
Annual Report 2022–23

Infrastructure NSW



Acknowledgement of Country

Infrastructure NSW acknowledges the Traditional Custodians of the lands where we walk, work and live, and pays respect to their Elders past and present.

We acknowledge and respect their continuing connection to the land, seas and waterways of NSW, and the continuation of their cultural, spiritual and educational practices.

In preparing the Annual Report, we acknowledge the importance of Aboriginal and Torres Strait Islander people's unique history of land and water management, and of art, culture and society, that began over 65,000 years ago.

Letter to the Ministers

The Hon. Chris Minns MP
Premier of NSW
Parliament House
Macquarie Street
Sydney NSW 2000

The Hon. Daniel Mookhey, MLC
Treasurer
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Premier and Treasurer,

I am pleased to submit for presentation to Parliament the Infrastructure NSW Annual Report for the financial year ended 30 June 2023.

The report has been prepared in accordance with the *Annual Reporting provisions of Division 7.3 of the Government Sector Finance Act 2018* and the regulations under this Act.

The financial statements for 2022–23, which form part of the report, have been submitted to and certified by the Auditor-General of New South Wales.

Yours sincerely



Tom Gellibrand
Chief Executive

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Overview

About us

Infrastructure NSW provides independent, evidence-based advice to the NSW Government on infrastructure investment and prioritisation. We were established under the *Infrastructure NSW Act 2011*.

Infrastructure NSW's core functions include providing independent and strategic advice to ensure infrastructure investment decisions are underpinned by robust assessment and long-term planning; monitoring NSW's infrastructure program through independent reviews and expert analysis; recommending infrastructure projects to the NSW Treasurer for funding from the Restart NSW Fund; and managing the procurement and delivery of nominated priority projects. Infrastructure NSW is also responsible for the development of the Barangaroo and Blackwattle Bay precincts.

Machinery of Government Changes

Following the NSW State Election in March 2023 and the swearing in of the Minns Ministry in April 2023, Infrastructure NSW was transferred to the Treasury Cluster, with joint administration from both the Treasurer and Premier of the *Infrastructure NSW Act*.

In May 2023 The Hon. Stephen Kamper, Minister for Lands and Property was provided responsibility for the activities of Projects NSW, including functions carried out under Part 5 of the *Infrastructure NSW Act*, the *Barangaroo Act 2009* and *Growth Centres (Development Corporations) Act 1974*.

An Administrative Arrangements Order made on 21 June 2023 transferred the Hawkesbury-Nepean Flood Risk Management Strategy team from Infrastructure NSW to the NSW Reconstruction Authority, effective 1 July 2023.

Governing Acts

Infrastructure NSW was established in July 2011 under the *Infrastructure NSW Act 2011*. The Act tasks Infrastructure NSW with the following functions:

- a) to prepare and submit to the Minister a 20-year State infrastructure strategy
- b) to prepare and submit to the Minister 5-year infrastructure plans and other plans requested by the Minister
- c) to prepare and submit to the Minister sectoral state infrastructure strategy statements
- d) to prepare project implementation plans for major infrastructure projects
- e) to review and evaluate proposed major infrastructure projects by government agencies or the private sector and other proposed infrastructure projects (including recommendations for the role of Infrastructure NSW in the delivery of those projects)
- f) to oversee and monitor the delivery of major infrastructure projects and other infrastructure projects identified in plans adopted by the Minister
- g) to carry out or be responsible for the delivery of a specified major infrastructure project in accordance with an order of the Minister under Part 5 of the Act
- h) to assess the risks involved in planning, funding, delivering and maintaining infrastructure, and the management of those risks
- i) to provide advice to the Minister on economic or regulatory impediments to the efficient delivery of specific infrastructure projects or infrastructure projects in specific sectors
- j) to provide advice to the Minister on appropriate funding models for infrastructure

- k) to co-ordinate the infrastructure funding submissions of the State and its agencies to the Commonwealth Government and to other bodies
- l) to carry out reviews of completed infrastructure projects at the request of the Minister
- m) to provide advice on any matter relating to infrastructure that the Minister requests.

Infrastructure NSW also has functions under the *Barangaroo Act 2009* including:

- a) to promote, procure, facilitate and manage the orderly and economic development and use of Barangaroo, including the provision and management of infrastructure
- b) to promote, procure, organise, manage, undertake, secure, provide and conduct cultural, educational, residential, commercial, transport, tourist and recreational activities and facilities at Barangaroo
- c) to develop and manage the Barangaroo Reserve and public domain so as to encourage its use by the public and to regulate the use of those areas
- d) to facilitate and provide for appropriate commercial activities within the Barangaroo Reserve and public domain that are consistent with their use for cultural, educational and recreational activities and the use and enjoyment of those areas by the public
- e) to promote development within Barangaroo that accords with best practice environmental and town planning standards, is environmentally sustainable and applies innovative environmental building and public domain design
- f) to liaise with Government agencies with respect to the co-ordination and provision of infrastructure associated with Barangaroo
- g) to undertake the delivery of infrastructure associated with Barangaroo or that relates to the principal functions under that Act of Infrastructure NSW.

Under an agreement between Infrastructure NSW and Place Management NSW, from 4 March 2022 Place Management NSW has performed the Barangaroo activation and precinct management functions for Infrastructure NSW.

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Strategy

Chairman and CEO Overview

Throughout 2022-23, Infrastructure NSW continued to provide independent, expert advice to support the NSW Government's infrastructure investment program and to deliver high quality infrastructure through Projects NSW.

The delivery of the Sydney Football Stadium, on time and on budget was a major highlight for the year. The project was awarded an Industry Choice Award and Contractor Excellence at the 2023 Infrastructure Partnerships Australia National Infrastructure Awards, the Best rectangular stadium at the 2022 Stadium Award, and a Large Projects Award at the 2022 Australian Steel Institute NSW/ACT Buildings Awards. Sydney Modern was also delivered on time and on budget, receiving the Sulman Medal for Public Architecture in the 2023 NSW Architecture Awards category. This is the highest accolade in the public architecture category for these awards.

