastructure NSW has also developed a new Panel Management Framework (PMF) following a recommendation from the performance reports. The PMF was formally adopted and put into operation in July 2018.

Finally, Infrastructure NSW has commenced a holistic review of the IIAF in order to drive better assurance outcomes under the IIAF, aligned with the Assurance 2018-2019 Business Plan outcomes of:

- Achieving better infrastructure outcomes from Government decisions.
- Enabling an engaged, high performing team.
- Improving the efficiency of what we do and how we do it.
- Harnessing and sharing the value of our information.
- Being sought out as experts and trusted partners.

Investor Assurance metrics for 2017 - 18



20-year State Infrastructure Strategy

Under its Act, Infrastructure NSW must prepare and submit to the Premier the 20-year State Infrastructure Strategy (SIS) and review it every five years, and at such other times as the Premier directs. The initial SIS was submitted in November 2012 and reviewed at the then Premier's request in November 2014.

In February 2018, Infrastructure NSW submitted the latest SIS to the Premier and it was released by the Government on 18 March 2018. The Government accepted 113 of the 122 SIS recommendations. The *Metropolis of Three Cities: Greater Sydney Region Plan* and *Future Transport 2056* were prepared and released at the same time, reflecting the aligned long term land use, infrastructure and transport planning that was built through collaborative working arrangements.

The 2018 SIS set out Infrastructure NSW's independent advice on the current state of NSW's infrastructure and the needs and priorities over the next 20 years. *Building Momentum State Infrastructure Strategy 2018-2038* looked beyond the current pipeline of projects and identifies policies and strategies needed to provide the infrastructure that meets the needs of a growing population and a growing economy.

It set six cross-sectoral strategic directions, each designed to achieve 'more with less' and embed good practice across the infrastructure lifecycle including:

- Integrating land use and infrastructure planning.
- Infrastructure planning, prioritisation and delivery.
- Asset management – assurance and utilisation.
- Resilience.
- Digital connectivity and technology.
- Innovative service delivery models.

It also recognised that different parts of NSW face different opportunities and needs, and sets geographic directions for infrastructure planning, investment and policy. Building on these strategic and geographic directions, the Strategy outlined policy and investment options across the key infrastructure sectors:

- Transport.
- Energy.
- Water.
- Health.
- Education.
- Culture, Sport and Tourism.

The SIS was underpinned by NSW Common Planning Assumptions which include consistent population, housing, employment and economic forecasts.

In preparing the SIS, Infrastructure NSW worked collaboratively with other government agencies including the Department of Planning and Environment, Department of Finance, Services and Innovation, the Department of Industry and Infrastructure Australia.

South Creek Sector Review

Infrastructure NSW is leading the South Creek Sector Review, a key recommendation of the 2018 State Infrastructure Strategy (SIS). The review follows an investigation of Sydney

Water's preparedness to accommodate forecast population growth in Sydney during the development of the SIS.

South Creek is to be the green spine of the Western Parkland City. The Greater Sydney Region Plan outlines the opportunity for the Western Parkland City to develop on a blue-green grid, encouraging an urban form and pattern of development which will deliver enhanced amenity and liveability, urban cooling with increased tree canopy, affordable housing, lower electricity bills and significant employment opportunities, with the Aerotropolis as an economic hub.

The purpose of the South Creek Sector Review is to advise the NSW Government about options for major infrastructure investment and other decisions required to achieve the vision of the Western Parkland City. The first stage of the review will be complete by the end of 2018.

NSW Government Construction Leadership Group

Infrastructure NSW leads the NSW Government Construction Leadership Group (CLG), which was established earlier in 2018 to drive reform across government in the development, procurement and delivery of infrastructure projects. All of the key NSW Government agencies engaged in the delivery of the large long term pipeline of infrastructure investment are represented on the CLG.

This year, the CLG developed the *NSW Government Action Plan: A ten point commitment to the construction sector*. The Action Plan recognises that the NSW Government can only achieve its infrastructure objectives in partnership with the private sector and takes a longer term view about the need to drive quality, innovation and cost effectiveness by fostering a thriving and sustainable construction sector in NSW. The NSW Government endorsed and released the Action Plan in June 2018.

This Action Plan covers all NSW Government-procured construction and is designed to:

- Encourage an increase in the "supply side" capacity of the sector to meet future demand.
- Reduce industry's costs and "down-time" by making Government procurement processes more efficient.
- Develop the skills, capability and capacity of the construction industry's workforce.
- Encourage culture change and greater diversity in the construction sector and its suppliers.
- Foster partnership and collaboration between the public and private sectors to drive innovation in the NSW construction sector.

The CLG and its member agencies will now develop an implementation plan to turn the 10 commitments into a program of specific measures to be rolled out progressively over the next 12 months.

Business Case Summary preparation

As the NSW Government's independent infrastructure advisory agency, Infrastructure NSW routinely assesses Business Cases and provides advice to Government on their findings. From early 2018, Infrastructure NSW also began to prepare and publish Business Case summaries for major projects once they have been endorsed for funding by the government.

In 2017-18 Infrastructure NSW published the following Business Case summaries on its website:

- Sydney Football Stadium redevelopment - Final Business Case summary
- Stadium Australia redevelopment - Strategic Business Case summary
- Powerhouse Museum in Western Sydney - Final Business Case Summary
- F6 Extension Stage 1 - Final Business Case summary

NSW Infrastructure Pipeline

In 2017-18 Infrastructure NSW continued to prepare the *NSW Infrastructure Pipeline*, to assist the NSW Government in attracting private sector involvement in the financing, design, construction and operation of infrastructure projects. It outlines infrastructure proposals in development by the NSW Government.

The proposals in the NSW Infrastructure Pipeline are in various stages of development. The document includes fully funded projects, as well as projects that are not yet funded, but are expected to come to market in the next three to five years.

To ensure information is up-to-date, the pipeline is reviewed and updated every six months. Updated versions are available on the Infrastructure NSW website.

Hawkesbury-Nepean Flood Risk Management Strategy

The Hawkesbury-Nepean Flood Risk Management Strategy was announced by the NSW Government in May 2017. Its Phase One (2016-2020) implementation is being coordinated by a Directorate based in Infrastructure NSW. \$58 million of funding, announced by the NSW Government in June 2016, will fund the implementation of Phase One.

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 Environmental Impact Statement (EIS) for the Warragamba Dam Raising is scheduled for exhibition in 2019. The NSW Government will consider the Final Business Case for raising the Warragamba Dam wall in 2020. 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 2017-18

- Social research on community flood risk awareness and preparedness was completed in early 2018.
- WaterNSW, NSW State Emergency Service, and the Bureau of Meteorology worked

- through a flood event scenario to test the current flood management arrangements.
- Roads and Maritime Services and the Directorate user tested and validated a new evacuation road signage system to direct the Hawkesbury-Nepean Valley community out of the floodplain in the event of a flood. The system is to be installed by early 2019.
- The Bureau of Meteorology developed a new methodology for improvements to flood forecasting for the Hawkesbury-Nepean Valley.
- Preparation of a new Regional Flood Study, the first since 1995, to make contemporary flood risk information available to communities and decision makers. The Flood Study information will be made available from late 2018.

Warragamba Dam Raising Project

- WaterNSW, as the owner and operator of Warragamba Dam, is preparing a comprehensive EIS and detailed concept designs for the proposal. The project is considered state significant infrastructure under NSW legislation.
- Modelling, surveys, technical studies and analysis are under way to inform the EIS, including Aboriginal Cultural Heritage Assessment in consultation with traditional owners, and detailed flora and fauna surveys and assessments.

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 assets and the competitiveness of the State, including local infrastructure in regional areas.

Infrastructure NSW recommends the use of the funds under the *Restart NSW Fund Act 2011*. New infrastructure projects considered for Restart NSW funding are subject to a rigorous selection process. Projects selected for funding must be supported by a sound Business Case showing the project is financially and economically justified. The key components of the project assessment framework are:

- A strategic assessment to ensure the project aligns with the *Restart NSW Fund Act 2011* criteria, existing government priorities and Restart NSW investment themes.
- An 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 one).
- Gateway assurance review process (where relevant) to ensure the project has successfully completed the appropriate business case development processes.

Milestones in 2017-18

During 2017-18, an additional \$3.3 billion was deposited into the Restart NSW Fund, making a total of \$32.9 billion as at 30 June 2018. As reported in the 2018-19 NSW Budget, \$4.9 billion was committed to projects from the Restart NSW Fund during 2017-18.

As a matter of Government policy, 30 per cent of Restart NSW funds are to be committed to Regional NSW projects (outside Newcastle, Sydney and Wollongong). This includes allocations to local and community infrastructure programs.

In 2017-18, Infrastructure NSW recommended projects for the following local and community infrastructure programs:

- Fixing Country Rail (\$138.3 million).
- Fixing Country Roads (\$120.4 million).
- Safe and Secure Water (\$52.1 million).
- Regional Growth – Environment and Tourism Fund (\$110.7 million).
- Growing Local Economies (\$36.1 million).
- Resources for Regions (\$28.2 million).
- Housing Acceleration Fund (\$4 million).

