

year **in** review

Infrastructure NSW
Annual Report 2012–13

24 October 2013

The Hon. Barry O'Farrell MP
Premier of NSW
Level 40, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

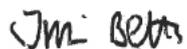
Dear Premier

I have pleasure in submitting the Infrastructure NSW Annual Report for the year ended 30 June 2013, for presentation to Parliament.

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 2012–13, which form part of this annual report, have been submitted to and certified by the Auditor-General of New South Wales.

Yours sincerely



Jim Betts
Chief Executive Officer

Contents

Chairman and CEO's report.....	1
Infrastructure NSW at a glance	3
Our role	3
The Act.....	3
Review of 2012–13	4
State Infrastructure Strategy: First Things First.....	4
Five Year State Infrastructure Plan	4
Major projects assurance monitoring and reporting	5
Restart NSW.....	5
Better Value Infrastructure Plan.....	5
'Darling Harbour Live' redevelopment	5
Governance	7
Management and structure.....	7
Board meetings	9
Audit and risk committee meetings.....	9
Organisation structure	10
Our senior management team	10
Internal audit and risk management.....	11
Risk management and insurance.....	11
Financial statements	12
Infrastructure NSW Financial Statements.....	12
Infrastructure NSW Division Financial Statements.....	34
Outline budget for 2013–14	46
Statutory reporting obligations.....	47
Human resources	47
Executive remuneration and performance.....	47
Personnel policies and practices.....	49
Industrial relations	49
Equal employment opportunity	49
Occupational health and safety.....	49
Disability plans and multicultural policies and services program.....	49
Waste	49
Annual report production	49
Promotion.....	49
Responding to consumers.....	49
Credit card certification	49
Payment of accounts.....	50
Consultants	51
Public interest disclosures	52
Government Information (Public Access) Act 2009	52

Chairman and CEO's report

The 2012–13 financial year was one of delivery for Infrastructure NSW. We delivered the State's first ever prioritised and costed 20-year infrastructure strategy and recommended the Five Year State Infrastructure Plan. Our priority in 2013–14 will now be to advise the State Government on how best to deliver the infrastructure projects and improvements the strategy encompasses.

The State Infrastructure Strategy 2012–2032: 'First Things First' was released publicly during the reporting period in October 2012. While the strategy's development was much anticipated and captured attention, Infrastructure NSW has been steadily delivering a program of work and advice to support the Government's objective of providing the right infrastructure at the right time to keep the economy moving.

Over the past two years, Infrastructure NSW has fulfilled its primary aim of delivering independent advice to the NSW Government on the highest priority infrastructure projects over the next 20 years.

Since Infrastructure NSW's inception, the team has:

- recommended a Five Year State Infrastructure Plan that embeds a list of infrastructure priorities in the budget forward estimates
- assessed applications for Restart NSW funding (Resources for Regions and Illawarra Infrastructure Fund) and made recommendations on the best use of the funds
- reviewed and evaluated other major infrastructure projects with a value of \$100 million to ensure they achieve maximum value for money
- provided assurance reviews for major projects over \$100 million as well as governance advice and support on key projects
- played a key role in further defining the WestConnex scheme and business case and moving the project towards implementation
- progressed the procurement and delivery of the 'Darling Harbour Live' project, which will see Darling Harbour undergo its biggest transformation in 25 years.

During the 2012–13 year, Infrastructure NSW independently assessed a number of applications for Restart NSW funding and made recommendations to the NSW Government for use of the funds to ensure they are allocated where they are needed most.

With the objective of improving the economic growth and productivity of the State by funding essential infrastructure, commitments from Restart NSW have totalled about \$3 billion, including \$1.8 billion for the WestConnex scheme, upgrades to the Pacific and Princes Highways and Bridges for the Bush. As planned, about 30 per cent of Restart NSW has been allocated to projects to support regional and rural NSW communities.

Having achieved progress on many fronts in a relatively short period of time, Infrastructure NSW is shifting its focus to those areas that support the Government in achieving value for money from major infrastructure projects.

We will be increasing our focus on activities that assist agencies in evaluating the costs and benefits of major projects; and refining and improving project proposals and delivery. Our emphasis will be about maximising the value delivered to the community from the Government's investments, including through existing activities such as independent project assessment through Restart NSW, conducting sectoral and regional strategies/reviews as required, and participating in 'gateway' reviews and project assurance for large projects.

It is clear from our discussions across government and the private sector since taking on our roles at Infrastructure NSW in mid-2013 that there is a high regard for the added value that this agency provides. There is a real desire for Infrastructure NSW to work collaboratively across Government to ensure that effective management processes are embedded into the way infrastructure is conceived, structured, delivered and used in this State.

More generally, Infrastructure NSW is committed to developing partnerships with the private sector that maximise the opportunity for innovation and value. This partnership is part of the NSW Government's overall commitment to rebuilding the confidence of the private sector in doing business in this State. The progress of the Darling Harbour Live project and the private sector's willingness to partner with government is a testament to the increased confidence.

Lastly, we take this opportunity to acknowledge the enormous contribution made by Infrastructure NSW's outgoing Chairman, the Hon. Nick Greiner AC, and inaugural Chief Executive Officer Paul Broad, both of whom resigned from their roles effective at the conclusion of the 2012–13 year. Nick and Paul led the development of Infrastructure NSW's first term infrastructure recommendations for NSW, drawing on their deep experience in government and private sector roles and their strong commitment to improving the way the State's infrastructure needs are determined and delivered.

As the new Chairman and CEO, we are committed to working with our colleagues on the Infrastructure NSW Board and within the Government to build on the strong foundations that our predecessors created.

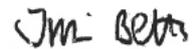
The agency's work has been greatly assisted by the expertise of the Infrastructure NSW Board and by

Infrastructure NSW's small but effective team. The hard work and commitment demonstrated by this team over the past 12 months has been crucial to the agency's success.

It is also important to acknowledge the work of colleagues in other agencies who have contributed their time and expertise in assisting Infrastructure NSW. We look forward to partnering with our public and private sector colleagues over the coming year.



Graham Bradley
Chairman



Jim Betts
Chief Executive Officer*

* Mr Betts was appointed interim CEO on 29 June 2013 pending the conclusion of a merit selection process for the position.

Infrastructure NSW at a glance

Our role

The role of Infrastructure NSW is to provide independent advice to assist the NSW Government in identifying and prioritising 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 professional 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 14 functions including:

- preparation and submission to the Premier of a 20 year State Infrastructure Strategy
- preparation and submission to the Premier of five year infrastructure plans and other plans as requested by the Premier
- preparation of sectoral State infrastructure strategy statements
- review and evaluation of proposed major infrastructure projects by Government agencies or the private sector
- advice on infrastructure planning and delivery assessment, economic or regulatory impediments and funding models
- coordination of infrastructure submissions by NSW to the Commonwealth Government
- responsibility for the delivery of a specific major infrastructure project.

Review of 2012–13

Infrastructure NSW had a successful 2012–13, supporting the State in the strategy, planning, evaluation, monitoring and delivery of critical infrastructure. Major achievements during the year are outlined in this section. One of the highlights was the progress made on transforming a 20 hectare site at Darling Harbour into a world class events precinct.

State Infrastructure Strategy: First Things First

In September 2012, Infrastructure NSW completed one of its principal tasks under the Act, delivering to the NSW Premier its 20-year State Infrastructure Strategy.

The Strategy, titled 'First Things First', was Infrastructure NSW's advice to the NSW Government to help guide future infrastructure investment. It was the first time a prioritised and costed long-term strategy had been developed for the Government's consideration.

In developing the Strategy, Infrastructure NSW was required under the Act to assess the current state of infrastructure in NSW and the needs and strategic priorities for infrastructure for the next 20 years. It covered urban and regional projects and reforms across transport, freight, aviation, energy, water, health, education and social infrastructure.

The NSW Government immediately committed to proceed with the highest priority recommendation—the WestConnex motorway scheme designed to improve the M4 and M5 road corridors, which are central to freight and business transport logistics. This commitment was a testament to the detailed work between Infrastructure NSW and other NSW Government agencies in developing the concept. Senior Infrastructure NSW staff have been working with Roads and Maritime Services' Sydney Motorways Project Office in the development of the business case, bringing skills and insights to deliver the scheme in a way that represents best value for taxpayers.

After delivery of the Strategy, the Government also committed further funds for the Bridges for the Bush program, a recommendation to improve road freight productivity by replacing or upgrading bridges at 17 key locations in regional NSW.

After consideration of Infrastructure NSW's advice, in December 2012 the Government released its own

20-year State Infrastructure Strategy, in which it supported or noted 63 of Infrastructure NSW's 70 recommendations for projects and reforms. These recommendations were aimed at addressing key infrastructure priorities around urban roads, bus and light rail, passenger trains, international gateways, regional and interstate transport, water, education and justice.

Infrastructure NSW is due to deliver its next 20-year strategy to the NSW Government in 2017.

Five Year State Infrastructure Plan

Following the NSW Government's adoption of the 20 year State Infrastructure Strategy, Infrastructure NSW was tasked with preparing the first Five Year State Infrastructure Plan, as required under the Act. Infrastructure NSW delivered this Plan to the Premier in May 2013 and it was published in the NSW Government 2013-14 Budget Papers (Paper Number 4).