Major construction progress was also made on the Powerhouse Parramatta project including commissioning three cranes, one of which is the largest capacity tower crane in the world. Work also progressed on the Sydney Fish Market project including the highly technical pumping of 100 million litres of water from the cofferdam and beginning construction of the basement structure. The Blackwattle Bay Precinct reached an important milestone with the State Significant Precinct rezoning application approved, and design of a 1.1-hectare waterfront park progressed with community and stakeholder input. Barangaroo has seen a new place to swim in Sydney Harbour introduced at Marrinawi Cove, a design competition announced for Harbour Park, progression of the Central Barangaroo development with Aqualand and art and culture celebrated in the Precinct.

The Hawkesbury-Nepean Valley Flood Mitigation Team achieved significant progress across the 9 outcome areas under the Flood Strategy, including delivery of public awareness campaigns. They also further supported the refinement of the Flood Evacuation Model (FEM) developed in partnership with industry experts, to assess the risk to life associated with the impact of growth and climate change on road evacuation capacity in the Valley.

Major project assurance was a focus during the financial year, with the number of projects in the State's infrastructure program increased by 4.8% year-on-year, and completion of 103 gateway reviews. Investor Assurance developed the annual Trends and Insights Report, and the State of Infrastructure Report 2022-23, which summarises the performance of the NSW Government asset portfolio and highlights risks and opportunities related to service delivery and state outcomes.

Infrastructure NSW continued to administer funding deeds under the NSW Restart program for local and community infrastructure projects on behalf of the NSW Treasurer to ensure that projects were delivered on time and on budget. During the 2022-23 financial year, 29 further projects were funded from the Restart NSW Fund, taking total funding for local and community projects to \$2.47 billion. There were 86 projects completed.

The Women in Construction Program, led by Infrastructure NSW in partnership with the Department of Education, achieved major milestones in its first year. A key initiative includes the launch of the Industry Innovation Program, a grants program which will allocate up to \$10 million over 3 years to eligible construction organisations who are working towards increasing the number of women working in the sector.

In October 2022 Infrastructure NSW released the Decarbonising Infrastructure Delivery discussion paper, outlining principles and actions to reduce emissions associated with infrastructure delivery. Significant progress was made in progressing initiatives outlined in the Discussion paper, with Infrastructure NSW being recognised as leading on this work. Additionally Infrastructure NSW published the [NSW Roadmap for digitalising planning, design, construction and operation of infrastructure](#). This Roadmap provides the overarching framework for NSW Government to transform the way information is created, managed, and used throughout the entire infrastructure lifecycle.

From April to June 2023, Infrastructure NSW supported the Government's Strategic Infrastructure Review, led by an independent expert, Ken Kanofski. The Review considered the State's infrastructure pipeline against fiscal conditions, the new Government's priorities, and market conditions.

The year ahead

In 2023-24, Infrastructure NSW will look to advance its work in the decarbonisation of infrastructure, with further development of tools and resources for both industry and government. A focus will also be on assisting with housing priorities and working with agencies to ensure strategic infrastructure planning goals are supported. Our role as an advisor on major government projects will continue to be of significance, and we will do this through expert advice, priority project delivery, oversight of the state's infrastructure pipeline and precinct delivery.

We will focus on our leadership role across government, leveraging our expertise and experience to bring other agencies together to influence outcomes and ensure a coordinated approach to infrastructure delivery.



Graham Bradley AM
Chairman



Tom Gellibrand
Chief Executive

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Operations and Performance

The year in review: Infrastructure NSW achievements

Strategy, Planning and Innovation

The Strategy, Planning and Innovation division provides strategic, expert advice to Government on the State's infrastructure needs and priorities.

Highlights

Strategic Infrastructure Review

From April to June 2023, Infrastructure NSW supported the Government's Strategic Infrastructure Review, led by Ken Kanofski. The Review considered the State's infrastructure pipeline against fiscal conditions, the new Government's priorities, and market conditions. It also identified reform areas for the Government's consideration, including opportunities to better align housing with infrastructure delivery and more efficient decision making.

Decarbonisation of infrastructure delivery

In October 2022, Infrastructure NSW released the Decarbonising Infrastructure Delivery Discussion paper, outlining principles and actions to reduce emissions associated with infrastructure delivery. Industry strongly supported the paper and Infrastructure NSW's key workstreams to prepare a policy for NSW Government infrastructure agencies, a consistent measurement approach, and a regulatory measure (jointly with the EPA).

Infrastructure NSW leadership in this area is now widely recognised across the country. Given the significant progress made, the embodied emissions measurement workstream has been approved by the Federal Infrastructure and Transport Ministers for national adoption. Similarly, industry and national stakeholders have welcomed Infrastructure NSW's recently released draft policy.

Digitalisation of infrastructure planning and delivery

The 2022 State Infrastructure Strategy recommended that NSW Government work to drive widespread adoption and use of digital practices and tools applied throughout the infrastructure lifecycle. Subsequently, in November 2022 Infrastructure NSW published the [NSW Roadmap for digitalising planning, design, construction and operation of infrastructure](#). This Roadmap provides the overarching framework for NSW Government to transform the way information is created, managed, and used throughout the entire infrastructure lifecycle. Since the Roadmap's release, Infrastructure NSW has been developing a whole of NSW Government Infrastructure Digitalisation Implementation Program to achieve the objectives of the Roadmap.

Construction Leadership Group (CLG)

The *NSW Government Action Plan: A 10 point commitment to the construction sector* recognises that the NSW Government can only achieve its ambitious infrastructure objectives in partnership with the construction industry. The 10 Point Commitment is implemented through the Construction Leadership Group, a forum coordinated by Infrastructure NSW. It sees government agencies work closely with industry to align the infrastructure pipeline with what the market can deliver in a timely and cost-effective way and share learnings and best practice across industry and agencies.