Infrastructure NSW administers funding deeds with local government, NGOs and other agencies for the delivery of local and community infrastructure projects. At the end of 2017-18, Infrastructure NSW had established 363 deeds with funding recipients for projects with a combined total of \$925 million in Restart NSW funds. Infrastructure NSW works with these funding recipients to ensure projects are delivered on time and on budget.

Governance

Management and structure

Infrastructure NSW's governance model was established by the *Infrastructure NSW Act 2011* and 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 private sector members with relevant infrastructure sector experience, all appointed by the Premier, and the heads of the Departments of Premier and Cabinet, Planning and Environment, Industry, and the Treasury.

Graham Bradley AM – Chairman

Appointed 4 July 2013

Reappointed July 2017

Graham Bradley is a professional company director and is currently Non-Executive Chairman of HSBC Bank Australia and EnergyAustralia Holdings. He is also chairman of Virgin International Holdings and Ensemble Limited. He is also on the boards of The Hongkong and Shanghai Banking Corporation and Tennis Australia. Graham was appointed a director of GrainCorp as of 1 March 2017 and then as the non-executive Chairman on 1 May 2017. In April 2017 Graham was appointed as director and chairman of Stilmark Pty Ltd.

Graham resigned as Chairman of Anglo American Australia Limited with effect from 30 June 2016, as Chairman and Director of Stockland Corporation Limited with effect from 27 October 2016 and of GI Dynamics Inc effective 24 November 2017.

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 in 2013 following almost 10 years in leadership roles at the Victorian Government.

As part of his role at Infrastructure NSW, Jim led the development of the *2014 State Infrastructure Strategy Update* and the recent *2018 State Infrastructure Strategy*, providing a total of over 200 project and policy recommendations to Government. Jim chairs the Infrastructure Investor Assurance Committee, reporting to Cabinet which monitors and advises on almost 500 infrastructure projects across Government.

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 along with new major projects including Western Sydney Stadium, Sydney Football Stadium, the Walsh Bay Arts Precinct redevelopment and the Clarence Correctional Centre.

In June 2018, through his role as Chair of the NSW Government's Construction Leadership Group, Jim coordinated the development of the *NSW Government Action Plan: A ten point commitment to the construction sector*. The Action Plan recognises that the NSW Government can only achieve its infrastructure objectives if it works collaboratively with the private sector.

Max Moore-Wilton AC – Private Sector Member

Appointed 15 July 2011

Reappointed June 2015

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 for six years 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. Max is also member of the Board of Chris O'Brien Lifehouse and The Europe Australia Business Council

Rod Pearse OAM – Private Sector Member, Chair Audit and Risk Committee, Member Projects NSW Assurance Committee

Appointed 15 July 2011

Reappointed June 2015

Rod is a Board member of O'Connell Street Associates and is also Chairman of the Infrastructure NSW Audit and Risk Committee.

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 Pearce retired as a member of the Sydney Motorway Corporation Board in September 2018.

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

Roger Fletcher – Private Sector Member

Appointed 15 July 2011

Reappointed June 2015

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, Member Audit and Risk Committee

Appointed 11 June 2014

Arlene is a Non-Executive Director of Aristocrat Leisure Limited, Adelaide Brighton Limited, Primary Health Care and Lend Lease Investment Management. She was the Chairman of Urbanise.com Limited and Future Fibreglass Technologies until her retirement from both boards effective 14 October 2016.

She is a Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women. Her professional experience is as a senior investment banker, commercial banker and finance and securities lawyer.

Dieter Adamsas – Private Sector Member, Chair Projects NSW Assurance Committee

Appointed 11 June 2014

Resigned 7 June 2018

Dieter Adamsas is currently a Director of Built Holdings Pty Ltd. and the San Foundation, and retired as a Director of Infrastructure NSW in June 2018.

With 40 years' experience in the construction industry, Dieter held various senior accounting and commercial positions across the sector.

He has held various positions within the Leighton Group between 1986 and 2011 including CFO of Leighton Group, and Executive Director and Deputy Chief Executive Officer of Leighton Holdings Limited, Chairman of Leighton Contractors Pty Ltd and Chairman of Leighton Asia Limited.

He is the former Chairman of Geotech Group and a former Director of Acciona Geotech, and has previously been a Director of Thiess Pty Ltd, John Holland Pty Ltd, Leighton Properties Pty Ltd and was a member of the Leighton Holdings Audit Committee from 1990 to 2003.

Dieter is a former Director of the Committee for Economic Development of Australia (CEDA). He is a life member and former President and Director of Financial Executives Institute of Australia, Member of the University of New South Wales Business Advisory Council and Fellow of the Australian Institute of Company Directors and formerly a Member of the Trade Advisory Council.

Dieter is active in philanthropy and is a Board Member of the San Foundation and Chairman of its 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.

Appointment concluded 17 November 2017

Tim Reardon – Secretary, NSW Department of Premier and Cabinet

Appointed 18 November 2017 by virtue of his position within the NSW public service and consistent with the Infrastructure NSW Act 2011.

Tim Reardon is the Secretary of the Department of Premier and Cabinet. He is responsible for leading the entire public service in NSW and driving the Government's services, infrastructure and reform priorities.

Prior to this role, Tim was the Secretary, Transport where he successfully led the Transport Cluster and its 25,000 people on behalf of the NSW community. Tim led the development and delivery of the largest transport infrastructure and services pipeline in a generation, with over \$41 billion of capital works over a four year period.

Tim has 27 years' experience working in both government and the private sector in NSW and internationally. He is a born and bred New South Welshman and lives in Sydney with his wife Lorna and two daughters.

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.

Appointment concluded August 2017

Mike Pratt Secretary, NSW Treasury

Appointed 2 August 2017 by virtue of his position within the NSW public service and consistent with the Infrastructure NSW Act 2011.

Michael Pratt AM was appointed as the 27th Secretary of NSW Treasury and NSW Industrial Relations on 1 August 2017. The Treasury Cluster includes NSW Treasury, NSW Treasury Corporation, NSW Industrial Relations, icare (Insurance & Care NSW) and SAS Trustee Corporation. Michael is also Deputy Chair of Treasury Corporation (TCorp).

As Secretary, Michael is responsible for strategic management of the entirety of the State's finances, budget, assets, liabilities and financial risk management framework and transformation.

Prior to his role with Treasury, Michael was the NSW Customer Service Commissioner, where he revolutionised the way the Government delivers services - putting the people of

NSW at the heart of service delivery in the establishment of Service NSW. He led major service reform across the NSW Government, chairing the NSW Customer Advisory Board - the responsible governance entity for the delivery of State Government services to the citizens of NSW.

Michael Pratt was honoured as a Member of the Order of Australia (AM) in the Queen's Birthday 2016 Honours List. Michael was recognised as a role model for Australian society for providing significant service to public administration through reforms in customer service and communication and to the finance and banking industry.

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 is the Secretary of the Cluster of the Department of Planning and Environment, which encompasses oversight of nine major government portfolios, including planning, housing, resources, energy, housing, environment and the arts.

Since her appointment as Secretary in 2014, Carolyn has led a major transformation of the Department's governance structures and key portfolio areas. These include the establishment of the Greater Sydney Commission, a major revamp of planning laws, an increase in energy rebates, overseeing the largest investment into cultural infrastructure since the build of the Sydney Opera House, and a landmark housing affordability package. With extensive senior executive experience in the state and federal governments, Carolyn brings to the Department a proven record of designing, managing and administering multi-billion-dollar government programs.

Simon Smith – Secretary, NSW Department of Industry

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

Appointment concluded March 2018

Simon Draper – Secretary, NSW Department of Industry

Appointed in March 2018 by virtue of his position within the NSW public service and consistent with the Infrastructure NSW Act 2011.

Simon Draper was appointed as the Secretary of the NSW Department of Industry on 17 March 2018, following his role as the Deputy Secretary, Economic Policy Group, at the Department of Premier and Cabinet. Mr Draper who has previously served as a Tribunal Member at the Independent Pricing and Regulatory Tribunal has extensive senior executive management experience in infrastructure and utility companies.

He is a former Managing Director of Lumo Energy, Chief Executive Officer of Wellington Airport in New Zealand, General Manager Commercial at Integral Energy and Chief Executive Officer of Northern Territory Airports. Mr Draper has a Bachelor of Economics (Hons) from Sydney University, a Master of Business (Finance) from the University of Technology, Sydney and has completed the Company Directors Course of the Australian Institute of Company Directors. The Department of Industry is responsible for vocational

education and training, employment and industry policies and programs and a range of regulatory and support functions for primary industries, crown lands, liquor, gaming and racing, tourism and sport.

Board meetings

There were 11 Board meetings in 2017–18.

Board member	Meetings attended
Chairman – Graham Bradley	10
CEO – Jim Betts	11
Private sector member – Roger Fletcher	10
Private sector member – Arlene Tansey	9
Private sector member – Max Moore-Wilton	10
Private sector member – Rod Pearce	11
Private sector member – Dieter Adamsas	10
Secretary, Department of Planning and Environment*	8
Secretary, Department of Premier and Cabinet*	10
Secretary, Department of Industry*	8
Secretary for Treasury*	6

* Includes nominee's attendance.