In developing the Plan, Infrastructure NSW was required to identify specific major infrastructure projects and reforms to be undertaken as a priority in the five years from 2013–14 to 2017–18, having regard to the 20-year State Infrastructure Strategy adopted by the Premier.

Infrastructure NSW worked with NSW agencies and Treasury to ensure the priorities in the first five years of the State Infrastructure Strategy were included in the Plan, and to ensure that the Plan and the State Budget were aligned. This is a significant milestone for improving infrastructure planning and funding in NSW, prioritising the delivery of transformational projects that will improve productivity and ease the cost of doing business in NSW.

The Plan:

- ensures that the highest priority projects and investments are funded
- introduces further discipline and an emphasis on value for money in infrastructure planning funding and delivery
- provides the community and industry with a more detailed picture of the major infrastructure project pipeline, which contributes to increased innovation, competition and efficiency in delivering projects.

Under the Plan, the NSW Government is committed to 63 major projects and programs over the next five years, with an expected total investment exceeding \$54 billion.

These include:

- WestConnex Motorway, North West Rail and Sydney Light Rail
- 38 major transport investment programs
- 11 new and upgraded hospitals projects.

Infrastructure NSW is tasked with an annual review of the Five Year State Infrastructure Plan, to align with each Budget.

Major projects assurance monitoring and reporting

Monitoring and reporting of major projects is an important function to assist the NSW Government in ensuring that infrastructure projects are affordable, deliverable and provide value for money. During the year, Infrastructure NSW reviewed and evaluated infrastructure projects with a capital investment value of more than \$100 million. The Major Projects Assurance Framework is divided into two key areas:

Gateway reviews – a series of structured reviews that examine projects at critical decision points in the project lifecycle. The reviews provide independent advice about the robustness of the project and identify any issues that may need to be addressed.

Monitoring and reporting – a process for assessing infrastructure project delivery against time, cost, quality and impediments to service delivery. The aim is to improve management of risk and achieve more timely decision-making for corrective actions if required.

In line with the Framework, Infrastructure NSW was tasked during the year with reporting on 43 major projects.

Restart NSW

Infrastructure NSW is responsible for assessing and making recommendations to the NSW Government for use of Restart NSW funds. Restart NSW was established by the NSW Government in June 2011 to finance a range of high priority future infrastructure projects in NSW.

The objective of Restart NSW is to drive economic growth and improve the productivity of the State by funding essential infrastructure, including public transport; roads; infrastructure that may improve the competitiveness of the State; local infrastructure in regional areas that are affected by mining operations; health facilities; and workplaces for frontline government staff.

Infrastructure NSW recommended investment in more than \$3 billion of new and vital infrastructure projects from Restart NSW.

These included:

- \$1.8 billion towards the delivery of the WestConnex motorway scheme
- \$403 million for the Pacific Highway upgrade
- \$170 million for the Princes Highway upgrade
- Up to \$150 million for planning for the F3 to M2 motorway connection
- \$135 million for the Bridges for the Bush program
- \$120 million for the Resources for Regions program
- \$100 million for the Illawarra region
- \$60 million for the revitalisation of Newcastle's CBD
- \$40 million for water supply and drought priority projects
- \$28 million for the Bells Line of Road improvement program
- up to \$7 million for regional projects under the Regional Development Australia Fund.

Of the \$3 billion committed by Government from Restart NSW so far, 30 per cent has been allocated to regional projects, as planned.

Better Value Infrastructure Plan

The Better Value Infrastructure Plan was developed by Infrastructure NSW during 2011–12 for the NSW Premier with the objective of assisting governments in Australia drive better value in infrastructure development and delivery. The Plan was adopted by the Council of Australia Governments (COAG) and released by the Premier on 12 June 2012.

During 2012–13, significant progress was made in delivering the recommendations contained within the Better Value Infrastructure Plan.

In October 2012, the Premier hosted the first of a series of rotating national meetings, called the Better Value Infrastructure Forum, to provide a platform for governments to identify best practice across other jurisdictions and foster greater collaboration with the private sector. The Forum resulted in the release of Better Value Infrastructure Guidelines in early 2013, which were endorsed by COAG on 7 December 2012. The second Forum will be hosted in Victoria in 2014.

'Darling Harbour Live' redevelopment

A number of significant milestones were reached during the 2013 financial year in the procurement and delivery of the redevelopment of Sydney's convention, exhibition and entertainment precinct at Darling Harbour, known as the 'Darling Harbour Live' project.

Infrastructure NSW is the agency responsible for managing the delivery of this project, having been tasked by the NSW Premier with this role in September 2011 under Sections 30 and 32 of the *Infrastructure NSW Act 2011*. It involves close collaboration with Sydney Harbour Foreshore Authority as the landowner and place manager of Darling Harbour.

This will be the most exciting transformation that Darling Harbour has seen in 25 years. It is a once-in-a-generation opportunity to build on the success of Darling Harbour and create one of the world's best areas to live, meet and be entertained.

By the end of 2016, Sydney will have:

- Australia's largest convention, exhibition and entertainment facilities
- improved public open space, including a bigger and better Tumbalong Park
- new pedestrian connections to make Darling Harbour easier to reach
- a new premium hotel by the harbour.

By this time, a new urban neighbourhood will also be emerging on the site of the current Entertainment Centre in Haymarket.

Delivering an estimated \$200 million in economic benefit each year (or \$5 billion over 25 years), Darling Harbour Live will be part of Sydney's growth as Australia's truly global city.

Background

The existing convention, exhibition and entertainment facilities at Darling Harbour have served Sydney well since the 1980s and have been the backbone of the growth in the major events industry. However, Sydney needs to respond to the substantial improvement in the standard of equivalent facilities in Australia and Asia-Pacific if the city is to realise its full potential in the domestic, regional and international convention and exhibition markets.

A world class events precinct is a key part of 'making NSW number one again' and reinforcing Sydney's status as Australia's global city. Events contribute substantial direct and indirect economic benefits to Sydney. A vibrant precinct will also contribute to a 'living city' to be enjoyed by residents and visitors alike.

At the same time, the project provides an unparalleled opportunity to revitalise the 20 hectare precinct that runs north-south from Haymarket through to Cockle Bay, and east-west from the CBD to Ultimo. The precinct is the main link between key elements of the city, such as Chinatown, the University of Technology Sydney and Ultimo TAFE, and Pyrmont and Ultimo. It is a catalyst for improving public pathways and spaces, better connecting Darling Harbour with its surrounds and revitalising the precinct with dining, shopping and commercial opportunities.

Progress in the 2013 financial year

During the year, the project has moved both quickly and carefully, underscoring the Government's commitment to the development given the substantial direct and indirect economic benefits. During the reporting period, Infrastructure NSW finalised a complex tender process. A preferred tenderer, Darling Harbour Live, was

announced in December 2012 with contractual close reached three months later in March 2013. Darling Harbour Live is a consortium of Lend Lease, Capella Capital, AEG Ogden and Spotless.

Infrastructure NSW entered into three contracts for the redevelopment: firstly, a Public Private Partnership (PPP), with a capital investment value of around \$1 billion for the core facilities of convention, exhibition and entertainment plus improvements to the public realm; and two separate agreements with Lend Lease for a new premium hotel plus a new urban neighbourhood.

In March 2013, following detailed negotiations between Darling Harbour Live and Infrastructure NSW, Infrastructure NSW signed the Project Deed for the PPP components of the precinct as well as the Project Delivery Agreements for the hotel and Haymarket components with Darling Harbour Live.

This is the Government's first PPP since taking office – and the first for NSW since 2008. The core facilities remain owned by the public through Sydney Harbour Foreshore Authority, which also remains the landowner and place manager for Darling Harbour across the entire 20 hectare precinct.

The private sector was required to form consortia that included planners, designers, builders and even operators—in other words, every aspect of the project—so that the solution was truly integrated, financially feasible and encouraged innovation.

Infrastructure NSW delivered the procurement of this project in less than seven months from return of tenders to contract close. In this State, the average for this type of major transaction is 11 months.

Infrastructure NSW has also developed a Sydney-wide solution to ensure NSW's events industry remains strong during construction of the new facilities at Darling Harbour. This includes an interim exhibition facility at Glebe Island. Early site works for construction of the interim facility began during the year. Called Sydney Exhibition Centre @ Glebe Island, the facility will offer up to 25,000 square metres of high quality, fully-enclosed and air conditioned space to house the largest exhibitions, which cannot be accommodated in other venues across Sydney.

Despite lengthy negotiations, Infrastructure NSW was unable to conclude satisfactory arrangements with the consortium selected as the preferred bidder for the provision and operation of these facilities. As such, a decision was made during the reporting period to end discussions with the preferred bidder.

Infrastructure NSW subsequently put in place an alternate procurement model to ensure the interim exhibition facilities were operating by the start of the season in February 2014. Infrastructure NSW has worked closely with the industry during this period.

Governance

Management and structure

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

The Board

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

Graham Bradley AM – Chairman

BA, LLB (Hons 1) (Syd), LLM (Harvard), FAICD

Appointed 4 July 2013 for a period of four years.