Key achievements of the NSW Government via the Construction Leadership Group over 2022-23 are outlined below:

- Release of the 2022 Progress Report to provide transparency and document progress against the 10 Point Commitment. This process involved collaboration with peak construction industry bodies.
- Development of digital reporting dashboard to simplify reporting against the 10 Point Commitment.
- Regular updates to NSW Major Project Pipeline to promote transparency and visibility of upcoming procurements.
- Quarterly Contractor Performance Reporting to monitor delivery of the major infrastructure portfolio.
- Monthly CLG Case Study Forum showcasing lessons learned and best practices in government infrastructure projects.
- Partnership with industry on Draft Construction Industry Culture Standard via Construction Industry Culture Taskforce (CICT).
- Regular programmed engagement with Tier 1 contractors and other jurisdictions including Victorian and Queensland government representatives via the Construction Industry Leadership Forum (CILF).
- Coordination and liaison with infrastructure agencies on behalf of State Recovery Committee via the Infrastructure Recovery Sub-Committee.
- Lessons Learned Report including recommendations for improvements in resilience and infrastructure policy coordination.
- Support for creating new organisations: Northern Rivers Reconstruction Corporation and NSW Reconstruction Authority.

Women in Construction Program

Infrastructure NSW is leading the Women in Construction Program, a NSW Government investment of \$20.2 million to attract and retain more women into the construction industry.

Key achievements of the Women in Construction Program over 2022-23 are outlined below.

- Increasing targets for women in trade and non-traditional roles on major government infrastructure projects and supporting industry to meet these targets. This includes appointment of up to 15 Project Officers to support these efforts. Eight Project Officers are already on site and early reporting indicates that women in non-traditional roles is meeting the 7% target and women in trades is currently at 3%.
- Launch of the Industry Innovation Program: a grants program which will allocate up to \$10 million over 3 years to eligible construction organisations. Year 1 of the Program will allocate over \$3.5 million to 21 construction industry organisations that will pilot innovative ideas to increase the number of women working in construction, improve workplace culture, create inclusive and safe work environments, and empower women in leadership roles.
- Establishment of an Industry Advisory Group to provide on the ground industry perspective and insights from unions, subcontractors, head contractors, associations including both men and women in executive and non-executive roles.
- Launch of the Women in Construction website which outlines key career path information for parents and students, acts as a key resource for industry and employers, and shares stories from women currently working in the sector.
- Development of a campaign to influence positive behaviours and highlight the benefits of diversity on construction sites.

- Partnering with the Culture in Construction Taskforce (CICT) to improve industry culture and workplace flexibility, including piloting the 5-day work week on select major government infrastructure projects.
- Formal exemption under relevant provisions of the *Anti-Discrimination Act NSW* provided by the NSW Attorney-General.

Investor Assurance

Investor Assurance provides independent assurance of agencies' asset management and implementation of asset improvements. Investor Assurance works with agencies to uplift capability and provide advice to Government on risks and opportunities.

The NSW Government established the [Infrastructure Investor Assurance Framework](#) (IIAF) within Infrastructure NSW to apply independent assurance on the state's portfolio of capital infrastructure programs and projects through the NSW Gateway Review System.

The IIAF's primary objectives are to ensure that government's key infrastructure programs and projects are delivered on time and on budget and provide early warning of any emerging issues.

The IIAF applies a tiered risk-based approach to assurance. Most scrutiny is applied to High-Profile High-Risk (HPHR or Tier 1) projects and the lowest level of assurance is applied to Tier 5 projects. The IIAF was modified in 2021-22 to include a fifth tier of projects accounting for projects falling below \$10 million in value. These projects are not risk tiered and no assurance activity is mandated.

Highlights

Trends and Insights Report

To remain effective at shaping how the State's public sector delivers major public infrastructure, the Infrastructure Investor Assurance function must keep evolving. Continuous improvement is critical, and lessons learned play an important role in improving outcomes on future projects.

Each year, Infrastructure NSW analyses information collected during the investor assurance process and provides the NSW Government with a Trends and Insights Report.

The 2022 report analyses the performance of the NSW Infrastructure Program of capital projects and programs each year. Throughout FY22, 138 reviews were completed on 101 projects, which resulted in over 1,500 'Critical' and 'Essential' recommendations. The report assesses the progress made in addressing key drivers of risk, and highlights opportunities to further increase the confidence in the successful delivery of a sustainable infrastructure legacy for the people of NSW. The 2022 Trends and Insights Report is available on Infrastructure NSW's website¹.

Improving outcomes on projects

Investor Assurance, in collaboration with the Construction Leadership Group, reviewed the Commercial Principles on Escalation Risk for Infrastructure Projects. The Principles present best practice guidelines for agencies facing inflationary pressures on their projects. They apply to projects in planning and procurement until June 2024.

To support the sharing of lessons learnt across project teams in delivery agencies, the Team hosted an in-person Co:Lab in August 2022. The event saw 65 participants from agencies and Infrastructure NSW's expert review panel.

¹ 2022 Trends and Insights Report, available at: <https://www.infrastructure.nsw.gov.au/media/icfpclx4/insw-trends-insights-2022.pdf>

Enhancing the Assurance Portal

The NSW Assurance Portal is a web-based application that provides a single point of access for the government to report and monitor the performance of capital projects and the agencies' compliance with the requirements of the asset management policy.

In 2022-23, the team made major improvements to the Portal. These enhancements improve the efficiency and effectiveness of the Investor Assurance process and provide the government with deeper insights into the performance of its projects and assets.

State of Infrastructure Report 2022-23

Infrastructure NSW is leading asset management reform across the state to optimise the management, performance, and use of the State's assets.

In 2022/23 Infrastructure NSW conducted a review of the NSW Government asset portfolio and produced findings and recommendations outlined in the State of Infrastructure Report. The Report uses agencies' asset planning documents to assess the performance of the NSW Government asset portfolio (written down value of \$450 billion). It covers 44 NSW Government agencies, as well as the rail assets of TAHE.

The Report highlights risks and opportunities related to service delivery and state outcomes and a version is available on Infrastructure NSW's website².

Projects NSW

Projects NSW is responsible for overseeing the design, planning, procurement, and delivery of selected major projects on behalf of the NSW Government. Throughout 2022-23, Projects NSW was responsible for the planning and delivery of 6 major projects and 2 major precinct renewals with a combined capital investment value at over \$3.2 billion including:

- The Sydney Football Stadium Redevelopment
- Sydney Modern
- Powerhouse Parramatta
- The new Sydney Fish Market
- Powerhouse Ultimo Revitalisation
- Penrith Stadium Redevelopment
- Barangaroo Precinct Renewal
- Blackwattle Bay Precinct Renewal.

