

Infrastructure SA

Financial report
for the year ended
30 June 2019



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To the Chair Infrastructure SA

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 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of Infrastructure SA as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair of the Board 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* have been met.

I believe that the audit evidence 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 the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, 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.

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

Auditor's responsibilities for the audit of the financial report

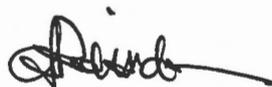
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 the 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
- 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 and Board 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.

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

26 September 2019

Infrastructure SA
Certification of the Financial Statements
for the year ended 30 June 2019

We certify that the attached general purpose financial statements for Infrastructure SA:

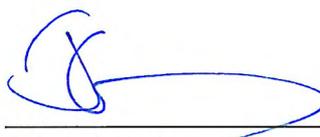
- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of Infrastructure SA; and
- present a true and fair view of the financial position of Infrastructure SA as at 30 June 2019 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by Infrastructure SA for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Anthony Shepherd AO
Chair

24 September 2019



Jeremy Conway
Chief Executive

24 September 2019

Infrastructure SA
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000
Expenses		
Employee benefit expenses	2.3	1 053
Supplies and services	3.1	<u>674</u>
Total expenses		<u>1 727</u>
Income		
Resources received free of charge	4.2	2
Other income	4.3	<u>21</u>
Total income		<u>23</u>
Net cost of providing services		<u>1 704</u>
Revenues from SA Government		
Revenues from SA Government	4.1	<u>1 970</u>
Total revenues from SA Government		<u>1 970</u>
Net result		<u>266</u>
Total comprehensive result		<u>266</u>

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 2019

	Note	2019 \$'000
Current assets		
Cash	6.1	824
Receivables	6.2	46
Total current assets		<u>870</u>
Non-current assets		
Intangible assets	5.1	18
Total non-current assets		<u>18</u>
Total assets		<u>888</u>
Current liabilities		
Payables	7.1	298
Employee benefits	2.4	144
Provisions	7.2	1
Total current liabilities		<u>443</u>
Non-current liabilities		
Payables	7.1	15
Employee benefits	2.4	163
Provisions	7.2	1
Total non-current liabilities		<u>179</u>
Total liabilities		<u>622</u>
Net assets		<u>266</u>
Equity		
Retained earnings		<u>266</u>
Total equity		<u>266</u>

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 2019

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 1 July 2018	-	-
Net result for 2018-19	266	266
Total comprehensive result for 2018-19	266	266
Balance at 30 June 2019	266	266

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 2019

	Note	2019 (Outflows) Inflows \$'000
Cash flows from operating activities		
<i>Cash outflows</i>		
Employee benefit payments		(686)
Payments for supplies and services		(460)
Cash used in operations		(1 146)
<i>Cash inflows</i>		
Cash flows from SA Government		
Receipts from SA Government		1 970
Cash generated from SA Government		1 970
Net cash provided by operating activities		824
Net increase in cash		824
Cash at the beginning of the period		-
Cash at the end of the period	6.1	824

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 2019

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Infrastructure SA

Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

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.

Infrastructure SA was established on 26 November 2018 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

The financial statements are general purpose financial statements prepared in compliance 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 with reduced disclosure requirements.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. 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.

1.2. Objectives

Objectives

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

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

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

2. Board, committees and employees

2.1. Key management personnel

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

Total compensation for key management personnel was \$297 000.

Transaction with Key Management Personnel and other related parties

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

2.2. Board and committee members

Members during the 2019 financial year were:

Infrastructure SA Board

Anthony Shepherd (Chair) (appointed 26 November 2018)

Tony Braxton-Smith* (appointed 26 November 2018)

Carolyn Hewson (appointed 4 February 2019)

Jim McDowell* (appointed 26 November 2018)

Amanda Price-McGregor (appointed 4 February 2019)

David Reynolds* (appointed 26 November 2018)

Robert Rust (appointed 4 February 2019)

Infrastructure SA Risk and Performance Committee

Yvonne Sneddon (Chair) (appointed 17 April 2019)

Robert Rust (appointed 5 February 2019)

Tony Braxton-Smith* (appointed 5 February 2019)

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

Board and committee remuneration

The number of members whose remuneration received or receivable falls within the following bands:	2019
\$0 - \$19 999	7
\$80 000 - \$99 999	1
Total number of members	8

The total remuneration received or receivable by members was \$127 000. Remuneration of members includes sitting fees, superannuation contributions and salary sacrifice benefits.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