Mr Bradley is a professional company director and is currently Non-Executive Chairman of HSBC Bank Australia, Stockland Corporation and EnergyAustralia Holdings. He is also on the Boards of The Hongkong and Shanghai Banking Corporation, Virgin Australia International Holdings, Po Valley Energy, GI Dynamics, Inc and Anglo American Australia. Graham was managing director of Perpetual Limited from 1995–2003. Prior to joining Perpetual, Graham was national managing partner of leading national law firm, Blake Dawson (now Ashurst). Before this, Graham was a partner of McKinsey & Company, a leading international firm of management consultants. Graham was President of the Business Council of Australia from 2009–2011 and Vice President from 2011–2012. He was Deputy President of the Takeovers Panel from 2006–2013. He is a member of the Advisory Council of the Australian School of Business at UNSW and a director of the European Australian Business Council. Graham also devotes time to a range of non-profit organisations, including the State Library of NSW as a Council member since 2006. Graham was made a member of the Order of Australia in 2009 in recognition of his contribution to business, medical research and the arts.

Prior to Mr Bradley's appointment, Mr Nick Greiner, AC held the role of Chairman and acted in this capacity during the 2012–13 financial year.

Jim Betts – Chief Executive Officer

BA, MSc

Appointed 29 June 2013. Mr Betts has been appointed as CEO of Infrastructure NSW following five years as the Secretary of the Victorian Department of Transport and four years as the Director of Public Transport at the Victorian Department of Infrastructure. Key personal achievements during this time include the delivery of the \$38 billion Victorian Transport Plan, the overhaul of Victoria's legislative framework to integrate the planning of transport and land use, and overseeing construction of the \$4.3 billion Regional Rail Link project. Jim's 25 years' experience spans strategic transport planning, infrastructure delivery, and transformational structural reform, including privatisation, private finance and regulatory reform, and also includes senior roles in the United Kingdom Government.

Prior to Mr Betts' appointment, Mr Paul Broad held the role of CEO and acted in this capacity during the 2012–13 financial year.

Roger Fletcher – Private Sector Member

Appointed 15 July 2011 for a period of four years.

Mr Fletcher is Managing Director of Fletcher International Exports, a company that exports meat and lamb to more than 95 countries worldwide. He is also Chairman of the National Export Lamb, Sheep and Goat Industries Council, Director of the Australian Meat Industry Council and an active member of Australian Wool Innovation.

David Gonski AC – Private Sector Member

B Com, LLB (UNSW), FAICD, FCPA

Appointed 15 July 2011 for a period of four years.

Mr Gonski is Chairman of Investec Bank (Australia) Limited (the Australian subsidiary of Investec Bank PLC), the Guardians of the Future Fund, Coca-Cola Amatil Limited and Ingeus Ltd. David is also Chancellor of the University of New South Wales, Chairman of the National E Health Transition Authority Ltd, the UNSW Foundation Ltd, Swiss Re Life & Health Australia Ltd and the Sydney Theatre Company. He was previously a member of the Takeovers Panel, President of the Art Gallery of New South Wales, Director of ANZ Bank Ltd, Singapore Airlines Limited, and the Westfield Group, Chairman of ASX Ltd, the Australian Council for the Arts and the Board of Trustees of Sydney Grammar School.

**Carolyn Kay – Private Sector Member
BA (Melb), LLB (Melb), GDM (AGSM), FAICD**

Appointed 15 July 2011 for a period of four years. Ms Kay is a Director of Allens Arthur Robinson, Brambles, Commonwealth Bank of Australia, John Swire & Sons Pty Ltd and The Sydney Institute. Carolyn has worked in London, New York and Australia both as a lawyer and a banker for organisations including Morgan Stanley, JP Morgan and Linklaters & Paines. Ms Kay was awarded a Centenary Medal for service to Australia in business leadership. She is a Fellow of the Australian Institute of Company Directors and a Member of Chief Executive Women.

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

Appointed 15 July 2011 for a period of four years. Mr Moore-Wilton, a non-executive director, was appointed as Chairman of Sydney Airport Holdings Limited, formerly called MAp Airports Limited, in April 2006. He is Chairman of Sydney Airport Corporation Limited. 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. Mr Moore-Wilton is Chairman of Southern Cross Austereo Media Group (Previously Macquarie Media Group) (appointed 2007). From 1996 Mr Moore-Wilton was Secretary to the Department of Prime Minister and Cabinet where he oversaw fundamental reform of the Commonwealth Public Service. He was appointed a Companion in the General Division of the Order of Australia in the Australia Day Honours List 2001.

**Rod Pearse OAM – Private Sector Member
BCom (Hons) UNSW, MBA (Hons) Harvard**

Appointed 15 July 2011 for a period of four years. Mr Pearse is Chairman Fife Capital Funds Limited (RE for Australian Industrial REIT). He is also a Director of O'Connell Street Associates; the SMART Infrastructure Facility Advisory Council, University of Wollongong; the Australia School of Business Advisory Council; the Juvenile Diabetes Research Foundation Advisory Board; and Chairman of Outward Bound Australia. Mr Pearse was CEO of Boral Limited (2000 to 2009), a Board Member of the Business Council of Australia (2003/2009), Chairman of the BCA's Sustainable Growth Task Force; and a member of the COAG Reform Council Expert Advisory Panel on Cities (2010/2012). He was awarded an OAM for Services to Youth in 2009.

**Chris Eccles – Director General, Department of Premier and Cabinet
BA, LLB**

Appointed 1 July 2011 by virtue of his position within the NSW public service and consistent with the *Infrastructure NSW Act 2011*. In April 2011 Mr Eccles was appointed Director General of NSW Department of Premier and Cabinet (DPC). He was the Chief Executive of the South Australian Department of Premier and Cabinet (February

2009–March 2011) before joining NSW DPC. In 2007 Mr Eccles was appointed Deputy Secretary, Sector Improvement Group and later Deputy Secretary, National Reform and Climate Change Group for the Victorian Department of Premier and Cabinet. He has worked in a variety of government and private sector senior management positions. He has held leadership roles with the ACT Chief Minister's Department and the Australian National Training Authority.

**Sam Haddad – Director General, Director of Planning and Infrastructure
FVIPA, MAICD**

Appointed 1 July 2011 by virtue of his position within the NSW public service and consistent with the *Infrastructure NSW Act 2011*. Mr Haddad has been Director General of Planning and Infrastructure since 2005. He has previously held several senior and executive positions with the NSW Department of Planning and its predecessors. Mr Haddad has extensive experience in administering and leading the State's planning system. He has led and implemented significant policy, legislative, organisational and operational reforms. He has also worked in the private sector in project management and infrastructure development.

**Philip Gaetjens – Secretary, NSW Treasury
BA(Hons), GradDip ProfAcc**

Appointed 15 August 2011 by virtue of his position within the NSW public service and consistent with the *Infrastructure NSW Act 2011*. Mr Gaetjens is Secretary to the NSW Treasury and previously Secretary of the GST Distribution Review in the Australian Treasury. He also established and headed the APEC Policy Support Unit which provides analytical and research capability in support of APEC's work on economic, trade and investment issues. Between March 1997 and December 2007 he was Chief of Staff in the Office of the Australian Treasurer, the Hon Peter Costello MP. He has also held senior positions in the South Australian Department of Treasury and Finance and the Department of the Prime Minister and Cabinet.

**Mark Paterson AO – Director General, Department of Trade and Investment, Regional Infrastructure and Services
BBus, FAICD, FAIM, FRMIA**

Appointed 1 July 2011 by virtue of his position within the NSW public service and consistent with the *Infrastructure NSW Act 2011*. Mr Paterson is Director General of the NSW Department of Trade and Investment, Regional Infrastructure and Services. Previously Mr Paterson held roles as Secretary and Chief Executive of the Commonwealth Department of Innovation, Industry, Science and Research; Secretary of the former Department of Industry, Tourism and Resources and Chief Executive of the Australian Chamber of Commerce and Industry. Mark has held a wide range of Directorships and was appointed an Officer of the Order of Australia in 2007.

Board meetings

There were 10 Board meetings in 2012–13.

Board member	Representation	Meetings attended
Nick Greiner AC ¹	Chairman	10
Paul Broad ²	Chief Executive Officer	10
Roger Fletcher	Private Sector	9
David Gonski AC	Private Sector	8
Carolyn Kay	Private Sector	6
Max Moore-Wilton AC	Private Sector	10
Rod Pearse OAM	Private Sector	10
Chris Eccles ³	Director General of the Department of Premier and Cabinet	9
Sam Haddad ³	Director General of the Department of Planning and Infrastructure	3
Philip Gaetjens ³	Secretary of the Treasury	10
Mark Paterson AO	Director General of the Department of Trade and Investment, Regional Infrastructure and Services	10

Audit and risk committee meetings

There were two audit and risk committee meetings in 2012–13.

Committee member	Representation	Meetings attended
Carolyn Kay	Chair	2
Rod Pearse	Member	1
Christopher Swann	Member	1

¹ Mr Greiner resigned as Chairman effective 4 July 2013.

² Mr Broad resigned as Chief Executive Officer effective 28 June 2013.