Highlights

Throughout the reporting period, significant progress was made on each of the projects and precincts. Some of the key achievements from the reporting period include:

- Delivery of the **Sydney Football Stadium**, on time and on budget.
- Sydney Football Stadium Redevelopment winning:
 - Industry Choice Award and Contractor Excellence at the 2023 Infrastructure Partnerships Australia National Infrastructure Awards
 - Best rectangular stadium at the 2022 Stadium Awards
 - Large Projects Award at the 2022 Australian Steel Institute NSW/ACT Buildings Awards.

² State of Infrastructure Report 2022-23 available at: <https://www.infrastructure.nsw.gov.au/media/oznlai5/insw-state-of-infrastructure-report-2022-23.pdf>

- Delivery of **Sydney Modern**, on time and on budget.
- Sydney Modern receiving the esteemed Sulman Medal for Public Architecture in the 2023 NSW Architecture Awards category. This is the highest accolade in the public architecture category for these awards.
- Major construction progress on the **Powerhouse Parramatta** project including commissioning three cranes, one of which is the largest capacity tower crane in the world. In an Australian-first, all three cranes are powered by 100% renewable diesel marking a critical transition towards fossil fuel-free construction.
- Major construction progress on the new **Sydney Fish Market**, including the highly technical pumping of 100 million litres of water from the cofferdam, and beginning construction of the basement structure.
- Large scale community consultation on the design of the future Harbour Park in **Barangaroo**, and the launch of a Design Competition to appoint a design team.
- Installing safety netting, railings, signage and amenities in Marrinawi Cove, which proved to be a popular swimming spot with locals and visitors.
- Finalising a concept design for the fit-out of the Cutaway, which will span three levels inside the existing Cutaway space and include event and gallery spaces, a dedicated First Nations education space, back-of-house areas, amenities, offices and ancillary retail and café.
- Receiving approval of the **Blackwattle Bay State Significant Precinct** rezoning application, providing a planning framework to revitalise the 10.4ha precinct which includes the existing Sydney Fish Market site.
- Progressing design for the future Bank Street Park, which included large scale consultation in February 2023. Three design concepts were presented to the community and stakeholders, each considering the feedback heard during the previous consultation. The community recognised the genuine consultation and engagement events were well attended.

Restart NSW

Under the Restart NSW Fund Act 2011, Infrastructure NSW is responsible for assessing projects for funding from the Restart NSW Fund and making recommendations to the NSW Treasurer.

Restart NSW funds are used to deliver infrastructure that will improve the state's economic growth and productivity. They include NSW Government agency-led infrastructure projects and local and community infrastructure projects delivered by local government, non-government organisations and other entities, most of whom have participated in a submission-based application process through targeted funding programs. Thirty per cent of Restart NSW funding is targeted at regional and rural areas (outside the metropolitan areas of Sydney, Newcastle and Wollongong) over the lifetime of the fund.

New infrastructure projects considered for funding are subject to a rigorous selection process. Projects must be supported by a sound business case showing the project is economically justified.

The key components of the project assessment framework are:

- A strategic assessment to ensure the project aligns with the Restart NSW Fund Act 2011 criteria and NSW Government priorities.
- An economic assessment to ensure the project will improve economic growth and productivity (demonstrated by a benefit-cost ratio greater than 1).
- Confirmation that the project has successfully completed the appropriate business case development processes, including, where appropriate, relevant assurance review processes.

Highlights

Infrastructure NSW administers funding deeds for local and community infrastructure projects on behalf of the NSW Treasurer to ensure that projects are delivered on time and on budget.

During 2022-23 financial year, 29 further projects were funded from the Restart NSW Fund, taking total funding for local and community projects to \$2.47 billion. There were 86 projects completed.

Further details of Restart NSW funding approved in 2022-23, including funding for NSW Government projects, is outlined in the NSW Budget Papers.

Hawkesbury-Nepean Valley Flood Risk Management

The Hawkesbury-Nepean Valley (HNV) has the highest unmitigated flood risk exposure in Australia which is expected to increase in the context of climate change and permissible development. The risk is real for the more than 140,000 people who live and/or work in the Valley. The Hawkesbury-Nepean Flood Risk Management Strategy was launched in 2017 to manage the Valley's flood risk, with the program of work being led by the Hawkesbury-Nepean Flood Risk Management Directorate.

An Administrative Arrangements Order made on 21 June 2023 transferred the Hawkesbury-Nepean Flood Risk Management Strategy team from Infrastructure NSW to the NSW Reconstruction Authority, effective 1 July 2023.

Highlights

Continuing to deliver an extensive community education and outreach program to increase flood awareness and preparedness, involving:

- Development of a Flood Emergency Plan template for HNV caravan parks, in partnership between HNVFRM Directorate, NSW SES, local SES volunteers and local councils.
- Completion of 2 rounds of flood warning research – including a whole suburb-based evacuation behaviour study – leading to key insights around flood risk and development of an innovative campaign targeting flood evacuation behaviour.
- Design and delivery of a new in-language campaign targeting the top 12 multilingual communities in the HNV to spread awareness about the risk of floods and to help people prepare. The campaign achieved strong results for targeted communities with over 3.5 million social media impressions delivered during the campaign.
- Delivery of a quantitative community sentiment survey on floods in the HNV to track and establish new community outcome indicators following a series of high-profile flooding events during 2021 and 2022.
- Delivery of further rounds of 'Floods. What's your plan?' and the 'Get Ready Animals' public awareness campaigns to help raise awareness and preparedness for flooding across the HNV.

Improving understanding of flood risk using the latest data and science available. This included:

- Collecting hydrologic data following a major flood in July 2022 – the highest at Windsor since 1978 and the highest at Wisemans Ferry since 1889. As with the earlier major floods in March 2021 and March 2022, this data was used to validate the flood models being developed for the Hawkesbury-Nepean River Flood Study.
- Running flood mitigation scenarios through the models to see what difference various risk reduction measures would have made to downstream flooding (this constituted supplementary information to the Warragamba Dam Raising EIS).

- Preparing the March and July 2022 Floods Review: Hydrology, Riverbank Erosion, and Flood Mitigation Scenarios report, which described the work above.
- Advancing the Draft 2023 Hawkesbury-Nepean Regional Flood Study.
- Leading an assessment of options to restore Cornwallis Road after severe riverbank erosion in the 2022 floods.
- Completing the *Wianamatta (South Creek) Flood Study Cumulative Impacts Assessment*.