2.3. Employee benefits expenses

	2019
	\$'000
Salaries and wages	473
Annual leave	134
Long service leave	188
Board and committee fees	127
Employment on-costs - superannuation	73
Employment on-costs - other	45
Skills and experience retention leave	10
Workers compensation	2
Other employee related expenses	1
Total employee benefit expenses	1 053

Employment on-costs - superannuation

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

Executive remuneration

	2019
	No
The number of employees whose remuneration received or receivable falls within the following bands:	
\$171 001 - \$191 000	1
Total	1

The table includes all employees who received remuneration 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 and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

2.4. Employee benefits liability

	2019
	\$'000
Current	
Accrued salaries and wages	29
Annual leave	95
Long service leave	17
Skills and experience retention leave	3
Total current employee benefits	144
Non-current	
Long service leave	163
Total non-current employee benefits	163
Total employee benefits	307

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

2.4 Employee benefits liability (continued)

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. Details about the measurement of long service leave liability is provided as note 11.1.

3. Expenses

3.1. Supplies and services

	2019
	\$'000
Consultants	82
Intra government transfers	150
Contractors	205
Temporary Staff	93
Administrative costs	49
Information technology	31
Legal services	8
Other	56
Total supplies and services	674

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:

	No.	2019 \$'000
\$10 000 or above	1	82
Total	1	82

Other

Resources provided free of charge were \$2 000 and were expensed at fair value.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

4. Income

4.1. Net revenues from SA Government

	2019 \$'000
Revenues from SA Government	
Intra government transfers	1 970
Total revenues from SA Government	1 970

Intra government transfers are recognised on receipt.

4.2. Resources received free of charge

	2019 \$'000
Services received free of charge - Shared Services SA	2
Total resources received free of charge	2

4.3. Other income

	2019 \$'000
General recoveries	21
Total other income	21

5. Non-financial assets

5.1. Intangible assets

	2019 \$'000
Computer software	
Work in progress at cost	18
Total intangible assets	18

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

5.1 Intangible assets (continued)

Reconciliation 2018-19

	Work in progress	Total
	\$'000	\$'000
Carrying amount at 1 July 2018	-	-
Acquisitions	18	18
Carrying amount at 30 June 2019	18	18

6. Financial assets

6.1. Cash

	2019
	\$'000
Deposits with the Treasurer	824
Total cash	824

The agency does not earn interest on its deposits with the Treasurer.

6.2. Receivables

	2019
	\$'000
Current	
Trade receivables	21
Prepayments	25
Total receivables	46

Trade receivables for the year are salary and wages on-charged to other government departments. 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 2019

7. Liabilities

7.1. Payables

	2019 \$'000
Current	
Trade payables	1
Accrued expenses	276
Employment on-costs	21
Total current payables	<u>298</u>
Non-current	
Employment on-costs	15
Total non-current payables	<u>15</u>
Total payables	<u>313</u>

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, ReturntoWorkSA levies 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 the Department of Treasury and Finance the proportion of long service leave taken as leave is 41% and an average factor for the calculation of employer superannuation cost on-costs is 9.8%. These rates are used in the employment on-cost calculation.

7.2. Provisions

	2019 \$'000
Current	
Provision for workers compensation	1
Total current provisions	<u>1</u>
Non-current	
Provision for workers compensation	1
Total non-current provisions	<u>1</u>
Total provisions	<u>2</u>

Provision for workers compensation

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

ISA is responsible for the payment of workers compensation claims.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

8. Other disclosures

8.1. Cash flow

Cash flows are included in the Statement of Cash Flows are exclusive of GST. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows of the Department of the Premier and Cabinet, not ISA.

9. Changes in accounting policy

9.1. Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

10. Outlook

10.1. Unrecognised contractual commitments

Expenditure commitments

	2019 \$'000
Within one year	168
Total expenditure commitments	168

Expenditure commitments relate to the development of an across government assurance framework for evaluation capital infrastructure projects that are \$50 million and over or are considered high risk.

10.2. Contingent assets and liabilities

The agency is not aware of any contingent assets or liabilities as at 30 June 2019.

10.3. 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.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

11. Measurement and risk

11.1. Long service leave liability – measurement

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

The actuarial assessment performed by the Department of Treasury and Finance 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 2019 was 1.25%.

The actuarial assessment performed by the Department of Treasury and Finance applied a salary inflation rate of 4% for 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.