³ A delegate represented heads of agencies at Board meetings when they were unable to attend.

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.

Jim Betts
BA, MSc
Chief Executive Officer and Coordinator General

Amanda Jones
BSocSc, GAICD
Chief Operating Officer

Jennifer Davis
BFAAdmin, CPA, GAICD
Executive Director, Strategic Planning

Erin Flaherty
BA, B Juris, LLM, GradDip ACG, MAICD, ACSA, ACIS
Executive Director, CBD

Sandy Olsen
GradCertPR
Executive Director, Corporate Affairs

Ross Parker
BEng (Civ), MBA
Executive Director, Performance Management

David Riches
BSc, BArch, GradDip App Fin, F FIN
Project Director, Sydney International Convention, Exhibition and Entertainment Precinct

Oliver Steele
MA, PGD (Econ)
Executive Director, Economics and Planning

Christopher Swann
BA (Hons) History, Chartered Accountant
Executive Director, Investment and Reform

For senior executive performance statements and executive remuneration, see page 47.

Internal audit and risk management

Internal Audit and Risk Management Statement for the 2012–13 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, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

I, Jim Betts, am of the opinion that the Audit and Risk Committee for Infrastructure NSW is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

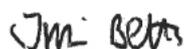
- Independent Chair, Carolyn Kay (appointed on 7 May 2013 for a term consistent with her tenure on the Board)
- Independent Member, Rod Pearse (appointed on 7 May 2013 for a term consistent with his tenure on the Infrastructure NSW Board)
- Non-Independent Member, Chris Swann (appointed for three years from 7 May 2013)

I, Jim Betts declare that this Internal Audit and Risk Management Statement is made on behalf of the following controlled entities (or subsidiaries):

- Infrastructure NSW Division

These processes provide a level of assurance that enables the senior management of Infrastructure NSW to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer.



Jim Betts
Chief Executive Officer
24 October 2013

Risk management and insurance

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

In May 2013, Infrastructure NSW established an Audit and Risk Management Committee to oversee its governance, risk and control frameworks and external accountability. Prior to the establishment of the Committee during Infrastructure NSW's inaugural year of operation, these tasks were overseen by the Infrastructure NSW Board.

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

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

During 2012–13 there were no claims made against any of these insurance categories.

Infrastructure NSW Financial statements



INDEPENDENT AUDITOR'S REPORT

Infrastructure NSW and Controlled Entity

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Infrastructure NSW and its controlled entity (the Entity), which comprise the statements of financial position as at 30 June 2013, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Entity and the consolidated entity. The consolidated entity comprises the Entity and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Entity and the consolidated entity as at 30 June 2013, 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 *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Chief Executive Officer's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Entity or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- 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, that may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Caroline Karakatsanis
Director, Financial Audit Services

23 September 2013
SYDNEY

**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 2013, 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 2010, 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

23 September 2013

Statement of comprehensive income

For the year ended 30 June 2013

	Notes	Consolidated			INSW		
		Actual	Budget	Actual	Actual	Budget	Actual
		2013	2013	2012	2013	2013	2012
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses							
Operating expenses							
Employee related	2(a)	3,462	4,506	3,275	-	-	-
Other operating expenses	2(b)	4,863	13,071	6,295	4,863	13,071	6,295
Depreciation and amortisation expenses	2(c)	221	-	139	221	-	139
Personnel services	2(d)	-	-	-	3,378	4,506	3,266
Other expenses	2(e)	18,541	-	6,772	18,541	-	6,772
Total expenses excluding losses		27,087	17,577	16,481	27,003	17,577	16,472
Revenue							
Sale of goods and services	3(a)	18,541	7,459	6,772	18,541	7,459	6,772
Investment income	3(b)	21	-	140	21	-	140
Grants and contributions	3(c)	8,818	10,118	10,900	8,818	10,118	10,900
Acceptance by the Crown Entity of employee benefits	3(d)	84	-	9	-	-	-
Total Revenue		27,464	17,577	17,821	27,380	17,577	17,812
Gain / (loss) on disposal	4	(2)	-	-	(2)	-	-
Net Result		375	-	1,340	375	-	1,340
Other comprehensive income							
Total other comprehensive income		-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		375	-	1,340	375	-	1,340

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2013

	Notes	Consolidated			INSW		
		Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
ASSETS							
Current assets							
Cash and cash equivalents	6	959	-	2,606	959	-	2,606
Receivables	7	2,635	-	1,812	2,635	-	1,812
Total current assets		3,594	-	4,418	3,594	-	4,418
Non-current assets							
Plant and equipment	8	548	-	728	548	-	728
Intangible assets	9	50	-	81	50	-	81
Total non-current assets		598	-	809	598	-	809
Total assets		4,192	-	5,227	4,192	-	5,227
LIABILITIES							
Current liabilities							
Payables	10	1,772	-	3,110	2,011	-	3,268
Provisions	11	237	-	157	-	-	-
Other	12	156	-	156	156	-	156
Total current liabilities		2,165	-	3,423	2,167	-	3,424
Non-current liabilities							
Provisions	11	91	-	86	89	-	85
Other	12	221	-	378	221	-	378
Total non-current liabilities		312	-	464	310	-	463
Total liabilities		2,477	-	3,887	2,477	-	3,887
Net assets		1,715	-	1,340	1,715	-	1,340
EQUITY							
Accumulated funds		1,715	-	1,340	1,715	-	1,340
Total Equity		1,715	-	1,340	1,715	-	1,340

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2013

Consolidated/INSW	Notes	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2012		1,340	1,340
Net result for the year		<u>375</u>	<u>375</u>
Total comprehensive income for the year		<u>375</u>	<u>375</u>
Balance at 30 June 2013		<u>1,715</u>	<u>1,715</u>
Consolidated/INSW			
Balance at 1 July 2011		-	-
Net result for the year		<u>1,340</u>	<u>1,340</u>
Total comprehensive income for the year		<u>1,340</u>	<u>1,340</u>
Balance at 30 June 2012		<u>1,340</u>	<u>1,340</u>

Statement of cash flows

For the year ended 30 June 2013

	Consolidated			INSW			
	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee related		(3,238)	(4,506)	(2,969)	-	-	-
Other		(27,774)	(13,071)	(10,751)	(31,012)	(17,577)	(13,720)
Total payments		(31,012)	(17,577)	(13,720)	(31,012)	(17,577)	(13,720)
Receipts							
Sale of goods and services		20,462	7,459	6,227	20,462	7,459	6,227
Interest received		96	-	62	96	-	62
Grants and contributions		8,818	10,118	10,900	8,818	10,118	10,900
Total receipts		29,376	17,577	17,189	29,376	17,577	17,189
NET CASH FLOWS FROM OPERATING ACTIVITIES	16	(1,636)	-	3,469	(1,636)	-	3,469
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of plant and equipment		(11)	-	(863)	(11)	-	(863)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(11)	-	(863)	(11)	-	(863)
NET INCREASE / (DECREASE) IN CASH		(1,647)	-	2,606	(1,647)	-	2,606
Opening cash and cash equivalents		2,606	-	-	2,606	-	-
CLOSING CASH AND CASH EQUIVALENTS	6	959	-	2,606	959	-	2,606

The accompanying notes form part of these statements.

Notes to the financial statements

For the year ended 30 June 2013

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 Division (Division).

The Division was established under the Public Sector Employment Legislation Amendment Act 2006, to provide personnel services to the Infrastructure NSW from 27 June 2011. The Division has no functions other than employment 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 2013 have been authorised for issue by the Chief Executive Officer and Audit and Risk Committee on 23 September 2013.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and Regulation 2010; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

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

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

(c) Statement of compliance

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

(d) Insurance

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

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

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

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

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

(f) Income recognition

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

(i) Grants revenue

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

(ii) Sale of goods

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

(iii) Rendering of services

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

(iv) Investment revenue

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

(g) Assets

(i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by INSW. 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 amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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

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

(iii) Revaluation of 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 07-1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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

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

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

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, INSW is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(v) Depreciation of property, plant and equipment

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

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

2013 %
Rate

Depreciation rates

Intangible asset	
Computer software	25
Plant and equipment	
Office furniture and fittings	14
Computer equipment and hardware	25
General plant and equipment	25
Leasehold improvements	depreciated over the period of the lease

(vi) Restoration costs

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

(vii) Maintenance

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

(viii) Leased assets

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

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

(ix) Intangible assets

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

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

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

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

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

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

(h) Liabilities

(i) Payables

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

(ii) Employee benefits and other provisions

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

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employee's services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits.

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.

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

(b) Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

(c) Other Provisions

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

(i) Equity and reserves

(i) Accumulated Funds

The category 'Accumulated Funds' includes current period retained funds.

(j) Budgeted amounts

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

(k) 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.

(l) New Australian Accounting Standards issued but not effective

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

The following new Accounting Standards have not been applied and are not yet effective. The Treasury Circular TC13/02 mandates not to early adopt any of the new Accounting Standards and Interpretations.