Audit and risk committee meetings

There were four audit and risk committee meetings in 2017–18.

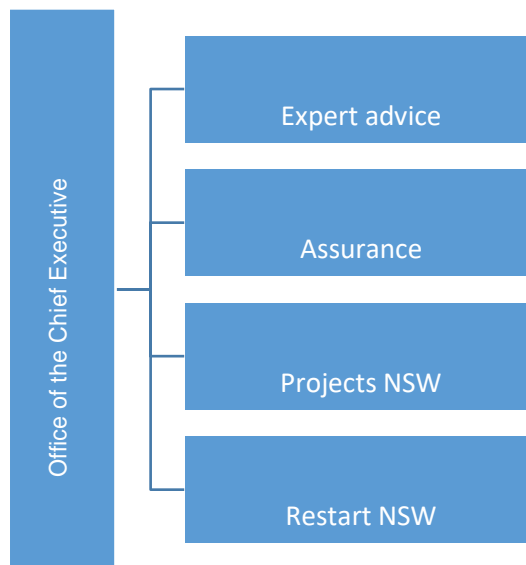
Committee member	Meetings attended
Chair – Rod Pearce	4
Member – Arlene Tansey	4
Member – Dianne Leeson	3

Projects NSW Assurance Committee

There were two Projects NSW Assurance committee meetings in 2017–18.

Committee member	Meetings attended
Chair – Dieter Adamsas (end June 2018)	2
Member – Rod Pearce	2
Member – Tony Spink	2
Member – Dennis Brewer	2
Member – Arlene Tansey	1

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 30 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 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

On secondment from March 2018 as the acting CEO of the Environment Protection Authority

Anissa joined Infrastructure NSW in September 2015 heading up the newly created Infrastructure Investor Assurance function. Anissa oversees the operation of the Infrastructure Investor Assurance framework, reporting to Cabinet on High Profile/ High Risk projects, while providing monitoring of almost 450 projects across government registered in the Infrastructure NSW assurance database.

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 Statistics, 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 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 OCM.

Infrastructure NSW uses the NSW Treasury Managed Fund for its insurance requirements including workers' compensation, public liability, property and miscellaneous items. During 2017-18 there were no claims made against any of these insurance categories.

Internal Audit and Risk Management Attestation Statement for the 2017-18 Financial Year for Infrastructure NSW

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	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
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	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

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

- Independent Chair, Rod Pearse, 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.
- Independent Member 2, Di Leeson, appointed on 26 April 2016 for a tenure of 3 years.


Jim Betts
Chief Executive Officer
Infrastructure NSW

3 October 2018

Digital Information Security Annual Attestation Statement for the 2017-2018 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 2017-2018 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

31 July 2018

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 2018, 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

21 September 2018

Infrastructure NSW

Financial Statements
for the year ended 30 June 2018

Infrastructure NSW
Statement of comprehensive income
for the year ended 30 June 2018

	Notes	Consolidated			INSW		
		Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
Expenses excluding losses							
Operating expenses							
Employee related	2(a)	8,172	5,011	8,178	-	-	-
Other operating expenses	2(b)	27,488	48,870	15,598	27,488	48,870	15,598
Depreciation and amortisation expenses	2(c)	214	344	131	214	344	131
Personnel services	2(d)	-	-	-	7,734	4,969	6,859
Other expenses-Projects NSW	2(e)	195,878	376,605	66,634	195,878	376,605	66,634
Total Expenses excluding losses		231,752	430,830	90,541	231,314	430,788	89,222
Revenue							
Sale of goods and services	3(a)	204,290	381,137	72,913	204,290	381,137	72,913
Other income	3(b)	(1)	-	1	(1)	-	1
Grants and contributions	3(c)	32,789	49,192	21,130	32,622	49,192	20,286
Acceptance by the Crown Entity of employee benefits	3(d)	271	42	475	-	-	-
Total Revenue		237,349	430,371	94,519	236,911	430,329	93,200
Gain / (loss) on disposal	4	(34)	-	-	(34)	-	-
Net Result		5,563	(459)	3,978	5,563	(459)	3,978
Other comprehensive income							
Total other comprehensive income		-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		5,563	(459)	3,978	5,563	(459)	3,978

The accompanying notes form part of these financial statements.

Infrastructure NSW
Statement of financial position
as at 30 June 2018

		Consolidated			INSW		
	Notes	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
ASSETS							
Current Assets							
Cash and cash equivalents	6	41,481	2,712	23,238	41,481	2,712	23,238
Receivables	7	12,105	4,000	11,666	12,105	4,000	11,666
Total Current Assets		53,586	6,712	34,904	53,586	6,712	34,904
Non-Current Assets							
Plant and equipment	8	350	856	518	350	856	518
Intangible assets	9	21	625	59	21	625	59
Total Non-Current Assets		371	1,481	577	371	1,481	577
Total Assets		53,957	8,193	35,481	53,957	8,193	35,481
LIABILITIES							
Current Liabilities							
Payables	10	30,082	3,883	17,262	31,015	4,581	18,129
Provisions	11	914	698	852	-	-	-
Prepaid Income		11,583	287	11,556	11,583	287	11,556
Total Current Liabilities		42,579	4,868	29,670	42,598	4,868	29,685
Non-Current Liabilities							
Provisions	11	141	133	137	122	133	122
Other		-	-	-	-	-	-
Total Non-Current Liabilities		141	133	137	122	133	122
Total Liabilities		42,720	5,001	29,807	42,720	5,001	29,807
Net Assets		11,237	3,192	5,674	11,237	3,192	5,674
EQUITY							
Accumulated funds		11,237	3,192	5,674	11,237	3,192	5,674
Total Equity		11,237	3,192	5,674	11,237	3,192	5,674

The accompanying notes form part of these financial statements.

Infrastructure NSW
Statements of changes in equity
for the year ended 30 June 2018

Consolidated / INSW	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2017	5,674	5,674
Net result for the year	<u>5,563</u>	<u>5,563</u>
Total comprehensive income for the year	5,563	5,563
Balance at 30 June 2018	<u>11,237</u>	<u>11,237</u>

Consolidated / INSW	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2016	1,696	1,696
Net result for the year	<u>3,978</u>	<u>3,978</u>
Total comprehensive income for the year	3,978	3,978
Balance at 30 June 2017	<u>5,674</u>	<u>5,674</u>

Infrastructure NSW
Statement of cash flows
for the year ended 30 June 2018

	Notes	Consolidated			INSW		
		Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee related		(7,705)	(4,969)	(7,491)	-	-	-
Other		(212,963)	(429,886)	(79,533)	(220,501)	(434,855)	(86,180)
Total Payments		(220,668)	(434,855)	(87,024)	(220,501)	(434,855)	(86,180)
Receipts							
Sale of goods and services		203,877	381,137	73,413	203,877	381,137	73,413
Interest received		-	-	-	-	-	-
Grants and contributions		32,789	49,192	19,786	32,622	49,192	19,786
Other		2,285	2,448	13,011	2,285	2,448	12,167
Total Receipts		238,951	432,777	106,210	238,784	432,777	105,366
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	18,283	(2,078)	19,186	18,283	(2,078)	19,186
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of plant and equipment		(40)	(880)	(403)	(40)	(880)	(403)
Purchases of intangible assets		-	-	(28)	-	-	(28)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(40)	(880)	(431)	(40)	(880)	(431)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS							
Opening cash and cash equivalents		23,238	5,670	4,483	23,238	5,670	4,483
CLOSING CASH AND CASH EQUIVALENTS	6	41,481	2,712	23,238	41,481	2,712	23,238

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 2018 have been authorised for issue by the Chief Executive Officer on 21st September 2018.

(b) Basis of preparation

INSW's financial statements are general purpose financial statements which have been prepared on an accrual basis and 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
- Financial Reporting Directions mandated by the Treasurer.

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

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, which is the entity's presentation and functional 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 claims 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 an asset's cost of acquisition 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. Comments regarding the accounting policies for the recognition of income are discussed below.

(i) Grants revenue

Income from grants (other than contribution by owners) is recognised when the entity obtains control over the contribution. The entity is deemed to have assumed control when the grant is received or receivable.

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

(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) Prepaid Income

Prepaid Income represents unearned income for projects being delivered on behalf of other NSW government agencies by the project delivery unit of INSW. INSW issues quarterly claims in advance based on forecast expenditure to these agencies for which the projects are being delivered. INSW draws down against this claim as expenditure incurred. The balance remaining at the end of each quarter is represented as income received in advance.

* The Sale of goods and services disclosed in the Statement of Comprehensive Income represents recovery from other NSW government agencies for the following activities undertaken by INSW:

- Projects being delivered on their behalf by the project delivery unit.
- Performing the investor assurance role including resourcing costs of the team and management of gateway reviews
- Strategic assessments where costs and benefits are shared.

1 Summary of Significant Accounting Policies (cont'd)

(g) Property, plant and equipment

(i) Acquisitions of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently measured at fair value less accumulated depreciation and impairment. 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.

