

Infrastructure SA

Financial report
for the year ended
30 June 2021



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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 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of Infrastructure SA as at 30 June 2021, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- 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 (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, 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 2021.

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 and the 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.



Andrew Richardson

Auditor-General

28 September 2021

Infrastructure SA

Financial Statements

For the year ended 30 June 2021

Infrastructure SA
Certification of the Financial Statements
for the year ended 30 June 2021

We certify that the:

- financial statements of Infrastructure SA:
 - are in accordance with the accounts and records of the 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
27 September 2021



Jeremy Conway
Chief Executive
27 September 2021

Infrastructure SA
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Appropriation	2.1	2 483	3 198
Sales of goods and services	2.2	1 798	336
Other income	2.3	6	10
Total income		4 287	3 544
Expenses			
Employee benefits expenses	3.3	1 988	1 864
Supplies and services	4.1	2 155	1 297
Total expenses		4 143	3 161
Net result		144	383
Total comprehensive result		144	383

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 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash	5.1	1 229	1 148
Receivables	5.2	153	27
Total current assets		1 382	1 175
Total assets			
		1 382	1 175
Current liabilities			
Payables	6.1	121	134
Employee benefits	3.4	230	188
Provisions	6.2	2	1
Total current liabilities		353	323
Non-current liabilities			
Payables	6.1	20	17
Employee benefits	3.4	211	183
Provisions	6.2	5	3
Total non-current liabilities		236	203
Total liabilities			
		589	526
Net assets			
		793	649
Equity			
Retained earnings		793	649
Total equity		793	649

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 2021

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019	266	266
Net result for 2019-20	383	383
Total comprehensive result for 2019-20	383	383
Balance at 30 June 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

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 2021

	2021	2020
	Inflows (Outflows)	Inflows (Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Appropriation	2 483	3 198
Sales of goods and services	1 663	356
Other receipts	-	5
Cash generated from operating activities	4 146	3 559
Cash outflows		
Employee benefits payments	(1 881)	(1 784)
Payments for supplies and services	(2 184)	(1 451)
Cash used in operating activities	(4 065)	(3 235)
Net cash provided by operating activities	81	324
Net increase in cash	81	324
Cash at the beginning of the reporting period	1 148	824
Cash at the end of the reporting period	1 229	1 148
5.1		

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 2021

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

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.

The role of Infrastructure SA 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 2020-21.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

2. Income

2.1. Appropriation

	2021	2020
	\$'000	\$'000
Appropriation from the Consolidated Account pursuant to the <i>Appropriation Act</i>	2 483	3 198
Total appropriation	2 483	3 198

Appropriations are recognised on receipt.

2.2. Sales of goods and services

	2021	2020
	\$'000	\$'000
Assurance reviews	1 798	336
Total sales of goods and services	1 798	336

ISA, in accordance with the Cabinet-approved ISA Assurance Framework and its Act, 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. ISA charges government agencies for these services.

2.3. Other income

	2021	2020
	\$'000	\$'000
Resources received free of charge - Shared Services SA	6	5
General recoveries	-	3
Transfers from contingencies	-	2
Total other income	6	10

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

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 \$911 000 (2020: \$797 000).

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 2021 financial year were:

Infrastructure SA Board

Anthony Shepherd (Chair)

Carolyn Hewson

Amanda Price-McGregor

Robert Rust

Tony Braxton-Smith* (tenure concluded 29 July 2020)

Jon Gorvett* (appointed 14 December 2020, tenure concluded 7 February 2021)

Jim McDowell* (resigned 11 December 2020)

Caroline Mealor* (appointed 29 July 2020)

Nick Reade* (appointed 8 February 2021)

David Reynolds*

Infrastructure SA Risk and Performance Committee

David Powell (Chair) (appointed 14 December 2020)

Yvonne Sneddon (Chair) (resigned 1 December 2020)

Carolyn Hewson (appointed 8 October 2020)

Robert Rust

Tony Braxton-Smith* (tenure concluded 29 July 2020)

Catherine Jamieson*

David Lovell*

*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 2021

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:	2021 Number	2020 Number
\$0 - \$19 999	10	6
\$20 000 - \$39 999	3	3
\$160 000 - \$179 999	1	1
Total number of members	14	10

The total remuneration received or receivable by members was \$284 000 (2020: \$282 000). Remuneration of members includes sitting fees, superannuation contributions and salary sacrifice benefits. In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board duties during the financial year.