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 Separate Financial Statements
- AASB 128 Investments in Associates and Joint Ventures
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans-Tasman Convergence – RDR
- AASB 2011-4 removing individual KMP disclosure requirements
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-12 regarding Interpretation 20
- AASB 2012-1 regarding fair value measurement – RDR requirements
- AASB 2012-2 regarding disclosures – offsetting financial assets and financial liabilities

- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2012-4 regarding government loans – first time adoption
- AASB 2012-5 regarding annual improvements 2009-2-11 cycle
- AASB 2012-7 regarding RDR
- AASB 2012-9 regarding withdrawal of Interpretation 1039

- AASB 2012-10 regarding transition guidance and other amendments
- AASB 2012-11 regarding RDR requirements and other amendments

It is considered that the impact of these new Standards and Interpretations in future periods will have no material impact on the financial statements of INSW.

2 Expenses excluding losses

	Consolidated		INSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
(a) Employee related expenses				
Salaries and wages (including recreation leave)	3,003	3,081	-	-
Superannuation - defined benefit plans	14	-	-	-
Superannuation - defined contribution plans	160	84	-	-
Long service leave	91	21	-	-
Workers compensation insurance	27	-	-	-
Payroll tax and fringe benefit tax	164	89	-	-
On-costs-Recreation Leave and long service leave	3	-	-	-
	<u>3,462</u>	<u>3,275</u>	<u>-</u>	<u>-</u>
(b) Other operating expenses include the following:				
	Consolidated		INSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Auditor's remuneration - audit of the financial statements	49	47	49	47
Internal audit fees	14	24	14	24
Consultancies	-	100	-	100
Other contractors	3,044	4,763	3,044	4,763
Boards and Committees	122	103	122	103
Fees for services rendered	519	611	519	611
Insurance - public liability	27	10	27	10
Operating lease rental expense - minimum lease payments	685	388	685	388
Printing	158	19	158	19
Other expenses	240	172	240	172
Maintenance expenses	5	58	5	58
	<u>4,863</u>	<u>6,295</u>	<u>4,863</u>	<u>6,295</u>
<i>* Reconciliation - Total maintenance</i>				
Maintenance expense - other (non-employee related), as above	5	58	5	58
Total maintenance expenses included in Note 2(a) + 2(b)	<u>5</u>	<u>58</u>	<u>5</u>	<u>58</u>
(c) Depreciation and amortisation expense				
Depreciation:				
Plant and Equipment	58	31	58	31
Total depreciation	<u>58</u>	<u>31</u>	<u>58</u>	<u>31</u>
Amortisation - leasehold improvements				
Leasehold improvements	132	95	132	95
Intangible	31	13	31	13
	<u>221</u>	<u>139</u>	<u>221</u>	<u>139</u>
(d) Personnel services				
Personnel services	-	-	3,378	3,266
	<u>-</u>	<u>-</u>	<u>3,378</u>	<u>3,266</u>
(e) Other expenses				
Sydney International Convention, Exhibition and Entertainment Precinct (SICEEP) expenses	18,541	6,772	18,541	6,772
	<u>18,541</u>	<u>6,772</u>	<u>18,541</u>	<u>6,772</u>

The expenses incurred for the SICEEP project are fully recoverable from Sydney Harbour Foreshore Authority. The recovered amount is shown in Note 3(a).

3 Revenue

	Consolidated		INSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
(a) Sale of goods and services				
Rendering of services - Sydney International Convention, Exhibition and Entertainment Precinct (SICEEP) recoveries	18,541	6,772	18,541	6,772
	<u>18,541</u>	<u>6,772</u>	<u>18,541</u>	<u>6,772</u>
(b) Investment income				
Interest revenue from financial assets not at fair value through profit or loss	21	140	21	140
	<u>21</u>	<u>140</u>	<u>21</u>	<u>140</u>
(c) Grants and contributions				
Grants received from budget dependant agencies	8,818	10,900	8,818	10,900
	<u>8,818</u>	<u>10,900</u>	<u>8,818</u>	<u>10,900</u>
(d) Acceptance by the Crown Entity of employee benefits				
Superannuation - defined benefit	14	-	-	-
Long Service Leave	69	9	-	-
Payroll tax	1	-	-	-
	<u>84</u>	<u>9</u>	<u>-</u>	<u>-</u>

4 Gain / (Loss) on Disposal

Proceeds from disposal	-	-	-	-
Less: Written down value of assets disposed	(2)	-	(2)	-
Net gain / (loss) on disposal of plant and equipment	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>

5 Service group of the entity

Service Group 1- Invest in critical Infrastructure

Purpose:

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

6 Current assets – Cash and cash equivalents

	Consolidated		INSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash at bank and on hand	959	2,606	959	2,606
	<u>959</u>	<u>2,606</u>	<u>959</u>	<u>2,606</u>

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:

Cash and cash equivalents (per statement of financial position)	959	2,606	959	2,606
Closing cash and cash equivalents (per statement of cash flows)	<u>959</u>	<u>2,606</u>	<u>959</u>	<u>2,606</u>

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

7 Current assets – Receivables

	Consolidated		INSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Sale of goods and services	94	-	94	-
Goods and Services Tax (GST)	185	-	185	-
Interest receivable	3	78	3	78
Sydney International Convention, Exhibition and Entertainment Precinct (SICEEP)				
	<u>2,353</u>	<u>1,734</u>	<u>2,353</u>	<u>1,734</u>
	<u>2,635</u>	<u>1,812</u>	<u>2,635</u>	<u>1,812</u>

8 Non-current assets – Plant and equipment

Consolidated / INSW	Leasehold Improvement \$'000	Plant and Equipment \$'000	Total \$'000
At 1 July 2012 - fair value			
Gross carrying amount	527	327	854
Accumulated depreciation	(95)	(31)	(126)
Net carrying amount	<u>432</u>	<u>296</u>	<u>728</u>
At 30 June 2013 - fair value			
Gross carrying amount	532	334	866
Accumulated depreciation	(228)	(90)	(318)
Net carrying amount	<u>304</u>	<u>244</u>	<u>548</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.

	Leasehold Improvement \$'000	Plant and Equipment \$'000	Total \$'000
Year ended 30 June 2013			
Net carrying amount at start of year	432	296	728
Additions	4	11	15
Disposals	-	(4)	(4)
Depreciation expense	(132)	(58)	(190)
Write back on disposals	-	2	2
Other- SICEEP	-	(3)	(3)
Net carrying amount at end of year	<u>304</u>	<u>244</u>	<u>548</u>
	<u>Leasehold Improvement</u>	<u>Plant and Equipment</u>	<u>Total</u>
At 30 June 2012 - fair value			
Gross carrying amount	527	327	854
Accumulated depreciation	(95)	(31)	(126)
Net carrying amount	<u>432</u>	<u>296</u>	<u>728</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.

	Leasehold Improvement	Plant and Equipment	Total
Year ended 30 June 2012			
Net carrying amount at start of year	-	-	-
Additions	527	327	854
Depreciation expense	(95)	(31)	(126)
Net carrying amount at end of year	<u>432</u>	<u>296</u>	<u>728</u>

9 Intangible assets

	Software (including IT Network design) \$'000
Consolidated / INSW	
At 1 July 2012	
Cost (gross carrying amount)	94
Accumulated amortisation and impairment	<u>(13)</u>
Net carrying amount	<u>81</u>
At 30 June 2013	
Cost (gross carrying amount)	94
Accumulated amortisation and impairment	<u>(44)</u>
Net carrying amount	<u>50</u>
Year ended 30 June 2013	
Net carrying amount at start of year	81
Amortisation (recognised in depreciation and amortisation)	<u>(31)</u>
Net carrying amount at end of year	<u>50</u>
At 30 June 2012	
Cost (gross carrying amount)	94
Accumulated amortisation and impairment	<u>(13)</u>
Net carrying amount	<u>81</u>
Year ended 30 June 2012	
Net carrying amount at start of year	-
Additions	94
Amortisation (recognised in depreciation and amortisation)	<u>(13)</u>
Net carrying amount at end of year	<u>81</u>

10 Current liabilities – Payables

	Consolidated		INSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Accrued salaries, wages and on-costs	12	12	-	-
Creditors	1,760	2,967	1,574	2,840
Goods and Services Tax payable	-	131	-	131
Personnel services	-	-	437	297
	<u>1,772</u>	<u>3,110</u>	<u>2,011</u>	<u>3,268</u>

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

11 Current/Non-current liabilities – Provisions

	Consolidated		INSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current				
Employee benefits and related on-costs				
Recreation leave	202	146	-	-
Long service leave	19	7	-	-
Payroll tax	16	4	-	-
Total provisions	237	157	-	-
Non-current				
Employee benefits and related on-costs				
Long service leave	2	1	-	-
	2	1	-	-
Non-current				
Other provisions				
Restoration costs	89	85	89	85
	89	85	89	85
Total provisions	91	86	89	85

	Consolidated		INSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Aggregate employee benefits and related on-costs				
Provisions - current	237	157	-	-
Provisions - non-current	2	1	-	-
Accrued salaries, wages and on-costs (Note 10)	12	12	-	-
	251	170	-	-

Movements in provisions (other than employee benefits)

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

	Restoration Costs \$'000
Consolidated/INSW	
2013	
Carrying amount at the beginning of financial year	85
Additional provisions recognised	4
Carrying amount at end of financial year	89

12 Current/Non-current liabilities – Other

	Consolidated		INSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current				
Lease incentive	156	156	156	156
	<u>156</u>	<u>156</u>	<u>156</u>	<u>156</u>
Non-Current				
Lease incentive	221	378	221	378
	<u>221</u>	<u>378</u>	<u>221</u>	<u>378</u>

13 Commitments for expenditure

	Consolidated		INSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable				
Not later than one year	955	914	955	914
Later than one year and not later than five years	1,415	2,356	1,415	2,356
Total (including GST)	<u>2,370</u>	<u>3,270</u>	<u>2,370</u>	<u>3,270</u>

The total commitments above includes input tax credits of \$ 215,392 (\$297,273 for 2012) that are expected to be recoverable from the Australian Taxation Office.

