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To the Chair Infrastructure SA

Opinion

I have audited the financial report of Infrastructure SA for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of Infrastructure SA as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chair and the Chief Executive.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of Infrastructure SA. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Chief Executive and the Board for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards – Simplified Reporting Requirements, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 18(2) of the *Infrastructure SA Act 2018*, I have audited the financial report of Infrastructure SA for the financial year ended 30 June 2022.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Infrastructure SA's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive

- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

30 September 2022

Infrastructure SA

Financial Statements

For the year ended 30 June 2022

Infrastructure SA
Certification of the Financial Statements
for the year ended 30 June 2022

We certify that the:

- financial statements of Infrastructure SA:
 - are in accordance with the accounts and records of Infrastructure SA;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of Infrastructure SA at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by Infrastructure SA for the financial year over its financial reporting and its preparation of financial statements have been effective.



Anthony Shepherd AO
Chair
29 September 2022



Jeremy Conway
Chief Executive
29 September 2022

Infrastructure SA
Statement of Comprehensive Income
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Appropriation	2.1	2 529	2 483
Sales of goods and services	2.2	2 225	1 798
Commonwealth-sourced grants and funding	2.3	1 500	-
SA Government grants, subsidies and transfers	2.4	7 692	-
Other income	2.5	7	6
Total income		13 953	4 287
Expenses			
Employee benefits expenses	3.3	2 205	1 988
Supplies and services	4.1	3 857	2 155
Total expenses		6 062	4 143
Net result		7 891	144
Total comprehensive result		7 891	144

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

Infrastructure SA
Statement of Financial Position
as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash	5.1	9 379	1 229
Receivables	5.2	225	153
Total current assets		9 604	1 382
Total assets			
		9 604	1 382
Current liabilities			
Payables	6.1	512	121
Employee benefits	3.4	187	230
Provisions	6.2	2	2
Total current liabilities		701	353
Non-current liabilities			
Payables	6.1	19	20
Employee benefits	3.4	194	211
Provisions	6.2	6	5
Total non-current liabilities		219	236
Total liabilities			
		920	589
Net assets			
		8 684	793
Equity			
Retained earnings		8 684	793
Total equity		8 684	793

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

Infrastructure SA
Statement of Changes in Equity
for the year ended 30 June 2022

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 1 July 2020	649	649
Net result for 2020-21	144	144
Total comprehensive result for 2020-21	144	144
Balance at 30 June 2021	793	793
Net result for 2021-22	7 891	7 891
Total comprehensive result for 2021-22	7 891	7 891
Balance at 30 June 2022	8 684	8 684

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

Infrastructure SA
Statement of Cash Flows
for the year ended 30 June 2022

	2022	2021
	Inflows	Inflows
	(Outflows)	(Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Appropriation	2 529	2 483
Sales of goods and services	2 196	1 663
Commonwealth-sourced grants and funding	1 500	-
SA Government grants, subsidies and transfers	7 692	-
Cash generated from operating activities	13 917	4 146
Cash outflows		
Employee benefits payments	(2 288)	(1 881)
Payments for supplies and services	(3 479)	(2 184)
Cash used in operating activities	(5 767)	(4 065)
Net cash provided by operating activities	8 150	81
Net increase in cash	8 150	81
Cash at the beginning of the reporting period	1 229	1 148
Cash at the end of the reporting period	9 379	1 229

The accompanying notes form part of these financial statements.

Infrastructure SA

Notes to and forming part of the Financial Statements

for the year ended 30 June 2022

1 About Infrastructure SA

Infrastructure SA (ISA) is a statutory authority of the state of South Australia, established pursuant to the *Infrastructure SA Act 2018*. ISA is an administrative unit acting on behalf of the Crown.

ISA was established under the *Infrastructure SA Act 2018* to provide advice on the State's requirements for significant infrastructure with respect to economic growth and delivery of public services.

1.1 Basis of preparation

These financial statements are general purpose financial statements prepared in accordance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- *Treasurer's Instructions and Accounting Policy Statements* issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards applying simplified disclosures.

The financial statements have been prepared based on a 12-month period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out throughout the notes.

Cash flows are exclusive of Goods and Services Tax (GST). The GST component of cash flows which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows of the Department of the Premier and Cabinet (DPC), not ISA.