(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) Restoration cost

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

(iv) Maintenance

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

(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 useful lives.

Depreciation Rates	2018 % Rate	2017 % Rate
Plant & Equipment		
Office furniture and fittings	14	14
Computer equipment and hardware	33*	25
General plant and equipment	25	25
Leasehold improvements	depreciated over the shorter of useful life of the asset or period of the lease	

* The estimated useful life of assets in this classification has been revised to better reflect the rate of obsolescence on this asset class

(vi) 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.

1 Summary of Significant Accounting Policies (cont'd)

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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

(vii) 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.

INSW assesses, at each reporting date, whether there is an indication that an asset may be impaired. If an indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(h) *Leases*

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

(i) *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.

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

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

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

1 Summary of Significant Accounting Policies (cont'd)

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.

(j) *Financial Instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(i) Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

- Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result 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 unless the effect of discounting is material.

- Impairment of financial assets

All financial assets are subject to an annual review for impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows have been affected.

For certain categories of financial assets, such as trade receivable, the entity first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

1 Summary of Significant Accounting Policies (cont'd)

(ii) Financial liabilities

Financial liabilities are classified as at amortised cost.

- Financial liabilities at amortised cost (including borrowings and trade payables)

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

Payables represent liabilities for goods and services provided to the agency and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(iii) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the agency has not transferred substantially all the risks and rewards, if the agency has not retained control.

Where the agency has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the agency's continuing involvement in the asset. In that case, the agency also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the agency has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1 Summary of Significant Accounting Policies (cont'd)

(k) *Employee benefits and other provisions*

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

(a) Salaries and wages, annual leave and sick leave

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 entitlements accrued while taking annual leave (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 the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using commonwealth government bond rate at the reporting date.

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)

(l) *Other Provisions*

Provisions are recognised when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an out flow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of obligation. When the entity expects some or all of the provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

(m) *Equity and reserves*

(i) *Accumulated Funds*

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

(n) *Fair value hierarchy*

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

(o) *Budgeted amounts*

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained in note 14.

(p) *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.

1 Summary of Significant Accounting Policies (cont'd)

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

i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year except for the following standards adopted for the first time in year ended 30 June 2018. The impact of these standards in the period of initial application is not material.

- AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107
- AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non Cash Generating Specialised Assets of Not for Profit Entities
- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014 2016 Cycle

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 18-01).

- AASB 9 financial instruments
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 17 Insurance Contracts
- AASB 1058 Income of Not-for-profit Entities
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfer of investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Interpretation 23 Uncertainty over Income Tax Treatment

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 2018

2 *Expenses Excluding Losses*

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(a) Employee related expenses				
Salaries and wages (including annual leave)	6,694	5,965	-	-
Superannuation - defined benefit plans	-	29	-	-
Superannuation - defined contribution plans	524	425	-	-
Long service leave	265	434	-	-
Workers compensation insurance	7	15	-	-
Payroll tax and fringe benefit tax	404	400	-	-
Redundancy Payments	222	844	-	-
On-costs- annual leave and long service leave	56	66	-	-
	8,172	8,178	-	-

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(b) Other operating expenses include the following:				
Auditor's remuneration - audit of the financial statements	83	82	83	82
Internal audit fees	126	83	126	83
Other contractors	9,085	8,142	9,085	8,142
Boards and Committees	156	174	156	174
Fees for services rendered	994	1,254	994	1,254
Insurance - public liability***	(2)	7	(2)	7
Operating lease rental expense - minimum lease payments	795	750	795	750
Other expenses	1,020	713	1,020	713
Contracted services HNVFRMS Phase 1 **	13,601	4,390	13,601	4,390
Contracted services SCCR**	1,627	-	1,627	-
Maintenance expenses*	3	3	3	3
	27,488	15,598	27,488	15,598

* There is no employee related maintenance expenses include in Note 2 (a).

** This includes all expenditure for this workstream.

*** The insurance expenditure disclosed in the note above incorporates the effect of a correction to accrued expenditure from the 2016 financial year. The actual insurance expenditure incurred in 2018 is \$7k.

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(c) Depreciation and amortisation expense				
Depreciation				
Plant and Equipment	122	57	122	57
Leasehold improvements	74	57	74	57
Total depreciation	196	114	196	114
Amortisation				
Intangible	18	17	18	17
	214	131	214	131

2 Expenses Excluding Losses (cont'd)

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(d) Personnel services				
Personnel services	-	-	7,734	6,859
	<u>-</u>	<u>-</u>	<u>7,734</u>	<u>6,859</u>
(e) Other expenses				
Projects NSW	195,878	66,634	195,878	66,634
	<u>195,878</u>	<u>66,634</u>	<u>195,878</u>	<u>66,634</u>

Projects NSW	2018 (\$000)	2017 (\$000)
Sydney International Convention Exhibition and Entertainment Precinct	48	2,866
New Grafton Correctional Centre	22,504	12,977
Walsh Bay Arts Precinct	4,868	8,589
Western Sydney stadium	138,550	30,441
Anzac Memorial Centenary	23,224	10,079
Stadium Australia	442	1,498
Martin Place Siege Memorial	1,087	184
SFS Redevelopment	5,141	0
Sydney Modern (AGNSW)	14	0
Total	<u>195,878</u>	<u>66,634</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.

Infrastructure NSW
Notes to the financial statements
for the year ended 30 June 2018

3 Revenue

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(a) Sale of goods and services				
Rendering of services - Projects NSW	194,791	66,450	194,791	66,450
Rendering of services - Investor Assurance	8,921	5,714	8,921	5,714
Rendering of services – Others	578	749	578	749
	204,290	72,913	204,290	72,913

Projects NSW	2018 (\$000)	2017 (\$000)
Sydney International Convention Exhibition and Entertainment Precinct	48	2,866
New Grafton Correctional Centre	22,504	12,977
Walsh Bay Arts Precinct	4,868	8,589
Western Sydney stadium	138,550	30,441
Anzac Memorial Centenary	23,224	10,079
Stadium Australia	442	1,498
SFS Redevelopment	5,141	0
Sydney Modern (AGNSW)	14	0
Total	194,791	66,450

3 Revenue (cont'd)

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(b) Other Income				
Other Income	(1)	1	(1)	1
	<u>(1)</u>	<u>1</u>	<u>(1)</u>	<u>1</u>
(c) Grants and contributions				
Grants received from budget dependent agencies	13,107	13,804	13,107	13,804
Grants from the Climate Change Fund	15,978	5,982	15,978	5,982
Others – Redundancy	167	844	-	-
Grant from the Restart NSW Fund	2,765	-	2,765	-
Grant for Martin Place Siege Memorial	772	500	772	500
	<u>32,789</u>	<u>21,130</u>	<u>32,622</u>	<u>20,286</u>
(d) Acceptance by the Crown Entity of employee benefit				
Long Service Leave	271	475	-	-
	<u>271</u>	<u>475</u>	<u>-</u>	<u>-</u>

4 Gain / (Loss) on Disposal

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Gain / (loss) on disposal of plant and equipment and intangible assets				
Proceeds from disposal	-	-	-	-
Less: Written down value of assets disposed	(34)	-	(34)	-
Net gain / (loss) on disposal of plant and equipment and intangible assets	<u>(34)</u>	<u>-</u>	<u>(34)</u>	<u>-</u>

5 Program group statements for the year ended 30 June 2018

INSW has two program groups being:

- Strategy, Planning & Assurance, which incorporates the following:
 - INSW core operations, Strategy & Planning, Investor Assurance and management of the Restart NSW Fund
 - Special projects including the implementation of the Hawkesbury Nepean Flood Management Strategy and the South Creek Corridor Sector Review
- Project Delivery, which incorporates those infrastructure projects being delivered on request from the Premier under INSW's Act including through a Project Authorisation Order or Delegation.

Entity's Expenses & Income	Project Delivery 2018 \$'000	Strategy, Planning and Assurance 2018 \$'000	Total 2018 \$'000
Expenses excluding losses			
Operating expenses			
Employee related	-	8,172	8,172
Other operating expenses	-	27,488	27,488
Depreciation and amortisation	-	214	214
Other expenses – Project NSW	195,878	-	195,878
Total expenses excluding losses	195,878	35,874	231,752
Revenue			
Sale of goods and services	194,791	9,499	204,290
Other revenue	-	(1)	(1)
Grants and contributions	772	32,017	32,789
CFE Accepted Liabilities	-	271	271
Total Revenue	195,563	41,786	237,349
Gain / (loss) on disposal	-	(34)	(34)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(315)	5,878	5,563

5 Program group statements for the year ended 30 June 2018 (cont'd)

Entity's Assets & Liabilities	Project Delivery 2018 \$'000	Strategy, Planning and Assurance 2018 \$'000	Total 2018 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	27,979	13,502	41,481
Receivables	9,539	2,566	12,105
Total Current Assets	37,518	16,068	53,586
Non-Current Assets			
Plant and equipment	-	350	350
Intangible assets		21	21
Total Non-Current Assets	-	371	371
Total Assets	37,518	16,439	53,957
LIABILITIES			
Current Liabilities			
Payables	25,896	4,186	30,082
Provisions	39	875	914
Prepaid Income	11,583	-	11,583
Total Current Liabilities	37,518	5,061	42,579
Non-Current Liabilities			
Provisions	-	141	141
Other	-	-	-
Total Non-Current Liabilities	-	141	141
Total Liabilities	37,518	5,202	42,720
Net Assets	-	11,237	11,237

6 Current Assets - Cash and Cash Equivalents

a) Cash

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank and on hand	41,481	23,238	41,481	23,238
	41,481	23,238	41,481	23,238

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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash and cash equivalents (per statement of financial position)	41,481	23,238	41,481	23,238
Closing cash and cash equivalents (per statements of cash flows)	41,481	23,238	41,481	23,238

Refer Note 16 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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Sale of goods and services	2,525	9,176	2,525	9,176
Other	92	-	92	-
Investor Assurance	1,387	1,007	1,387	1,007
Projects NSW	8,101	1,483	8,101	1,483
	12,105	11,666	12,105	11,666

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. Details regarding credit risk of receivables that are neither past due nor impaired are disclosed in Note 16.