14 Contingent liabilities and contingent assets

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

15 Budget review

Net result

The actual net result was higher than the budget by \$375K mainly due to underspend in contracted service expenses.

Assets and liabilities

Current Assets: Total current assets were \$3,594K

Non-Current assets: Plant and equipment and intangible assets were \$598K

Current and Non- Current Liabilities: Total liabilities were \$2,477K

Cash flows

Actual Cash flows from operating activities were less than the budget by \$1,636K mainly due to the timing of payments to creditors.

16 Reconciliation of cash flows from operating activities to net result

	Consolidated		INSW	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Net cash used on operating activities	(1,636)	3,469	(1,636)	3,469
Depreciation and amortisation	(221)	(139)	(221)	(139)
Decrease / (increase) in provisions	(81)	(158)	-	-
Increase / (decrease) in receivables and prepayments	822	1,812	822	1,812
Decrease / (increase) in creditors	1,338	(3,110)	1,257	(3,268)
Decrease / (increase) in other liabilities	157	(534)	157	(534)
Net gain / (loss) on sale of plant and equipment	(2)	-	(2)	-
Other	(2)	-	(2)	-
Net result	375	1,340	375	1,340

17 Financial instruments

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

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2013	Carrying Amount 2012
Consolidated Class:			\$'000	\$'000
Cash and cash equivalents	6	N/A	959	2,606
Receivables ¹	7	Receivables (at amortised cost)	2,450	1,812
Financial Liabilities	Note	Category	Carrying Amount 2013	Carrying Amount 2012
Class:			\$'000	\$'000
Payables ²	10	Financial liabilities measured at amortised cost	1,772	2,967

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).

Financial Assets	Note	Category	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
INSW Class:				
Cash and cash equivalents	6	N/A	959	2,606
Receivables ¹	7	Loans and receivables (at amortised cost)	2,450	1,812

Financial Liabilities	Note	Category	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
Class:				
Payables ²	10	Financial liabilities measured at amortised cost	1,574	2,840

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).

(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 NSW'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			
2013			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
Consolidated			
2012			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-

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 financial position.

(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 Chief Executive Officer may automatically pay the supplier simple interest. No Interest for the late payment was paid during the year 2013 (2012 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

	\$'000				
	Nominal Amount ¹	Interest Rate Exposure		Maturity Dates	
		Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
Consolidated 2013					
<i>Payables:</i>					
Accrued salaries, wages and on-costs	12	12	12	-	-
Creditors	1,760	1,760	1,760	-	-
	<u>1,772</u>	<u>1,772</u>	<u>1,772</u>	<u>-</u>	<u>-</u>

	\$'000				
	Nominal Amount ¹	Interest Rate Exposure		Maturity Dates	
		Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
Consolidated 2012					
<i>Payables:</i>					
Accrued salaries, wages and on-costs	12	12	12	-	-
Creditors	2,967	2,967	2,967	-	-
	<u>2,979</u>	<u>2,979</u>	<u>2,979</u>	<u>-</u>	<u>-</u>

	\$'000				
	Nominal Amount ¹	Interest Rate Exposure		Maturity Dates	
		Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
INSW 2013					
<i>Payables:</i>					
Creditors	1,574	1,574	1,574	-	-
	<u>1,574</u>	<u>1,574</u>	<u>1,574</u>	<u>-</u>	<u>-</u>

	\$'000				
	Nominal Amount ¹	Interest Rate Exposure		Maturity Dates	
		Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
INSW 2012					
<i>Payables:</i>					
Creditors	2,840	2,840	2,840	-	-
	<u>2,840</u>	<u>2,840</u>	<u>2,840</u>	<u>-</u>	<u>-</u>

Note:

- 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 balance sheet.

(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.

	Carrying Amount	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
Consolidated 2013					
<i>Financial assets</i>					
Cash and cash equivalents	959	(10)	(10)	10	10
Receivables	2,450	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,772	-	-	-	-
Total	5,181	(10)	(10)	10	10
2012					
<i>Financial assets</i>					
Cash and cash equivalents	2,606	(26)	(26)	26	26
Receivables	1,812	-	-	-	-
<i>Financial liabilities</i>					
Payables	2,967	-	-	-	-
Total	7,385	(26)	(26)	26	26
<hr/>					
	Carrying Amount	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
INSW 2013					
<i>Financial assets</i>					
Cash and cash equivalents	959	(10)	(10)	10	10
Receivables	2,450	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,574	-	-	-	-
Total	4,983	(10)	(10)	10	10
2012					
<i>Financial assets</i>					
Cash and cash equivalents	2,606	(26)	(26)	26	26
Receivables	1,812	-	-	-	-
<i>Financial liabilities</i>					
Payables	2,840	-	-	-	-
Total	7,258	(26)	(26)	26	26

(e) Fair Value

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

18 Events after the reporting period

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

END OF AUDITED FINANCIAL STATEMENTS

Infrastructure NSW Division Financial statements



INDEPENDENT AUDITOR'S REPORT

Infrastructure NSW Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Infrastructure NSW Division (the Division), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Division as at 30 June 2013, 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Chief Executive Officer's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Division's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Division
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Caroline Karakatsanis
Director, Financial Audit Services

23 September 2013
SYDNEY

**STATEMENT BY THE CHIEF EXECUTIVE OFFICER
On behalf of the INFRASTRUCTURE NSW DIVISION**

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 2013, 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 2010, 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

23 September 2013

START OF AUDITED FINANCIAL STATEMENTS

Statement of comprehensive income

For the year ended 30 June 2013

		Actual 2013 \$'000	Actual 2012 \$'000
	Notes		
Expenses excluding losses			
Operating expenses			
Employee related expenses	2	<u>3,462</u>	3,275
TOTAL EXPENSES EXCLUDING LOSSES		<u>3,462</u>	<u>3,275</u>
Revenue			
Personnel services	3(a)	3,378	3,266
Acceptance by the Crown Entity of employee benefits	3(b)	<u>84</u>	<u>9</u>
Total Revenue		<u>3,462</u>	<u>3,275</u>
Net result		<u>-</u>	<u>-</u>
Other comprehensive income			
Total other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2013

		Actual 2013 \$'000	Actual 2012 \$'000
ASSETS			
Current assets			
Receivables	4	<u>437</u>	<u>297</u>
Total current assets		<u>437</u>	<u>297</u>
Total assets		<u>437</u>	<u>297</u>
LIABILITIES			
Current liabilities			
Payables	5	198	139
Provisions	6	<u>237</u>	<u>157</u>
Total current liabilities		<u>435</u>	<u>296</u>
Non-current liabilities			
Provisions	6	<u>2</u>	<u>1</u>
Total non-current liabilities		<u>2</u>	<u>1</u>
Total liabilities		<u>437</u>	<u>297</u>
Net assets		<u>-</u>	<u>-</u>
EQUITY			
Accumulated funds		<u>-</u>	<u>-</u>
Total equity		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2013

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2012	-	-
Net result for the year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2013	-	-

	Accumulated Funds	Total
Balance at 1 July 2011	-	-
Net result for the year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2012	-	-

Statement of cash flows

For the year ended 30 June 2013

	Actual 2013 \$'000	Actual 2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee related	<u>(3,238)</u>	<u>(2,969)</u>
Total Payments	<u>(3,238)</u>	<u>(2,969)</u>
Receipts		
Personnel services	<u>3,238</u>	<u>2,969</u>
Total Receipts	<u>3,238</u>	<u>2,969</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE/ (DECREASE) IN CASH	-	-
Opening cash and cash equivalents	<u>-</u>	<u>-</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2013

1 Summary of significant accounting policies

(a) Reporting entity

The Infrastructure Special Officers Group (Division) is a Division of the Government Service, established pursuant to Part 3 of Schedule 1 to the Public Sector Employment and Management Act 2002. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 15, Macquarie House, 167 Macquarie Street, Sydney 2000.

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

These financial statements for the year ended 30 June 2013 have been authorised for issue by the Chief Executive Officer and Audit Risk Committee on 23 September 2013.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the Public Finance and Audit Act 1983 and Regulation 2010; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

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

(c) Statement of compliance

The Division'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.

(e) Assets

(i) Loans and receivables

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

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

(f) Liabilities

(i) Payables

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

(ii) Employee benefits and other provisions

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

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits.

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.

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

(b) Long service leave and superannuation

The Division's liabilities for long service leave and superannuation are assumed by the Crown Entity. The agency 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". Prior to 2005/06 the Crown Entity also assumed the defined contribution superannuation liability.