Improving weather and flood predictions to help emergency services and the community respond to flood warnings by:

- Engaging the Bureau of Meteorology to develop and produce a probabilistic flood forecast for the Hawkesbury-Nepean Valley to enable the NSW State Emergency Service to have more intelligence on the potential size of forecast flood events.
- Progressing preparation of a Regional Land Use Planning Response to establish a new land use and settlement strategy for the Valley to help reduce flood risk, consistent with approaches being developed for evacuation road planning.
- Collaborating with Transport for NSW and supporting its development of a Final Business Case for a Road Resilience Program with more than 100 infrastructure improvements at key low points of the flood evacuation road network in the Hawkesbury-Nepean Valley.
- Supporting further refinement of the Flood Evacuation Model (FEM) developed in partnership with industry experts to assess the risk to life associated with the cumulative impact of growth and climate change on road evacuation capacity in the Valley.

Corporate Support Functions

The Corporate Support functions are provided by the Corporate Services Division and Finance and Operations Division.

The Corporate Services Division brings together legal, people and culture, communications and public affairs, industry engagement, community and stakeholder engagement for projects, and audit, risk, and safety. The division provides the secretariat support for the Infrastructure NSW Board.

The Finance and Operations Division brings together finance, procurement and business support, information and communications technology and business systems, and the Restart NSW function.

Highlights

- Leading Infrastructure NSW's Incoming Government Briefs and Machinery of Government Change approaches.
- Transitioning the Hawkesbury-Nepean Valley Risk Management Team and its responsibilities to the NSW Reconstruction Authority.
- Improving policies, systems, processes and training across corporate functions including work health and safety, fraud and corruption, and information management.
- Securing funding outcomes for projects such as Barangaroo, Powerhouse Ultimo and Penrith Football Stadium.
- Accepting transfer from Property NSW of ownership of the existing Sydney Fish Market site.

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- Finalising the transfer of funds and responsibilities for contributions for all major development within the Redfern Waterloo area to Department of Environment and Planning.
- Establishing an appropriate flexible working regime across Infrastructure NSW following removal of COVID-19 arrangements.
- Leading communication strategies for the Women in Construction Program including the establishment of a dedicated website and Industry Advisory Group.
- Supporting the Select Committee Parliamentary Inquiry into Barangaroo Sight Lines with both Legal and Parliamentary Services inputs.
- Providing expert communication and engagement advice and support to the Projects NSW division including leading large-scale strategic communications and engagement initiatives for the Penrith Stadium Redevelopment, the Powerhouse Ultimo Stage 2 State Significant Development Application, the Cutaway fit-out and Harbour Park in Barangaroo and Bank Street Park in Blackwattle Bay.

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Management and Accountability

Management and Structure

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

The Board

The Board provides general policies and strategic direction for Infrastructure NSW as well as advice to the Minister and CEO of Infrastructure NSW on infrastructure matters. It comprises an independent Chairman and 5 private sector members with relevant infrastructure sector experience, all appointed by the Minister, and the heads of the departments of Premier and Cabinet (now known as The Cabinet Office and the Premiers Department) Planning and Environment, and the NSW Treasury.

Graham Bradley, AM **Chairman**

Graham Bradley is the Chairman of Infrastructure NSW, appointed in July 2013. As a professional company director, Graham is chairman of United Malt Group Limited, Shine Justice Limited, Virgin Australia International Holdings, Ensemble Limited and Waveconn Group Holdings Management Pty Ltd).

In March 2020 Graham retired as chairman from GrainCorp Limited. In October 2020 Graham retired after 16 years as Chairman and director of HSBC Bank Australia Limited. In April 2022 Graham retired from Energy Australia Holdings Limited and in June 2022 he retired from The Hongkong and Shanghai Banking Corporation Limited. Graham was managing director of Perpetual Limited from 1995-2003. Prior to joining Perpetual, Graham was national managing partner of leading national law firm, Blake Dawson (now Ashurst). Before this, Graham was a partner of McKinsey & Company, a leading international firm of management consultants.

Graham was President of the Business Council of Australia from 2009-2011 and Vice President from 2011-2012. He was Deputy President of the Takeovers Panel from 2006-2013. He is a member of the Advisory Council of the Australian School of Business at UNSW and a director of the European Australian Business Council.

Graham also devotes time to a range of non-profit organisations, including the State Library of NSW. Graham was made a member of the Order of Australia in 2009 in recognition of his contribution to business, medical research and the arts.

Simon Draper, PSM **Chief Executive Officer, Infrastructure NSW**

Appointed in April 2019 by virtue of his position within the NSW public service and consistent with the *Infrastructure NSW Act 2011*.

Simon Draper joined Infrastructure NSW in April 2019. As part of his role, Simon led the development of the 2022 State Infrastructure Strategy, providing a 20-year horizon of project and policy recommendations to Government.

Simon has previously served as Secretary of the Department of Industry, Deputy Secretary, Economic Policy Group at the Department of Premier and Cabinet and as a Tribunal Member at the Independent Pricing and Regulatory Tribunal. Prior to joining Government, Simon has extensive senior executive management experience in infrastructure and utility companies. He is a former CEO of Lumo Energy, Chief Executive Officer of Wellington Airport in New Zealand, General

Manager Commercial at Integral Energy and Chief Executive Officer of Northern Territory Airports. Simon has a Bachelor of Economics (Hons) from Sydney University, a Master of Business (Finance) from UTS and has completed the Company Directors Course of the Australian Institute of Company Directors. In 2022 Simon was awarded the Public Service Medal for outstanding public service for his role leading the NSW Government construction sector response to the COVID19 pandemic.

Simon left Infrastructure NSW in February 2023.

Janine Lonergan

Acting Chief Executive Officer, Infrastructure NSW

Appointed in February 2023 by virtue of her position within the NSW public service and consistent with the *Infrastructure NSW Act 2011*.

Janine Lonergan has worked in the NSW Government for more than 25 years. She has been at Infrastructure NSW since 2019 and has been acting Chief Executive of Infrastructure NSW since February 2023.