Infrastructure NSW
Notes to the financial statements
for the year ended 30 June 2018

8 Non-Current Assets - Plant and Equipment

Consolidated / INSW

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
At 1 July 2017 - fair value			
Gross carrying amount	605	842	1,447
Accumulated depreciation	(316)	(613)	(929)
Net carrying amount	<u>289</u>	<u>229</u>	<u>518</u>
At 30 June 2018 - fair value			
Gross carrying amount	546	842	1,388
Accumulated depreciation	(352)	(686)	(1,038)
Net carrying amount	<u>194</u>	<u>156</u>	<u>350</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
Year ended 30 June 2018			
Net carrying amount at start of year	289	229	518
Additions	40	-	40
Disposals	(12)	-	(12)
Depreciation expense	(122)	(74)	(196)
Net carrying amount at end of year	<u>195</u>	<u>155</u>	<u>350</u>

	Plant and Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
At 1 July 2016 - fair value			
Gross carrying amount	375	668	1,043
Accumulated depreciation	(258)	(556)	(814)
Net carrying amount	<u>117</u>	<u>112</u>	<u>229</u>
At 30 June 2017 - fair value			
Gross carrying amount	605	842	1,447
Accumulated depreciation	(316)	(613)	(929)
Net carrying amount	<u>289</u>	<u>229</u>	<u>518</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 \$'000	Leasehold Improvement \$'000	Total \$'000
Year ended 30 June 2017			
Net carrying amount at start of year	117	112	229
Additions	229	174	403
Disposals	-	-	-
Depreciation expense	(57)	(57)	(114)
Write back on disposals	-	-	-
Net carrying amount at end of year	<u>289</u>	<u>229</u>	<u>518</u>

9 Intangible Assets

	Software (including IT Network design) \$'000
Consolidated / INSW	
At 1 July 2017	
Cost (gross carrying amount)	186
Accumulated amortisation and impairment	<u>(127)</u>
Net carrying amount	<u>59</u>
At 30 June 2018	
Cost (gross carrying amount)	120
Accumulated amortisation and impairment	<u>(99)</u>
Net carrying amount	<u>21</u>
Year ended 30 June 2018	
Net carrying amount at start of year	59
Additions	-
Disposals	<u>(21)</u>
Amortisation (recognised in 'depreciation and amortisation')	<u>(17)</u>
Net carrying amount at end of year	<u>21</u>

	Software (including IT Network design) \$'000
At 1 July 2016	
Cost (gross carrying amount)	158
Accumulated amortisation and impairment	<u>(110)</u>
Net carrying amount	<u>48</u>
At 30 June 2017	
Cost (gross carrying amount)	186
Accumulated amortisation and impairment	<u>(127)</u>
Net carrying amount	<u>59</u>
Year ended 30 June 2017	
Net carrying amount at start of year	48
Additions	28
Amortisation (recognised in 'depreciation and amortisation')	<u>(17)</u>
Net carrying amount at end of year	<u>59</u>

Infrastructure NSW
Notes to the financial statements
for the year ended 30 June 2018

10 Current Liabilities – Payables

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Accrued salaries, wages and on-costs	290	161	-	-
Creditors	25,808	15,404	25,681	15,308
Goods and Services Tax payable	3,984	1,697	3,984	1,697
Personnel services	-	-	1,350	1,124
	30,082	17,262	31,015	18,129

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 16.

11 Current /Non-Current Liabilities - Provisions

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Employee benefits and related on-costs				
Annual leave	666	647	-	-
Long service leave	138	107	-	-
Payroll tax	110	98	-	-
Total provisions	914	852	-	-

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Non-current				
Employee benefits and related on-costs				
Long service leave	19	15	-	-
	19	15	-	-

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Non-current				
Other provisions				
Restoration costs	122	122	122	122
	122	122	122	122
Total provisions	141	137	122	122

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Aggregate employee benefits and related on-costs				
Provisions – current	914	852	-	-
Provisions - non-current	19	15	-	-
Accrued salaries, wages and on-costs (Note 10)	290	161	-	-
	1,223	1,028	-	-

12 Commitments for Expenditure

	Consolidated		INSW	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000

Operating Lease Commitments

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

Not later than one year	907	864	907	864
Later than one year and not later than five years	386	1,191	386	1,191
Total (including GST)	1,293	2,055	1,293	2,055

The total commitments above includes input tax credits of \$ 118K (\$187K for 2017) that are expected to be recoverable from the Australian Taxation Office. INSW's current office lease term expires in November 2019 (and is expected to be renewed but is not disclose in the figures above as not yet confirmed).

13 Contingent Liabilities and Contingent Assets

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

14 Budget Review

General Note

The budget amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangement Orders, additional budget approvals during the year) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actuals disclosed in the financial statements are explained below.

To assist in the understanding of this note, below is a categorisation of INSW's functions during the reporting period:

- INSW – Strategy and Planning, management of the Restart NSW Fund and the INSW corporate function.
- Investor Assurance – Management and delivery of the Infrastructure Investor Assurance Framework
- Projects NSW – Procurement and delivery of projects at the request of the Premier under the Infrastructure NSW Act through a Project Authorisation Order or Delegation.
- Hawkesbury Nepean Valley Flood Risk Management Strategy – Developing a business case for consideration by the NSW Government and implementation of the strategy
- South Creek Corridor Review – Identify strategic options for consideration by the NSW Government for land use and water management in the South Creek catchment to develop the Western Parkland City

Net Result

The Net Result was higher than budget by \$6m primarily due to:

Workstream	Budget \$'000	Actuals \$'000	Variance \$'000	Comment
INSW	(459)	1,398	(1,857)	<ul style="list-style-type: none"> • Additional funding from other NSW Government entities during the financial year to deliver on Strategy and Planning related reviews/advice • Reclassification of capital budget for ICT utilised for an increase to operational costs resulting from INSW's growth. This was funded from recurrent grant
Investor Assurance	-	964	(964)	<ul style="list-style-type: none"> • Committed expenditure which will be utilised in 2018-19 • Funded through recovery from other NSW Government entities
Projects NSW	-	(315)	315	<ul style="list-style-type: none"> • Carry-forward from 2016-17 for the Martin Place Siege Memorial Project not utilised in 2017-18 • Funded through recovery/prepayment from other NSW Government entities
Hawkesbury Nepean Flood Management Strategy	-	2,378	(2,378)	<ul style="list-style-type: none"> • Committed expenditure which will be utilised in 2018-19 • Funded from the Climate Change Fund
South Creek Corridor Review	-	1,139	(1,139)	<ul style="list-style-type: none"> • Committed expenditure which will be utilised in 2018-19 • Funded from Restart NSW
Total	(459)	5,564	(6,023)	

Infrastructure NSW
Notes to the financial statements
for the year ended 30 June 2018

The Net Result variance is further explained by the following variance analysis of Expenses and Revenue:

Expenses

Expenses were lower than budgeted by - \$196.5m primarily due to:

Workstream	Budget \$'000	Actuals \$'000	Variance \$'000	Comment
INSW/Investor Assurance	5,011	8,172	(3,161)	<ul style="list-style-type: none"> Variance in employee related expenditure due to a classification error in the budgeted figure. This has been corrected in the forward estimates There is minimal variance in Actual spend from 2017 to 2018
Projects NSW	376,605	195,878	180,727	<ul style="list-style-type: none"> Timing of the Walsh Bay Arts Precinct project which was delayed due to a planning appeal and subsequent submission of a revised planning approval The balance has been carried forward in the budget forward estimates
Hawkesbury Nepean Flood Management Strategy	34,887	15,978	18,909	<ul style="list-style-type: none"> Revised timing in the HNVFMS workstream. The balance has been carried forward in the budget forward estimates
Other	14,327	11,724	2,603	<ul style="list-style-type: none"> Variances in other categories
Total	430,830	231,752	196,475	

Revenue

Revenue was lower than budgeted by -\$193m primarily due to:

Workstream	Budget \$'000	Actuals \$'000	Variance \$'000	Comment
INSW	12,848	14,113	(1,265)	<ul style="list-style-type: none"> Additional funding during the financial year for Strategy and Planning related reviews/advice Funded from recurrent and special grant allocations through the Department of Premier and Cabinet
Projects NSW	376,605	195,563	181,042	<ul style="list-style-type: none"> Timing of the Walsh Bay Arts Precinct project (mentioned above) Funded through recovery from other NSW Government entities
Hawkesbury Nepean Flood Management Strategy	34,887	15,978	18,909	<ul style="list-style-type: none"> Variance attributable to a revision of timing Funded from the Climate Change Fund through the Office of Environment and Heritage
Other	6,031	11,695	(5,664)	<ul style="list-style-type: none"> Variance in other categories.
Total	430,371	237,349	193,022	

Receivables and Payables

Both of the receivables and payables variances are attributable to the volume of transactions associated with the Projects NSW and Investor Assurance (specifically Gateway Review expenditure which is recovered from other NSW Government

Infrastructure NSW
Notes to the financial statements
for the year ended 30 June 2018

entities) workstreams. Receivables was +8.1m higher than budgeted and payables was +26.2m higher than budgeted.