3.3. Employee benefits expenses

	2021 \$'000	2020 \$'000
Salaries and wages	1 327	1 291
Annual leave	131	102
Long service leave	28	22
Board and committee fees	259	258
Employment on-costs - superannuation	171	148
Employment on-costs - other	58	30
Skills and experience retention leave	3	2
Workers compensation	3	2
Other employee related expenses	8	9
Total employee benefits expenses	1 988	1 864

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

The number of employees whose remuneration received or receivable falls within the following bands:	2021 Number	2020 Number
\$174 001 - \$194 000	-	1
\$194 001 - \$214 000	1	-
\$294 001 - \$314 000	1	-
\$314 001 - \$334 000	1	1
Total	3	2

The total remuneration received by those employees for the year was \$831 000 (2020: \$520 000).

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.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

3.4. Employee benefits liability

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Accrued salaries and wages	48	39
Annual leave	160	129
Long service leave	20	19
Skills and experience retention leave	2	1
Total current employee benefits	230	188
<u>Non-current</u>		
Long service leave	211	183
Total non-current employee benefits	211	183
Total employee benefits	441	371

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 9.1.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

4. Expenses

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Consultants	244	115
Intra government transfers	250	254
Contractors	1 263	427
Temporary staff	189	238
Administrative costs	17	92
Information technology	53	69
Shared Services SA	6	5
Other	133	97
Total supplies and services	2 155	1 297

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:

	2021	2020
	No.	No.
\$10 000 or above	2	1
Total	2	1

5. Financial assets

5.1. Cash

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer	1 229	1 148
Total cash	1 229	1 148

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

5.2. Receivables

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Trade receivables	136	1
Prepayments	17	26
Total receivables	153	27

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 2021

6. Liabilities

6.1. Payables

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Trade payables	-	1
Accrued expenses	82	105
Employment on-costs	39	28
Total current payables	121	134
<u>Non-current</u>		
Employment on-costs	20	17
Total non-current payables	20	17
Total payables	141	151

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 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 10.1% (2020: 9.8%). 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 \$3 000 and employee benefits expense of \$3 000.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

6.2. Provisions

	2021 \$'000	2020 \$'000
<u>Current</u>		
Provision for workers compensation	2	1
Total current provisions	2	1
<u>Non-current</u>		
Provision for workers compensation	5	3
Total non-current provisions	5	3
Total provisions	7	4
<i>Movement in provisions</i>		
Carrying amount at the beginning of the period	4	2
Additional provisions recognised	3	2
Carrying amount at the end of the period	7	4

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 2021 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.

7. Other disclosures

7.1. Cash flow

Cash flows are included in the Statement of Cash Flows are exclusive of Goods and Services Tax (GST). The GST component of cash flows arising from investing and financing activities, 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, not ISA.

Infrastructure SA
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

8. Outlook

8.1. Unrecognised contractual commitments

	2021	2020
	\$'000	\$'000
Within one year	-	365
Total expenditure commitments	-	365

Prior year 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.

8.2. Contingent assets and liabilities

ISA is not aware of any contingent assets or liabilities as at 30 June 2021.

8.3. COVID-19 pandemic outlook for ISA

ISA does not expect any material impacts as a result of the COVID-19 pandemic in 2021-22.

8.4. 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.

9. Measurement and risk

9.1. Long service leave liability – measurement

AASB 119 Employee Benefits contains the calculation methodology for the 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 2021 is 1.25% (2020: 0.75%)

The net financial effect of the changes to the actuarial assumption in the current financial year is a decrease in the long services liability of \$31 000 and employee benefits expense of \$31 000.

The actuarial assessment performed by the Department of Treasury and Finance applied a salary inflation rate of 2.5% (2020: 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.