Prior to Infrastructure NSW Janine led the Office of the Secretary at the NSW Department of Industry.

Janine has spent most of her public sector career as a lawyer, leading legal teams in the areas of legal advice, statutory interpretation and legislative reform across diverse subject matter areas including water and primary industries.

Janine was part of the winning team in the 2022 Premier's Awards for the "Strong Economy" category, with the Team being recognised for its role in the construction industry shutdown response. She was an integral leader in the construction industry reopening throughout the COVID shutdowns.

Janine returned to her substantive role as Executive Director of Corporate Services in October 2023

Michael Coutts-Trotter

Secretary, NSW Treasury

Appointed in October 2021 by virtue of his position within the NSW public service and consistent with the *Infrastructure NSW Act 2011*

Michael Coutts-Trotter was first appointed to head a NSW Government department in 2004 and has since led seven agencies. He is now the Secretary of the NSW Treasury.

Before joining the public service, Michael was chief of staff to a NSW Treasurer for seven years. Michael is a fellow of the Institute of Public Administration of Australia.

Kiersten Fishburn

Secretary of Planning, Industry and Environment

Appointed in May 2023 by virtue of her position within the NSW public service and consistent with the *Infrastructure NSW Act 2011*.

Kiersten Fishburn is the Secretary of the Department of Planning and Environment. In her role, Kiersten oversees a diverse portfolio spanning our natural resources and the environment, heritage, planning, land and housing, and local government.

Kiersten has worked in the public service for two decades, across multiple portfolios and two tiers of government.

She brings great enthusiasm and energy to her roles. She's widely ambitious and passionate about delivering thriving environments, communities and helping NSW achieve its full potential.

Most recently, Kiersten was Deputy Secretary, Cities & Active Transport at Transport for NSW, focusing on ensuring our cities and neighbourhoods are integrated with transport, making places, streets and open spaces functional, beautiful, inclusive and inviting for all to enjoy.

Prior to joining Transport, Kiersten led the Planning Delivery Unit (PDU) in the Department of Planning Industry and Environment. She was also the CEO of Liverpool City Council and held leadership roles with Casula Powerhouse Arts Centre and Accessible Arts and City of Sydney.

Peter Duncan AM

A/Secretary of the NSW Department of Premier and Cabinet (DPC)

Appointed in April 2023 by virtue of his position within the NSW public service and consistent with the *Infrastructure NSW Act 2011*.

Peter Duncan was appointed as the Acting Secretary of the NSW Department of Premier and Cabinet in April 2023, and was responsible for the creation of the Cabinet Office and the Premier's Department.

Peter has over 40 years' experience in government and infrastructure, working at local, state and national levels.

He has worked as Chief Executive in areas such as transport, infrastructure, forestry, parks, maritime, technology and services. He has held various senior public sector roles including in local government, Premier and Cabinet, Transport for NSW, Primary Industries and for the Olympic Coordination Authority.

Peter is a National Fellow of Institute of Public Administration Australia and a Companion of the Institute of Engineers Australia.

Peter's role on the Board concluded in September 2023.

Marika Calfas

Private Sector Member

Appointed in November 2018.

Marika Calfas is the Chief Executive Officer of NSW Ports, the private sector organisation responsible for managing Port Botany and Port Kembla and the intermodal terminals at Cooks River and Enfield in New South Wales, Australia.

Marika has over 20 years' experience in the port sector across a range of portfolio areas including port planning and development, infrastructure management, strategy, sustainability and environment.

Marika is passionate about driving efficiency across port supply chains, informing the wider community and decision makers of the importance and value of ports to our lives and the economy, and identifying new opportunities to build supply chain system productivity and resilience.

Marika represents the sector advising government on industry reform agendas including the Federal Government's Simplified Trade System Industry Advisory Committee. She is also a Director of TT Club, an international insurer for the transport and logistics industry, Deputy Chair of Ports Australia and Infrastructure Partnerships Australia, Council member of the Australian Logistics Council and Australia's representative to PIANC's (International Waterborne Transport Association's) Environmental Commission.

Marika holds an Engineering Degree (Environmental), Master of Engineering Management and Master of Environmental Law.

Simone Constant

Private Sector Member

Appointed in November 2022.

Over the course of her career in the public and private sectors, Simone Constant has established herself as a leader in finance and investment, asset management, legal and governance, and risk strategy. Currently Simone is Chief Risk Officer for Institutional Banking and Markets and Treasury at Commonwealth Bank Australia (CBA).

Prior to joining CBA, Simone drove a step change in first line risk, customer focus, compliance and conduct outcomes for NAB's Institutional Bank. Simone has also had made an outstanding contribution to the public sector including as lead Deputy Secretary on the Department of Education COVID Taskforce and as Deputy Secretary for NSW Treasury.

During her public sector career, she transformed the state's financial risk and financial management policy, systems, frameworks, and capability. Prior to joining the public sector, Simone held senior roles at Access Capital, ABN AMRO, Freehills, Freshfields and Babcock and Brown.

Kerrie Mather
Chief Executive Officer, Venues NSW

Appointed 5 November 2018.

Kerrie is responsible for the world-famous Sydney Cricket Ground, Accor Stadium, Allianz Stadium, Accor Stadium, CommBank Stadium, McDonald Jones Stadium, WIN Stadium, Newcastle Entertainment Centre, and WIN Entertainment Centre.

Kerrie is a well-respected leader with significant experience in developing and running major infrastructure assets with complex operations and consumer facing businesses, in Australia and internationally.

She was Managing Director and Chief Executive Officer of Sydney Airport from 2011, one of the top 25 airports in the world serving 45 million passengers a year.

Previously, she was Chief Executive Officer of Macquarie Airports, the largest global airport owner and operator and ASX Top 20 company since 2002. Prior to that, she was an Executive Director of Macquarie Group in their infrastructure business, working with both Government and private sector clients. She has extensive experience in infrastructure and privatisations having worked across a range of sectors including regulated assets, transport, utilities, and social infrastructure.

Kerrie retired from the board in August 2023.

Roger Fletcher
Private Sector Member

Appointed in July 2011.