Cash and Prepaid Income

Cash was +38.8m higher than budgeted prepaid income was +11.2m higher than budgeted, both of which were largely attributable to the prepayment approach adopted for Projects NSW.

15 Reconciliation of Cash Flows from Operating Activities to Net Result

	Consolidated		INSW	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net cash used on operating activities	18,283	19,186	18,283	19,186
Depreciation and amortisation	(214)	(131)	(214)	(131)
Decrease / (increase) in provisions	(66)	(158)	-	-
Increase / (decrease) in receivables	440	4,518	440	4,518
Decrease / (increase) in payables	(12,819)	(11,268)	(12,885)	(11,426)
Decrease / (increase) in other liabilities	(27)	(8,169)	(27)	(8,169)
Net gain / (loss) on sale of plant and equipment and intangible assets	(34)	-	(34)	-
Net result	5,563	3,978	5,563	3,978

16 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

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2018	2017
			\$'000	\$'000
Consolidated				
Cash and cash equivalents	6	N/A	41,481	23,238
Receivables ¹	7	Receivables (at amortised cost)	12,105	11,666
Financial Liabilities				
Class:	Note	Category	Carrying Amount	Carrying Amount
			2018	2017
			\$'000	\$'000
Consolidated				
Payables ²	10	Financial liabilities measured at amortised cost	26,098	15,565
Financial Assets				
Class:	Note	Category	Carrying Amount	Carrying Amount
			2018	2017
			\$'000	\$'000
INSW				
Cash and cash equivalents	6	N/A	41,481	23,238
Receivables ¹	7	Loans and receivables (at amortised cost)	12,105	11,666
Financial Liabilities				
Class:	Note	Category	Carrying Amount	Carrying Amount
			2018	2017
			\$'000	\$'000
INSW				
Payables ²	10	Financial liabilities measured at amortised cost	27,031	16,432

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).

16 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 ^{1,2}	\$'000 Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
Consolidated			
2018			
< 3 months overdue	89	89	-
3 months – 6 months overdue	65	65	-
> 6 months overdue	-	-	-
Consolidated			
2017			
< 3 months overdue	3,407	3,407	-
3 months – 6 months overdue	279	279	-
> 6 months overdue	-	-	-

Notes :

1. Each column in the table reports "gross receivables".

2. 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.

16 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 (2017 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				
Consolidated 2018						
<i>Payables¹:</i>						
Accrued salaries, wages and on-costs	290	290	290	-	-	-
Creditors	<u>25,808</u>	<u>25,808</u>	<u>25,808</u>	-	-	-
	<u>26,098</u>	<u>26,098</u>	<u>26,098</u>	-	-	-

	Nominal Amount	\$'000		Maturity Dates		
		Interest Rate Exposure		< 1 yr	1-5 yrs	> 5 yrs
		Non-interest bearing				
Consolidated 2017						
<i>Payables¹:</i>						
Accrued salaries, wages and on-costs	161	161	161	-	-	-
Creditors	<u>15,404</u>	<u>15,404</u>	<u>15,404</u>	-	-	-
	<u>15,565</u>	<u>15,565</u>	<u>15,565</u>	-	-	-

	Nominal Amount	\$'000		Maturity Dates		
		Interest Rate Exposure		< 1 yr	1-5 yrs	> 5 yrs
		Non-interest bearing				
INSW 2018						
<i>Payables¹:</i>						
Creditors	<u>27,031</u>	<u>27,031</u>	<u>27,031</u>	-	-	-
	<u>27,031</u>	<u>27,031</u>	<u>27,031</u>	-	-	-

INSW 2017						
<i>Payables¹:</i>						
Creditors	<u>16,432</u>	<u>16,432</u>	<u>16,432</u>	-	-	-
	<u>16,432</u>	<u>16,432</u>	<u>16,432</u>	-	-	-

16 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.

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 Amount	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Consolidated 2018					
<i>Financial assets</i>					
Cash and cash equivalents	41,481	(415)	(415)	415	415
Receivables ¹	12,105	-	-	-	-
<i>Financial liabilities</i>					
Payables ²	26,098	-	-	-	-
Total		(415)	(415)	415	415
2017					
<i>Financial assets</i>					
Cash and cash equivalents	23,238	(232)	(232)	232	232
Receivables ¹	11,666	-	-	-	-
<i>Financial liabilities</i>					
Payables ²	15,565	-	-	-	-
Total		(232)	(232)	232	232
		-1%		+1%	
	Carrying Amount	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
INSW 2018					
<i>Financial assets</i>					
Cash and cash equivalents	41,481	(415)	(415)	415	415
Receivables ¹	12,105	-	-	-	-
<i>Financial liabilities</i>					
Payables ²	27,031	-	-	-	-
Total		(415)	(415)	415	415

16 Financial Instruments (cont'd)

	Carrying Amount	-1% Profit \$'000	+1% Equity \$'000	Profit \$'000	Equity \$'000
INSW 2017					
<i>Financial assets</i>					
Cash and cash equivalents	23,238	(232)	(232)	232	232
Receivables ¹	11,666	-	-	-	-
<i>Financial liabilities</i>					
Payables ²	16,432	-	-	-	-
Total		<u>(232)</u>	<u>(232)</u>	<u>232</u>	<u>232</u>

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).

(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, because of the short-term nature of many of the financial instruments.

17 Related Party Disclosures

In accordance with AASB 124 related Party Disclosure, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity

a. Compensation of key management personnel

The entity's key management personnel compensation details for the period ending June 2018 are as follows:

Employee benefits:	2018 \$'000	2017 \$'000
Short term employee benefits	624	574
Other monetary allowances	-	-
Non-monetary benefits	-	-
Other long-term employee benefits	48	-
Post-employment benefits	-	-
Termination benefits	-	-
Total remuneration	<u>672</u>	<u>574</u>

b. Transactions with related parties

During the year, INSW entered into transactions with NSW Government related entities that are controlled, jointly controlled or significantly influenced by NSW Government. These transactions are all at arm's length and in the ordinary course of the business of INSW.

18 Events after the Reporting Period

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

End of audited financial statements.

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, which comprise the Statement of comprehensive income for the year ended 30 June 2018, the Statement of financial position as at 30 June 2018, the Statement of changes in equity and the Statement of cash flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information. The consolidated entity comprises Infrastructure NSW and the entities it controlled at the year's end or 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 2018, and of their financial performance and 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.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of Infrastructure NSW and the consolidated entity in accordance with the requirements of the:

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

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing non-audit services.

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

Other Information

Other information comprises the information included in Infrastructure NSW's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Chief Executive Officer of Infrastructure NSW is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Chief Executive Officer.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Chief Executive Officer's Responsibilities for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements 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 and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of Infrastructure NSW and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where operations will be dissolved by an Act of Parliament or otherwise cease.

Auditor's Responsibilities 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 description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that Infrastructure NSW or the consolidated entity carried out their 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
- about any other information which may have been hyperlinked to/from the financial statements.



Caroline Karakatsanis
Director, Financial Audit Services

25 September 2018
SYDNEY

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 2018, 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

21 September 2018

Infrastructure NSW Staff Agency

**Financial Statements
for the year ended 30 June 2018**

**Infrastructure NSW Staff Agency
Statement of comprehensive income
for the year ended 30 June 2018**

	Notes	Actual 2018 \$'000	Actual 2017 \$'000
Expenses excluding losses			
Operating expenses			
Employee related expenses	2	<u>8,172</u>	8,178
Total Expenses excluding losses		<u>8,172</u>	8,178
Revenue			
Personnel services	3(a)	7,734	6,859
Redundancy	3(b)	167	844
Acceptance by the Crown Entity of employee benefit and other liabilities	3(c)	<u>271</u>	475
Total Revenue		<u>8,172</u>	8,178
Net result		<u>-</u>	-
Other comprehensive income			
Total other comprehensive income		<u>-</u>	-
TOTAL COMPREHENSIVE INCOME		<u>-</u>	-

The accompanying notes form part of these financial statements.