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

(g) Comparative information

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

(h) New Australian Accounting Standards issued but not effective

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

The following new Accounting Standards have not been applied and are not yet effective. The Treasury Circular TC13/02 mandates not to early adopt any of the new Accounting Standards and Interpretations.

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 2011-10 Consolidated Financial Statements
- AASB 2011-11 Joint Arrangements
- AASB 2011-12 Disclosure of Interests in Other Entities
- AASB 2011-13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement
- AASB 2010-119 , AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 2011-127 Separate Financial Statements

- AASB 2011-128 Investments in Associates and Joint Ventures
- AASB 2010-1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans Tasman Convergence – RDR
- AASB 2011-4 removing individual KMP disclosure requirements
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-12 regarding Interpretation 20
- AASB 2012-1 regarding fair value measurement – RDR requirements
- AASB 2012-2 regarding disclosures – offsetting financial assets and financial liabilities
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2012-4 regarding government loans – first time adoption
- AASB 2012-5 regarding annual improvements 2009-2-11 cycle
- AASB 2012-7 regarding RDR
- AASB 2012-9 regarding withdrawal of Interpretation 1039
- AASB 2012-10 regarding transition guidance and other amendments
- AASB 2012-11 regarding RDR requirements and other amendments

It is considered that the impact of these new Standards and Interpretations in future periods will have no material impact on the financial statements of the Division.

2 Expenses excluding losses

	2013 \$'000	2012 \$'000
Employee related expenses		
Salaries and wages (including recreation leave)	3,003	3,081
Superannuation - defined benefit plans	14	-
Superannuation - defined contribution plans	160	84
Long service leave	91	21
Workers compensation insurance	27	-
Payroll tax and fringe benefit tax	164	89
On costs (Recreation and Long Service Leave)	3	-
	<u>3,462</u>	<u>3,275</u>

3 Revenue

	2013 \$'000	2012 \$'000
(a) Personnel services		
Personnel services	<u>3,378</u>	<u>3,266</u>
	<u>3,378</u>	<u>3,266</u>
(b) Acceptance by the Crown Entity of employee benefits		
Superannuation	14	-
Long Service Leave	69	9
Payroll tax	<u>1</u>	<u>-</u>
	<u>84</u>	<u>9</u>

4 Current assets – Receivables

Personnel services	<u>437</u>	<u>297</u>
	<u>437</u>	<u>297</u>

5 Current liabilities – Payables

Accrued salaries, wages and on-costs	12	12
Creditors	<u>186</u>	<u>127</u>
	<u>198</u>	<u>139</u>

6 Current/Non-current liabilities – Provisions

CURRENT

Employee benefits and related on-costs

Recreation leave	202	146
Long service leave	19	7
Payroll tax	<u>16</u>	<u>4</u>
Total provisions	<u>237</u>	<u>157</u>

NON-CURRENT

Employee benefits and related on-costs

Long service leave	<u>2</u>	<u>1</u>
Total provisions	<u>2</u>	<u>1</u>

Aggregate employee benefits and related on-costs

Provisions - current	237	157
Provisions - non-current	2	1
Accrued salaries, wages and on-costs (Note 5)	<u>12</u>	<u>12</u>
	<u>251</u>	<u>170</u>

7 Contingent liabilities and contingent assets

The Division 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

	2013 \$'000	2012 \$'000
Net cash used on operating activities	-	-
Decrease / (increase) in provisions	(81)	(158)
Increase / (decrease) in prepayments and other assets	140	297
Decrease / (increases) in creditors	<u>(59)</u>	<u>(139)</u>
Net result	<u>-</u>	<u>-</u>

9 Financial instruments

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

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

(a) Financial instrument categories

Financial Assets Class:	Note	Category	Carrying Amount	Carrying Amount
			2013 \$'000	2012 \$'000
Cash and cash equivalents	4	N/A	-	-
Receivables		Loans and receivables (at amortised cost)	437	297

Financial Liabilities Class:	Note	Category	Carrying Amount	Carrying Amount
			2013 \$'000	2012 \$'000
Payables	5	Financial liabilities measured at amortised cost	198	139

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 Division, which are receivables. No collateral is held by the Division. The Division has not granted any financial guarantees.

Credit risk arises when there is the possibility of the Division's debtors defaulting on their contractual obligations, resulting in a financial loss to the Division. 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 Division will be unable to meet its payment obligations when they fall due. The Division 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 Chief Executive Officer may automatically pay the supplier simple interest. No Interest for the late payment was paid during the year (2012 nil).

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

Maturity Analysis and interest rate exposure of financial liabilities

	Nominal Amount ¹	\$'000		Maturity Dates		
		Interest Rate Exposure		< 1 yr	1-5 yrs	> 5 yrs
		Non-interest bearing				
2013						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	12	12	12	-	-	-
Creditors	<u>186</u>	<u>186</u>	<u>186</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>198</u>	<u>198</u>	<u>198</u>	<u>-</u>	<u>-</u>	<u>-</u>
2012						
<i>Payables:</i>						
Accrued salaries, wages and on-costs	12	12	12	-	-	-
Creditors	<u>127</u>	<u>127</u>	<u>127</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>139</u>	<u>139</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note:

- 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 balance sheet.

(d) Market risk

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

(e) Fair value

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

10 Events after the reporting period

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

END OF AUDITED FINANCIAL STATEMENTS

Outline budget for 2013–14

Operating statement

	2013-14 Budget \$000
Expenses Excluding Losses	
Operating Expenses –	
Employee related	4,159
Other operating expenses	29,376
Depreciation and amortisation	237
Other expenses	...
TOTAL EXPENSES EXCLUDING LOSSES	33,772
Revenue	
Sale of goods and services	23,570
Investment revenue	...
Grants and contributions	10,202
Acceptance by Crown Entity of employee benefits and other liabilities	...
Total Revenue	33,772
Net Result	...

Statutory reporting obligations

Human resources

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

The CEO and Coordinator General, Jim Betts, commenced at Infrastructure NSW on 29 June 2013. Supporting the CEO are 13 other roles in operations, financial management, investment, planning, corporate affairs, project management and administration. Team members are employed by Infrastructure Special Officers Group (ISOG), a special employment division of the government service.

Members of the ISOG are employees of the State government appointed under Section 4D and Chapter 1A of the *Public Sector Employment and Management Act 2002*. The CEO has discretion to set salary and conditions and each is engaged at market rates for their occupation and skills set.

A further two individuals with speciality skills are on secondment to the Office of Infrastructure NSW from other government agencies. Those on secondment remain employees of their home departments and their

employment is regulated by Chapter 2 of the *Public Sector Employment and Management Act 2002*.

Infrastructure NSW will remain an organisation of less than 20 staff and will not grow significantly over time.

Infrastructure NSW also employs contracted services for short term engagements as required to fulfil its functions.

Executive remuneration and performance

The total number of executive positions at equivalent to SES Level 1 or higher is ten. The number of female executives is four.

The following table provides the required information on executives who are equivalent to SES Level 5 and above.

The outgoing CEO expressed satisfaction with the performance of his executive team throughout 2012–13.

Infrastructure NSW does not make performance payments.

Name	Position	Remuneration as at 30 June 2013	Statement of performance
P Broad ⁴	CEO and Coordinator General	\$525,315	Managed and controlled the strategic direction and affairs of Infrastructure NSW from its inception. Achieved key milestones including delivery of the 20 year State Infrastructure Strategy in September 2012 as agreed with the Premier. Since being assigned responsibility for the redevelopment of the exhibition, entertainment and convention facilities at Darling Harbour by the Premier in September 2011, has overseen the procurement of the Darling Harbour Live project, estimated at around \$1 billion. Provided strategic advice about major infrastructure matters to the Premier including as a co-opted member of the Cabinet Standing Committee on Infrastructure.
A Jones	Chief Operating Officer	\$378,620	Responsible for day to day management and governance of Infrastructure NSW, as well as fulfilling the role of Company Secretary and Audit Executive. Coordination of key deliverables including the five year state infrastructure plan, strategic sector advice to Government, and major projects assurance and reporting. Represents Infrastructure NSW on a number of key forums including the Unsolicited Proposals Steering Committee.

⁴ P Broad resigned from his role as CEO effective 28 June 2013.