1.2 Objectives

ISA's mission is to provide independent advice to government to enable informed and evidence-based decisions on infrastructure planning, investment, delivery and optimisation.

The role of ISA is to ensure better planning and more transparent decision-making for critical public infrastructure projects for the State.

1.3 Impact of COVID-19 pandemic on ISA

COVID-19 has had no material impact on the operations of ISA during 2021-22.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

2. Income

2.1 Appropriation

Appropriations are recognised on receipt.

2.2 Sales of goods and services

ISA, in accordance with the Cabinet-approved ISA Assurance Framework and its Act, charges government agencies for assurance reviews. ISA reviews, evaluates and monitors delivery and performance of major infrastructure projects and programs with a capital investment value of \$50 million and above, or those considered high risk.

Assurance reviews are recognised on receipt.

2.3 Commonwealth-sourced grants and funding

The Commonwealth has provided funding to the State for the Northern Water Supply Project. Revenue is recognised on receipt.

2.4 SA Government grants, subsidies and transfers

SA Government grants are recognised on receipt.

SA Government grants, subsidies and transfers includes funding for the Northern Water Supply Project from the Business Case Fund (\$7.5 million). ISA has underspent these funds during 2021-22 by \$6.075 million, and these remaining funds will be incurred over the lifetime of the project.

2.5 Other income

Contribution of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated.

ISA receives Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services free of charge from Shared Services SA following Cabinet's approval to cease intra-government charging.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

3. Board, committees and employees

3.1 Key management personnel

Key management personnel of ISA include the Premier, Chief Executive, General Manager, the Chair and the Board members who have responsibility for the strategic direction and management of ISA.

Total compensation paid by ISA for key management personnel was \$831 000 (2021: \$911 000).

The compensation disclosed in this note excludes salaries and other benefits the Premier receives. The Premier's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

See DPC's Financial Statements for disclosures of the Premier's remuneration paid and recovered from the Consolidated Account.

Transaction with Key Management Personnel and other related parties

There were no significant related party transactions based on initial assessment.

3.2 Board and committee members

Members during the 2022 financial year were:

Infrastructure SA Board

Anthony Shepherd (Chair)

Jon Gorvett* (appointed April 2022, concluded May 2022)

Carolyn Hewson

Caroline Mealar* (concluded March 2022)

Amanda Price-McGregor

David Reynolds*

Robert Rust

Nick Reade* (concluded April 2022)

Rick Persse* (appointed April 2022)

Damien Walker* (appointed May 2022)

Infrastructure SA Risk and Performance Committee

David Powell (Chair)

Carolyn Hewson

Catherine Jamieson*

David Lovell* (resigned December 2021)

Robert Rust

*In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board duties during the financial year.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

3.2 Board and committee members (continued)

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:	2022 Number	2021 Number
\$0 - \$19 999	9	10
\$20 000 - \$39 999	-	3
\$40 000 - \$59 999	3	-
\$160 000 - \$179 999	1	1
Total number of members	13	14

The total remuneration received or receivable by members was \$301 000 (2021: \$284 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax paid.

3.3 Employee benefits expenses

	2022 \$'000	2021 \$'000
Salaries and wages	1 448	1 327
Annual leave	155	131
Long service leave	(3)	28
Board and committee fees	273	259
Employment on-costs - superannuation	245	171
Employment on-costs - other	76	58
Skills and experience retention leave	4	3
Workers compensation	2	3
Other employee related expenses	5	8
Total employee benefits expenses	2 205	1 988

Employment on-costs - superannuation

The superannuation employment on-cost charge represents ISA's contributions to superannuation plans in respect of current services of current employees.

Employee remuneration

The number of employees whose remuneration received or receivable falls within the following bands:

	2022 Number	2021 Number
\$177 001 - \$197 000	1	-
\$197 001 - \$217 000	-	1
\$297 001 - \$317 000	-	1
\$317 001 - \$337 000	-	1
\$337 001 - \$357 000	1	-
Total number of employees	2	3

The total remuneration received by those employees for the year was \$539 000 (2021: \$831 000).