**Infrastructure NSW Staff Agency
Statement of financial position
as at 30 June 2018**

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Current Assets			
Receivables	4	<u>1,350</u>	1,124
Total Current Assets		<u>1,350</u>	1,124
Total Assets		<u>1,350</u>	1,124
LIABILITIES			
Current Liabilities			
Payables	5	417	257
Provisions	6	<u>914</u>	<u>852</u>
Total Current Liabilities		<u>1,331</u>	1,109
Non-Current Liabilities			
Provisions	6	<u>19</u>	15
Total Non-Current Liabilities		<u>19</u>	15
Total Liabilities		<u>1,350</u>	1,124
Net Assets		<u>-</u>	-
EQUITY			
Accumulated funds		<u>-</u>	-
Total Equity		<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 2018**

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2017	-	-
Net result for the year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2018	-	-
	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2016	-	-
Net result for the year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2017	-	-

**Infrastructure NSW Staff Agency
Statement of cash flows
for the year ended 30 June 2018**

	Actual 2018 \$'000	Actual 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Employee related	-	-
Personnel services	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	-	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
Opening cash and cash equivalents	-	-
CLOSING CASH AND CASH EQUIVALENTS	-	-

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 Infrastructure New South Wales (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 INSW.

The Staff Agency is consolidated as part of INSW's consolidated financial statements. The Staff Agency is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

These financial statements for the year ended 30 June 2018 have been authorised for issue by the Chief Executive Officer on 21st September 2018.

(b) Basis of preparation

The Staff Agency's financial statements are general purpose financial statements which have been prepared on an accrual basis 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 mandated 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, which is the entity's presentation and functional 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.

1 Summary of Significant Accounting Policies (cont'd)

(e) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The Infrastructure NSW Staff Agency determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(i) Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

- Financial assets at fair value through profit or loss

The Infrastructure NSW Staff Agency subsequently measures financial assets classified as 'held-for-trading' or designated upon initial recognition 'at fair value through profit or loss' at fair value. Gains or losses on these assets are recognised in the net result for the year. Financial assets are classified as 'held-for-trading' if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments under AASB 139.

- Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result 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 unless the effect of discounting is material.

(ii) Financial liabilities

Financial liabilities are classified as either 'at fair value through profit or loss' or 'at amortised cost'.

- Financial liabilities at amortised cost (including borrowings and trade payables)

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

Payables represent liabilities for goods and services provided to the Infrastructure NSW Staff Agency and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Gains or losses are recognised in the net result for the year on de-recognition of financial liabilities.

1 Summary of Significant Accounting Policies (cont'd)

(e) Financial Instruments (cont'd)

(iii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the Infrastructure NSW Staff Agency has not transferred substantially all the risks and rewards, if the Infrastructure NSW Staff Agency has not retained control.

Where the Infrastructure NSW Staff Agency has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Infrastructure NSW Staff Agency's continuing involvement in the asset. In that case, the Infrastructure NSW Staff Agency also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Infrastructure NSW Staff Agency has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(f) Employee benefits and other provisions

(a) Salaries and wages, annual leave and sick leave

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 entitlements accrued while taking annual leave (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.

1 Summary of Significant Accounting Policies (cont'd)

(f) *Employee benefits and other provisions (cont'd)*

(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 the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using commonwealth government bond rate at the reporting date.

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.

(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.

1 Summary of Significant Accounting Policies (cont'd)

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

i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year except for the following standards adopted for the first time in 2017-18. The impact of these Standards in the period of initial application is not material.

- AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB-107
- AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non Cash Generating Specialised Assets of Not for Profit Entities
- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle

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 18-01).

- AASB 9 Financial Instruments
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 17 Insurance Contracts
- AASB 1058 Income of Not-for-profit Entities
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfer of investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Interpretation 23 Uncertainty over Income Tax Treatment

INSW have assessed the impact of these new standards and interpretations and determined they will not have a material impact on the Staff Agency's financial statements.

2 Expenses Excluding Losses

	2018	2017
	\$'000	\$'000
Employee related expenses		
Salaries and wages (including annual leave)	6,695	5,965
Superannuation - defined benefit plans	-	29
Superannuation - defined contribution plans	524	425
Long service leave	265	434
Workers compensation insurance	7	15
Payroll tax and fringe benefit tax	404	400
Redundancy Payments	222	844
On costs - annual leave and long service leave	56	66
	8,172	8,178

3 Revenue

	2018	2017
	\$'000	\$'000
(a) Personnel services		
Personnel services	7,734	6,859
	7,734	6,859
(b) Grant		
Redundancy	167	844
	167	844
(c) Acceptance by the Crown Entity of employee benefit		
Long Service Leave	271	475
	271	475

4 Current Assets – Receivables

	2018	2017
	\$'000	\$'000
Personnel services	1,350	1,124
	1,350	1,124

5 Current Liabilities – Payable

	2018	2017
	\$'000	\$'000
Accrued salaries, wages and on-costs	290	161
Creditors	127	96
	417	257

6 Current / Non-Current Liabilities – Provisions

	2018 \$'000	2017 \$'000
Current		
Employee benefits and related on-costs		
Annual leave	666	647
Long service leave	138	107
Payroll tax	110	98
Total provisions	914	852
Non-current		
Employee benefits and related on-costs		
Long service leave	19	15
Total provisions	19	15
Aggregate employee benefits and related on-costs		
Provisions – current	914	852
Provisions - non-current	19	15
Accrued salaries, wages and on-costs (Note 5)	290	161
	1,223	1,028

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

	2018 \$'000	2017 \$'000
Net cash used on operating activities	-	-
Decrease / (increase) in provisions	(66)	(158)
Increase / (decrease) in receivables	226	(74)
Decrease / (increase) in payables	(160)	232
Net result	-	-

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 Management on a periodic basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2018	2017
			\$'000	\$'000
Cash and cash equivalents		N/A	-	-
Receivables ¹	4	Loans and receivables (at amortised cost)	1,350	1,124
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2018	2017
			\$'000	\$'000
Payables ²	5	Financial liabilities measured at amortised cost	417	257

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 (2017 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 Maturity Dates		
		Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs	
2018						
<i>Payables¹:</i>						
Accrued salaries, wages and on-costs	290	290	290	-	-	
Creditors	<u>127</u>	<u>127</u>	<u>127</u>	<u>-</u>	<u>-</u>	
	<u>417</u>	<u>417</u>	<u>417</u>	<u>-</u>	<u>-</u>	
2017						
<i>Payables¹:</i>						
Accrued salaries, wages and on-costs	161	161	161	-	-	
Creditors	<u>96</u>	<u>96</u>	<u>96</u>	<u>-</u>	<u>-</u>	
	<u>257</u>	<u>257</u>	<u>257</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.

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 Staff Agency), which comprise the Statement of comprehensive income for the year ended 30 June 2018, the Statement of financial position as at 30 June 2018, the Statement of changes in equity and the Statement of cash flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Staff Agency as at 30 June 2018, 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.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Staff Agency in accordance with the requirements of the:

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

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing non-audit services.

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

Other Information

Other information comprises the information included in the Staff Agency's annual report for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Chief Executive Officer of the Staff Agency is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Chief Executive Officer.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Chief Executive Officer's Responsibilities for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements 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 and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Staff Agency's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Staff Agency will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities 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 description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Staff Agency carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Caroline Karakatsanis
Director, Financial Audit Services

25 September 2018
SYDNEY

Infrastructure NSW

Operating Statement

	2018-19 Budget \$000
Expenses Excluding Losses	
Operating expenses -	
Employee related	8,918
Other operating expenses	340,381
Grants and subsidies	...
Appropriation expense	...
Depreciation and amortisation	37
Finance costs	...
Other expenses	...
TOTAL EXPENSES EXCLUDING LOSSES	349,336
Revenue	
Appropriation	...
Cluster grant revenue	11,781
Acceptance by Crown Entity of employee benefits and other liabilities	87
Transfers to the Crown Entity	...
Sales of goods and services	306,243
Grants and contributions	24,673
Investment revenue	...
Retained taxes, fees and fines	...
Other revenue	4,235
Total Revenue	347,019
Gain/(loss) on disposal of non current assets	...
Other gains/(losses)	...
Net Result	(2,317)

Human resources

Infrastructure NSW has a compact, specialised team that brings together the best of the public and private sectors.

Infrastructure NSW has grown in this reporting period due to an increase in the number of projects under the Restart NSW Fund, an increase in the number of projects being referred to Projects NSW and the inherent need to provide central shared services to support this increase in business activity.

Infrastructure NSW head count at 30 June 2018 was 45 including part time, casual and fixed term employees, seconded full-time employees and excluding full time seconded out employees.

Executive positions and remuneration

As at the 30 June 2018 the total number of executive positions at SES Level 1 or higher is 24.

The CEO expressed satisfaction with the performance of his executive team throughout 2017-18. Infrastructure NSW does not make performance payments.

Senior Executive Staff	Number / gender	Average remuneration
Band 3*	2 male / 3 female	\$459,133*
Band 2	6 male / 4 female	\$309,005
Band 1	2 male / 6 female	\$207,357

*Includes two positions determined by SOORT

Personnel policies and practices

Infrastructure NSW has adopted and continues to develop the best policies and practices of both public and private sectors in employee management. Senior Executive Service employees of Infrastructure NSW are employed under an employment agreement which determines the significant conditions of employment in concert with the *Government Sector Employment Act NSW 2013*.