E Flaherty	Executive Director, CBD	\$358,750	Joined Infrastructure NSW in May 2012 with responsibility for development and management of the precinct strategy for the Sydney CBD. Assisted with the tender evaluation process and contract negotiation for the 'Darling Harbour Live' project. Strategic leadership role in development of sectoral strategies for the Sydney CBD Cultural Institutions and the 'Cultural Ribbon'. Advisory Board Member for the North West Rail Line and member of the Infrastructure NSW South East and CBD Light Rail advisory team. Chair of Restart NSW Illawarra Advisory Panel with responsibility for reviewing funding applications and making recommendations to Infrastructure NSW for Restart NSW funding.
S Olsen	Executive Director, Corporate Affairs	\$288,922	Managed the strategic communication function for Infrastructure NSW as well as contributed to the implementation of other major agency initiatives. This involved leading and executing key elements related to the development and release of the State Infrastructure Strategy: First Things First, and community and stakeholder engagement for the Darling Harbour Live project. Supported the CEO and COO in the delivery of corporate secretariat functions.
R Parker	Executive Director, Performance Management	\$299,927	Responsible for developing Infrastructure NSW's budget and overseeing reporting. Developed an economic infrastructure plan for the Hunter region for submission to the Commonwealth Government under Regional Infrastructure Fund. Delivered Infrastructure NSW's major project assurance framework and managed reporting of major capital programs to the Cabinet Standing Committee on Infrastructure.
T Parker ⁵	Project Director, SICEEP	\$410,000	Continued to manage the procurement process through the Request for Proposal and interactive tender evaluation stages with the two shortlisted proponents. This resulted in selection of the preferred proponent in December 2013 and contractual close in record time in March 2013. Remained responsible for industry and stakeholder consultation for this high profile public private partnership and the associated commercial and hotel developments.
C Swann	Executive Director, Investment and Reform	\$461,250	Provided strategic leadership of the Darling Harbour Live project public-private partnership up to contractual close, and is Deputy Chair of the project Steering Committee. Led Infrastructure NSW's involvement in the development of the WestConnex business case, and represented Infrastructure NSW on the Sydney Motorways Project Office steering committee. Assessed unsolicited proposals in conjunction with NSW Treasury and RMS. Expert adviser on the transport and private financing components of the State Infrastructure Strategy.
J Davis	Executive Director, Strategic Planning	\$290,215	Provided strategic leadership in the development of the 20 year State Infrastructure Strategy economic framework, forecasts and productivity based prioritisation and sector strategies (non-transport). Developed the first NSW 5 Year Infrastructure Plan to achieve integration of NSW State Infrastructure Strategies with the NSW Budget. Provided strategic leadership of the Restart NSW Fund with more than \$3 billion of new and vital infrastructure projects recommended in 2012-13.

⁵ T Parker vacated his position on 30 June 2013 and was replaced by D Riches on 1 July 2013.

Personnel policies and practices

Infrastructure NSW has adopted the best policies and practices of both the public and private sector in employee management. Officers of the Infrastructure Special Officers Group are employed under an employment agreement which determines the significant conditions of employment. The employment agreement was developed specifically for Infrastructure NSW in line with SES guidelines for non-public service divisions. Each role is assessed to establish suitable remuneration and performance standards set.

During the year, Infrastructure NSW engaged a provider of an Employee Assistance Program, which was rolled out to staff in May 2013. Policies have also been developed on bullying and harassment prevention and managing performance.

Industrial relations

There were no industrial disputes lodged and no working time was lost due to industrial disputes during the year. There were no exceptional movements in wages, salaries or allowances with each appointment being made at market rate for the speciality function.

Equal employment opportunity

Infrastructure NSW is committed to equal employment opportunity (EEO). EEO is of a high priority and initiatives will be directed at continuous improvement on the baseline data. An independent body has been commissioned to conduct a survey of all staff to identify any instance of bullying or harassment. The same body will conduct training prior to the survey to ensure the correct identification of bullying and harassment and to distinguish it from appropriate supervisory practices.

Position descriptions and selection criteria will continue to be developed for all positions as they are created within Infrastructure NSW. Adherence to merit selection processes will ensure recruitment based on skill sets. Structured performance assessment processes will continue to inform career development and provide input to the training and development plan.

Occupational health and safety

Infrastructure NSW has adopted a positive approach to the management of workplace safety, in a low risk office-based environment. The 2012–13 financial year was Infrastructure NSW's second year of operation and as such Infrastructure NSW adopted the OHS structure, also meeting the building management requirements. There were no workplace injuries during the year.

Disability plans and multicultural policies and services program

In its second year of operation, Infrastructure NSW commenced developing disability plans. As a small

statutory body, Infrastructure NSW plans to meet its obligation to report on its progress triennially.

Similarly, Infrastructure NSW commenced developing its Multicultural Policies and Services Program, recognising the principles and broader direction of the Community Relations Commission's Plan of Action 2012. In line with these principles, during 2012–13, Infrastructure NSW:

- ensured its recruitment practices are merit-based and not disadvantageous to any specific cultural group
- ensured that discrimination is not tolerated in any behaviour or practice in relation to Infrastructure NSW.

Infrastructure NSW recognises that competent service delivery requires us to understand diversity, to manage it, to reflect it and to draw on it. Diversity of people, languages, backgrounds, education and opinions is considered a valuable resource. It is valuable in terms of collating information, tasking, deployment and reporting. Staff needs for cross-cultural training and education will be assessed and appropriate strategies developed to raise the competence, skills and awareness of staff to work with and meet the needs of culturally and linguistically diverse groups within their community. As a small statutory body, Infrastructure NSW plans to meet its obligation to report on its progress triennially.

Waste

Infrastructure NSW is committed to waste reduction and the minimisation of energy use. Infrastructure NSW actively encourages staff to minimise daily waste by providing recycling facilities for paper, plastic, glass and aluminium. As a small statutory body, Infrastructure NSW plans to meet its obligation to report on its progress triennially.

Annual report production

The production and printing cost for the 2012–13 Annual Report was nil. A PDF version of the report is available for downloading at www.insw.com.

Promotion

No overseas visits were undertaken by Infrastructure NSW employees for the purpose of promoting the agency.

Responding to consumers

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

Credit card certification

In accordance with Treasurer's Directions 205.01-205.08, it is certified that credit card usage by Infrastructure NSW officers conforms with the appropriate government policies, Premier's Memoranda and Treasurer's Directions. Infrastructure NSW currently has three credit cards on issue with a total limit of \$20,000.

Payment of accounts

The tables below summarise the account payment performance during 2012–13. 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

Quarter	Current (i.e. within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	More than 90 days overdue
	\$	\$	\$	\$	\$
All Suppliers					
September	63,912	0	0	0	0
December	0	0	0	0	0
March	17,906	0	0	0	0
June	22,090	0	0	0	0
Small Business Suppliers					
September	0	0	0	0	0
December	0	0	0	0	0
March	0	0	0	0	0
June	0	0	0	0	0

Accounts due or paid within each quarter

Measure	Sept	Dec	March	June
All Suppliers				
Number of accounts due for payment	264	299	262	237
Number of accounts paid on time	263	296	262	237
Actual percentage of accounts paid on time (based on number of accounts)	99.62%	99.00%	100.00%	100.00%
Dollar amount of accounts due for payment	4,113,654	5,409,435	4,948,594	9,382,225
Dollar amount of accounts paid on time	4,113,600	5,348,074	4,948,594	9,382,225
Actual percentage of accounts paid on time (based on \$)	99.99%	98.87%	100.00%	100.00%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
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)	0.00%	0.00%	0.00%	0.00%
Dollar amount of accounts due for payment	0	0	0	0
Dollar amount of accounts paid on time	0	0	0	0
Actual percentage of accounts paid on time (based on \$)	0.00%	0.00%	0.00%	0.00%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0

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 2012–13, Infrastructure NSW did not engage any consultants. A number of contracted service providers were engaged and the first table below outlines those involved in preparation of the State Infrastructure Strategy. These contracts are part of the \$2 million cost of developing the Strategy, which was disclosed in the Strategy (on page 22) when it was released in

October 2012. The total spanned both 2011–12 and 2012–13 and was spent to investigate options and obtain advice from industry experts. Reports prepared for Infrastructure NSW are available on its website.

The second table below outlines contracted services valued at more than \$50,000 for other key projects.

NB. As outlined in the Premier's Department Guidelines for the Engagement and Use of Consultants, a consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision-making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

Table 1. Contracted services – State Infrastructure Strategy expert reports

Name	Amount (\$)	Description
Deloitte	113,250	Prioritisation framework
BT	50,000	ICT requirements for the health sector
Deloitte Access Economics	46,000	Economic modelling of the NSW economy
Evans & Peck	40,000	Motorway master plan
The Hornery Institute	33,400	Vision statement
Molino Stewart	26,886	Hawkesbury Nepean flood damages report
Sapere	25,055	Energy infrastructure strategy
GHD	13,500	NSW infrastructure capability assessment
PricewaterhouseCoopers	9,690	Preliminary baseline reports
TOTAL	357,781	

Table 2. Contracted services – Key projects

Name	Amount (\$)	Description
Evans & Peck	265,085	Major projects contingency review
Hyder Consulting	150,200	Hunter economic infrastructure plan report
Manidis Roberts	119,217	Major projects assurance reporting
Parsons Brinckerhoff	104,794	WestConnex route options
Evans & Peck	92,327	Motorway development (WestConnex)
Elton Consulting	81,258	Restart Illawarra community consultation support
Hunter Development Corporation (Hunter Valley Research Foundation)	63,814	Regional economic modelling
TOTAL	876,695	

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.

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	4	0	0	0	0	0	0	0	0
Members of Parliament	1	0	0	0	0	0	0	0	0
Private sector business	1	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0

Infrastructure NSW complies with this Act. In 2012–13, Infrastructure NSW received one GIPA Act access application from a Member of Parliament.

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*:



For further information or to comment on the Infrastructure NSW Annual Report 2012–13, please contact:

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