Roger Fletcher is Managing Director of Fletcher International Exports, a company that exports sheep meats, wool, and grain to more than 90 countries worldwide and farms sheep, wheat and cotton and operates an intermodal freight facility in regional NSW. Roger is also a board member of the Australian Meat Industry Council.

Roger retired from the board in July 2023.

Rod Pearse OAM
Private Sector Member

Appointed in July 2011.

Rod Pearse is a Board member of O'Connell Street Associates.

Rod was CEO of Boral Limited (2000 to 2009), a Board Member of the Business Council of Australia (2003 to 2009), a member of the WestConnex Delivery Authority and Sydney Motorway Corporation Board (2013 to 2018) and a member of the COAG Reform Council Expert Panel on Cities (2010 to 2012). Rod was awarded an Order of Australia (OAM) medal for services to Youth in 2009.

Rod retired from the board in July 2023.

Board members who retired during the 2022-23 period

Michael (Mick) Cassel

Secretary, the former NSW Department of Planning, Industry and Environment

Appointed December 2021 by virtue of his position within the NSW public service and consistent with the *Infrastructure NSW Act 2011* and concluded May 2023.

Dr Paul Grimes

Secretary, NSW Treasury

Appointed January 2022 by virtue of his position within the NSW public service and consistent with the *Infrastructure NSW Act 2011* and concluded April 2023.

Board meetings

There were 11 Board meetings in 2022-23 and meeting attendance is shown below.

Table 1, Infrastructure NSW 2022-23 meetings

Board member	Meetings held while a member was in office	Meetings attended
Graham Bradley, AM (Chair)	11	11
Roger Fletcher	11	11
Rod Pearse, OAM	11	11
Marika Calfas	11	10
Kerrie Mather	11	9
Michael Coutts-Trotter	10	4
Michael Cassel	10	8
Dr Paul Grimes PSM	9	9
Simon Draper	7	7
Simone Constant	5	4
Janine Lonergan	4	4
Peter Duncan AM	2	1
Kiersten Fishburn	1	1

Audit and Risk Committee

There were 5 Audit and Risk committee meetings in 2022-23 and meeting attendance is shown in table 2.

Table 2, Audit and Risk Committee 2022-23 meetings

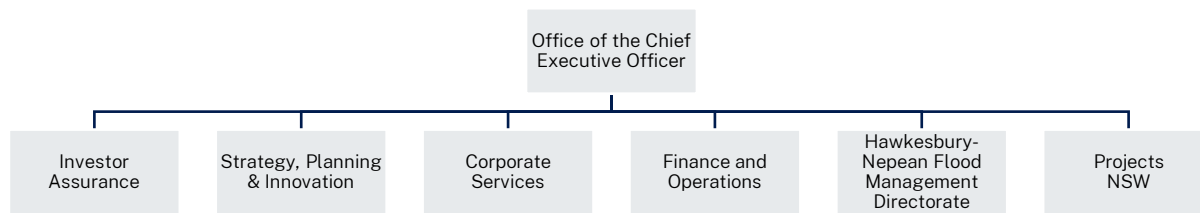
Audit and Risk Committee member	Meetings held while a member was in office	Meetings attended
Peter Duncan (Chair)	4	4
Glenn Turner	5*	5*
Kerrie Mather	5	5
Akiko Jackson	5	5
Marika Calfas	5	3

Audit and Risk Committee members that retired during 2022-23

Peter Duncan resigned in April 2023 following his appointment as A/Secretary of the NSW Department of Premier and Cabinet.

*Glenn Turner served as interim Chair following Peter's departure.

Organisation Structure



Senior management team

Infrastructure NSW has a small team of talented and experienced staff who are working to deliver the functions of the organisation. The senior management team is detailed below.

Simon Draper, PSM
Chief Executive Officer

Experience as outlined in the Board section. Simon left Infrastructure NSW in February 2023.

Tom Gellibrand
Chief Executive Officer – appointed October 2023
Former Head of Projects NSW

Prior to joining Infrastructure NSW, Tom was the Acting CEO of Sydney Metro and oversaw the successful delivery of all aspects of the Metro program, including projects under construction and in planning.

During a career spanning 30 years, Tom has held senior executive positions in the areas of strategic urban, transport and infrastructure planning. He has also led infrastructure delivery at both the state and local government level. This work has involved the coordination of the private and public sectors in the planning and development of land, the provision of urban services, and the successful delivery of major utility, transport, and social infrastructure.

Janine Lonergan
Executive Director Corporate Services

Experience as outlined in the Board section. Janine moved from her substantive role of Executive Director Corporate Services to Acting Chief Executive in February 2023 and returned in October 2023. Jaime Carragher and Kelly Goodwin acted in the Executive Director Corporate Services role throughout February 2023 – June 2023.

Marina Van Der Walt
Head of Assurance

Marina joined Infrastructure NSW in 2017 and led the Investor Assurance team to ensure major capital projects were delivered in a timely and cost-efficient way through the implementation of the NSW Infrastructure Investor Assurance Framework. Marina's team was also responsible for ensuring the NSW Government's ~\$400 billion asset portfolio remains adaptable to changing service needs and is resilient to shocks and stresses, through implementation of Asset Management Assurance.

As an executive leader who has worked in the finance and public administration sectors for more than 20 years, Marina has expertise in the strategic management of mega infrastructure portfolios, including the planning, commissioning, procurement, and execution of tailored commercial arrangements for large infrastructure and service projects across sectors, in Australia and Africa.

Marina has previously held senior roles at NSW Treasury, PricewaterhouseCoopers and HSBC.

Marina left Infrastructure NSW in November 2022.

Rene Burkart
Head of Investor Assurance

Specializing in civil engineering, Rene has mastered every phase of project development — from conceptualization and execution to long-term asset stewardship. His expertise also extends into program management.

His portfolio is peppered with pivotal projects across NSW, such as the client-side overview of the upgrade of the Pacific Highway on the North Coast and several major initiatives on the Central Coast. Adding a global dimension to his career, Rene spent a year contributing to Germany's high-speed ICE construction program.

Initially joining the Assurance Division at Infrastructure NSW, Rene later transitioned into project delivery. He spearheaded the creation of the Project Management Office within Projects NSW. Eventually, he took the reins as Project Director for the Walsh Bay Arts Precinct, overseeing its concluding phases. Rene transferred from the Project Management Office to the Head of Investor Assurance in February 2023.