Each Senior Executive role is assessed in accordance with the *GSE Act* and Public Service Commission guidelines to establish suitable remuneration.

Diversity

Below is snap shot of the organisation based on the June 2018 Workforce Profile Diversity Report (rounded to nearest 0.5% (n= 45))

Item	Response	Response
Gender	Female 64.5%	Male 35.5%
ATSI identified	0%	0%
Disability identified	0%	0%
Ethnicity identified (racial, ethnic minority)	8%	11.7%

Language diversity (ESL identified)	11%	8%
--	-----	----

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 2017–18 Annual Report was nil. A PDF version of the report can be downloaded at infrastructure.nsw.gov.au.

Promotion

Date	Officer	Destination	Purpose
26 - 28 September 2017	Graham Bradley	London	Attend the Australian British Chamber of Commerce Infrastructure Catalyst Conference.
7 - 10 October 2017	Anissa Levy	USA	Accompanied the business delegation to the US being undertaken by NSW Treasury.
29 - 30 October 2017	Jim Betts	New Zealand	Attend the Australia - New Zealand Infrastructure Sector Group Conference.
2 - 11 November 2017	Anissa Levy	USA	Accompanied the Business delegation to the US being undertaken by the Hon Andrew Constance MP, Minister for Transport & Infrastructure.
3 - 7 December 2017	Jim Betts	China	Accompanied the Premier of NSW as a delegation member to the Trade & Investment Mission to Guangzhou, China.
3 - 7 December 2017	Simon Hunter	China	Accompanied the Premier of NSW as a delegation member to the Trade & Investment Mission to Guangzhou, China.
12 - 13 March 2018	Kirstie Allen	New Zealand	Attend New Zealand Treasury briefings to explore State Infrastructure Strategy investment and asset management initiatives.
21 - 27 May 2018	Brendan Bruce	New Zealand	As above.

Responding to consumers

Infrastructure NSW provided independent advice to Government and does not deliver direct services to the public.

Payment of accounts

The tables below summarise the account payment performance during 2017-18. 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	\$583,595	0	0	\$87,117	0
December	\$723,196	\$59,354	0	0	0
March	\$1,469,707	\$7,470	\$27,390	0	0
June	\$1,010,973	0	0	0	0

Accounts due or paid within each quarter

Measure	September	December	March	June
All suppliers				
Number of accounts due for payment	658	611	548	730
Number of accounts paid on time	546	530	474	691
Actual percentage of accounts paid on time (based on number of accounts)	83%	87%	86%	95%
Dollar amount of accounts due for payment (\$)	41,225,665	52,039,371	59,362,308	58,999,054
Dollar amount of accounts paid on time	36,659,577	50,550,133	58,084,211	58,156,360
Actual percentage of accounts paid on time (based on \$)	93%	95%	94%	81%
Small business suppliers				
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

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 2017–18, a number of consultants were engaged to assist on key work streams valued at more than \$50,000, and these are presented in the table below.

Strategy, Planning and Assurance		
Infrastructure NSW Operations (Including Investor Assurance)		
Name	Amount (\$)	Description
KPMG Australia Pty Ltd	139,723	NSW Development and Growth Demand Projections for the State Infrastructure Strategy (SIS)
GREX	158,775	Gap analysis and needs identification for digital connectivity services
Manidis Roberts Pty Ltd	87,960	Consultation Reporting to support the SIS
Deloitte Financial Advisory P/L	161,955	Transport strategy, planning, research and analysis services for the SIS
Centre for International Economics	397,945	Economic modelling & consultancy services to support the SIS
Everything Infrastructure Services	114,998	Infrastructure policy cost estimates to support the SIS
Astrolabe Group Pty Limited	56,400	Policy and technical advisory services to support development of a Smart Cities Strategy and Program
Turner & Townsend Pty Ltd	102,488	Development of updated Gateway Review Guidance Workbooks
HKA Global Pty Ltd	85,870	Assist with the IIAF trends and analysis reporting
The Trustee for Thinkplace Unit Trust	198,381	Solution advisory services for the Investor Assurance Portal
TOTAL	1,504,495	
Hawkesbury Nepean Valley Flood Risk Management Strategy		
Name	Amount (\$)	Description
E3 Bates	295,249	Emergency Evacuation Specialist Services
Water NSW	7,076,775	Detailed concept design for Warragamba Dam raising, environmental assessments (and approvals), and preparing the financial business case to Cabinet
Fairway Boulevard Pty Ltd	114,750	Strategic Advisory
SR Flood Solutions Pty Ltd	224,914	Flood Specialist Technical Management services
Bureau of Meteorology	1,028,000	Development and operation of a pilot forecast service for extended lead time flood forecasts for the Hawkesbury Nepean Valley
Newgate Australia	136,295	Social Research Services
Roads and Maritime Services	1,995,967	Traffic Management and Road Evacuation

Improvement Works		
TOTAL	10,871,950	
South Creek Sector Review		
Name	Amount (\$)	Description
Stephen Clary	146,750	Expert Advisory for the South Creek Sector review
Frontier Economics Pty Ltd	186,664	Advisory services to support the review of regulatory barriers to cost effective water recycling
Frontier Economics Pty Ltd	268,935	Preparation of a Strategic Options Business case for the South Creek Corridor review
Alluvium Consulting Australia Pty Ltd	114,047	Advisory services on water sensitive urban design and flood plain management
Elton Consulting Group Pty Ltd	127,011	Advisory services on social infrastructure and public open spaces
Cox Architecture Pty Ltd	135,770	Advisory services on urban design and landscape services
Aecom Australia Pty Ltd	108,546	Advisory services on water cycle management and water sensitive urban design options and cost estimates
TOTAL	1,087,723	
Projects NSW		
New Grafton Correctional Centre		
Name	Amount (\$)	Description
Minter Ellision	647,450	Legal advisory services
KPMG Australia Pty Ltd	67,629	Financial and commercial advisory services
Jacobs Group (Australia) Pty Ltd	50,028	Environmental assessment advisory services
NBRS & Partners Pty Ltd	835,830	Design advisory services for the precinct
NBRS & Partners Pty Ltd	106,990	Design advisory services for enabling works
Transgrid	54,171	Feasibility studies to provide power to the site
Transgrid	1,481,000	Design services for the connection of power to the site
TOTAL	3,243,098	
Anzac Memorial Centenary Project		
Name	Amount (\$)	Description
Johnson Pilton Walker Pty Ltd	357,839	Design advisory services
Arup	67,193	Advisory for building services design
TOTAL	425,032	
Walsh Bay Arts Precinct Project		
Name	Amount (\$)	Description
Tonkin Zulaikha Greer Pty Ltd	294,818	Design advisory services
Arup	97,880	Engineering services advisory
Arup	192,788	Acoustic design services
Taylor Thomson Whitting (NSW) Pty Ltd	93,400	Structural engineering services
MG Planning Pty Ltd	68,000	Urban planning services

Tonkin Zulaikha Greer Pty Ltd	97,110	Architectural services
TOTAL	843,996	

Stadium Australia Refurbishment		
Name	Amount (\$)	Description
Cox Architecture Pty Ltd	238,935	Architectural services
TOTAL	238,935	

Martin Place Siege Memorial		
Name	Amount (\$)	Description
Johnson Pilton Walker Pty Ltd	390,917	Architectural services
TOTAL	390,917	

Sydney Football Stadium Redevelopment		
Name	Amount (\$)	Description
Aurecon Australia Pty Ltd	230,000	Engineering services delivery
Arup	125,408	Acoustic design services
Douglas Partners Pty Ltd	154,315	Geotechnical and contamination assessment
Ethos Urban Pty Ltd	120,105	Planning advisory services
Arup	92,475	Traffic and transport assessment
PWC	426,310	Development advisor services
The SJB Architecture NSW Unit	194,050	Urban design advisory services
Arup	202,092	Advice on storm water and flood assessment and design
Aspect Studios Pty Ltd	158,770	Landscape design services
Aver Pty Ltd	52,600	Advice on a construction management plan
Ethos Urban Pty Ltd	55,000	Advisory on visual impact assessment
Arup	71,989	Structural engineering services
Ethos Urban Pty Ltd	120,000	Assist with the Social and economic impact assessment
King & Wood Mallesons	100,597	Legal advisory services
Cox Architecture Pty Ltd	995,000	Architectural services
TOTAL	3,098,711	

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 2017-18, Infrastructure NSW received one GIPA Act access application from Members from Parliament, one from a private sector business and one from a member

of the public.

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	Members of the public (other)
Media	0	1	0	1	0	0	0	0	0
Members of Parliament	0	2	2	1	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	1	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0	0
Personal information applications	0	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	1	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	0

Contact us

For more information or to comment on the Infrastructure NSW Annual Report 2017- 18, please contact:

Infrastructure NSW
Telephone: + 61 2 8016 0100
Email: mail@insw.com
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