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left ISA.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

3.4 Employee benefits liability

	2022	2021
	\$'000	\$'000
Current		
Accrued salaries and wages	-	48
Annual leave	162	160
Long service leave	20	20
Skills and experience retention leave	5	2
Total current employee benefits	187	230
Non-current		
Long service leave	194	211
Total non-current employee benefits	194	211
Total employee benefits	381	441

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

AASB 119 *Employee Benefits* contains the calculation methodology for the long service leave liability.

The actuarial assessment performed by DTF has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds for 2022 is 3.5% (2021: 1.25%)

The net financial effect of the changes to the actuarial assumption in the current financial year is a decrease in the long service leave liability of \$38 000 and employee benefits expense of \$38 000.

The salary inflation rate applied in the actuarial assessment performed by DTF remained at 2.5% for the long service leave liability.

The non-current portion of long service leave reflects the estimate of leave to be taken in greater than 12 months.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

4. Expenses

4.1 Supplies and services

	2022	2021
	\$'000	\$'000
Consultants	1 605	244
Contractors	1 315	1 263
Intra government transfers	258	250
Information technology	197	53
Temporary staff	76	189
Administrative costs	62	17
Audit fees	11	10
Shared Services SA	7	6
Other	326	123
Total supplies and services	3 857	2 155

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	2022		2021	
	No.	\$'000	No.	\$'000
\$10 000 or above	10	1 605	2	244
Total	10	1 605	2	244

Audit fees

Audit fees paid/payable to the Auditor-General's Department relate to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

5. Financial assets

5.1 Cash

The agency does not earn interest on its deposits with the Treasurer. Cash is measured at nominal amounts.

5.2 Receivables

	2022	2021
	\$'000	\$'000
Current		
Trade receivables	165	136
Prepayments	60	17
Total receivables	225	153

Receivables are normally settled within 30 days after the issue of an invoice. Receivables and prepayments are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

6. Liabilities

6.1 Payables

	2022	2021
	\$'000	\$'000
Current		
Trade payables	38	-
Accrued expenses	445	82
Employment on-costs	29	39
Total current payables	512	121
Non-current		
Employment on-costs	19	20
Total non-current payables	19	20
Total payables	531	141

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Employment on-costs

Employment on-costs include payroll tax, the ReturntoWorkSA premium and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

ISA makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the superannuation schemes.

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave remained unchanged at 42% and the average factor for the calculation of employer superannuation cost on-costs has increased to 10.6% (2021: 10.1%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$2 000 and employee benefits expense of \$2 000.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

6.2 Provisions

Provision for workers compensation

	2022	2021
	\$'000	\$'000
<i>Reconciliation of workers compensation</i>		
Carrying amount at the beginning of the period	7	4
Additional provisions recognised	1	3
Carrying amount at the end of the period	8	7

ISA is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, ISA is responsible for the management of workers rehabilitation and compensation and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventive programs.

Accordingly, a liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes).

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

The additional compensation scheme provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are nonserious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation.

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to a variety of factors involved. The liability is impacted by ISA's claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

In addition to these uncertainties, the additional compensation scheme is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meeting, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

7. Outlook

7.1 Unrecognised contractual commitments

Revenue commitments

ISA has funding agreements for the completion of the Northern Water Supply Detailed Business Case as follows:

- a Federation Funding Agreement – Infrastructure with the Commonwealth Government for \$5 million with \$1.5 million received in 2021-22;
- Funding from the State Government's Business Case Fund of \$11.5 million, with \$7.5 million received in 2021-22.

	2022	2021
	\$'000	\$'000
Within one year	7 000	-
Later than one year but not longer than five years	500	-
Total revenue commitments	7 500	-

Expenditure commitments

	2022	2021
	\$'000	\$'000
Within one year	213	-
Total expenditure commitments	213	-

Commitments comprise costs relating to a future energy supply analysis and a housing economics analysis.

7.2 Contingent assets and liabilities

ISA is not aware of any contingent assets or liabilities as at 30 June 2022.

7.3 COVID-19 pandemic outlook for ISA

ISA does not expect any material impacts as a result of the COVID-19 pandemic in 2022-23.

7.4 Events after the reporting period

There were no events occurring after the end of the reporting period that had a material financial implication on these financial statements.