Said Hirsh
Head of Strategy, Planning and Innovation

Said is responsible for the 20-year State Infrastructure Strategy, development of 5-year infrastructure plans, and providing independent advice to government on strategic infrastructure issues, policies and opportunities.

Said has extensive experience advising on government infrastructure strategy, policy and projects in Australia, the UK and globally. He has provided economic, financial and commercial advice on many major infrastructure projects, land use, and smart cities proposals, and has also worked extensively on developing broad sector and cross-sector plans.

Prior to Infrastructure NSW, Said had leadership roles with Deloitte and KPMG across engagements with several government departments on infrastructure program development and delivery.

Maree Abood
Head of Hawkesbury-Nepean Valley Flood Risk Management Directorate

Maree has extensive experience in public sector water and natural disaster policy, and infrastructure planning and delivery of state significant programs and policies in both the Sydney metropolitan and NSW regional areas.

Maree joined Infrastructure NSW in 2014 to head up the Hawkesbury-Nepean Valley Flood Management Taskforce. In 2016 she was awarded the Premier's Award for Excellence in Public Service for Building Infrastructure for leading the delivery of the Hawkesbury-Nepean Flood Risk Management Strategy.

Maree was responsible for the oversight and implementation of the whole-of-government Resilient Valley, Resilient Communities – Hawkesbury-Nepean Valley Flood Risk Management Strategy. She represents Infrastructure NSW on several water and state emergency management committees.

Maree left Infrastructure NSW in July 2023 following a transition to the NSW Reconstruction Authority.

Matt Conrow
Chief Financial and Operating Officer

Matt joined Infrastructure NSW in March 2020. He was responsible for key internal business activities, including financial and commercial performance, business systems and process improvement, procurement, information technology and administration of the Restart NSW Fund.

Matt is passionate about transforming support and governance functions to unlock additional value for the people of NSW. Prior to joining Infrastructure NSW, Matt spent over a decade in key financial management roles across the private and public sectors, most recently as Chief Financial Officer at Service NSW and NSW Treasury. In these roles he was heavily involved in the innovation and reform of State financial management, as well as promoting a customer-centric approach to the provision of corporate and shared services.

Matt left Infrastructure NSW in March 2023.

Alex Karpouzis
Acting Chief Financial and Operating Officer

Alex was responsible for key internal business activities, including financial and commercial performance, business systems and process improvement, procurement, information technology and administration of the Restart NSW Fund.

Prior to joining Infrastructure NSW, Alex held various senior finance positions responsible for the financial management, strategic planning, and analysis of large infrastructure delivery. Alex has experience in private and public sectors with roles in banking, local and state government. Alex is passionate about delivering on commercial outcomes and developing high performing and client focused teams.

Alex acted as Chief Financial and Operating Officer from March – July 2023.

Risk Management and Insurance

Risk Management and Internal Audit

Infrastructure NSW has appropriate structures, processes, and controls in place to identify, assess and manage material risks that may impact its organisational objectives.

Under the Audit and Risk Committee Charter adopted by Infrastructure NSW's Audit and Risk Committee, the Committee ensures Infrastructure NSW operates within an appropriate risk management framework consistent with TPP20-08 Internal Audit and Risk Management Policy for the General Government Sector and adapted to organisational specific risks and objectives.

The internal audit function of Infrastructure NSW is supported by external advisors BDO who were awarded a 3-year contract from November 2022, following a competitive tender and evaluation process and expiry of the existing provider's term.

Infrastructure NSW maintains the following documents that demonstrate alignment with TPP20-08:

- INSW Risk Management Guidelines.
- INSW Corporate Risk Register.
- INSW Audit and Risk Committee Charter.
- INSW Internal Audit Charter.

Insurance arrangements

Infrastructure NSW maintains insurable risk cover via the NSW Treasury Managed Fund (TMF) for all corporate insurance requirements including workers' compensation, public liability or other statutory liabilities, property loss and miscellaneous items including business travel cover for Infrastructure NSW employees.

Works insurance and public liability insurance cover for Infrastructure NSW delivered projects is individually procured by Infrastructure NSW using the relevant project fund.

Infrastructure NSW has not been denied any insurable risk cover in the 2022-23 period.

During 2022-23, 2 insurance claims were initiated. These were for an incident on 30 March 2023 at the existing Sydney Fish Markets site in which water damaged a main electrical supply switchboard, and for damage observed during an inspection on 26 March 2023 to sub-sea truss structures forming part of an artificial reef in Waterman's Cove at Barangaroo.

Internal Audit and Risk Management Attestation

Internal Audit and Risk Management Attestation Statement for the 2022-2023 Financial Year for Infrastructure NSW

I, Janine Lonergan, am of the opinion that Infrastructure NSW has internal audit and risk management processes in operation that are, excluding the exemptions or transitional arrangements described below, compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements

Risk Management Framework		
1.1	The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	Compliant
1.2	The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	Compliant
Internal Audit Function		
2.1	The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	Compliant
2.2	The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.	Compliant
2.3	The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	Compliant
Audit and Risk Committee		
3.1	The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	Compliant
3.2	The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	Compliant

Membership

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


Independent members in 2022-23

- Member 1, Kerrie Mather - appointed to a 4 year term from 15 August 2019 to 15 August 2023
- Member 2, Akiko Jackson - appointed to a 3 year term 26 April 2021 to 26 April 2024
- Member 3, Marika Calfas - appointed to a 3 year term 21 June 2021 to 21 June 2024
- Member 4, Glenn Turner - appointed to a 3 year term from 20 July 2021 to 20 July 2024

Independent Chairs in 2022-23

- Chair 1, Arlene Tansey - appointed Chair from 13 November 2019 to 26 July 2022
- Chair 2, Peter Duncan - appointed Chair from 9 September 2022 (resigned 17 April 2023)*
- Chair 3 (interim), Glenn Turner - appointed Interim Chair from 18 April 2023.

* Peter Duncan resigned to take up the Acting Secretary, NSW Dept of Premier and Cabinet position.


 Janine Lonergan
 Acting Chief Executive
 Infrastructure NSW
 Signed on 21/9/2023

Kelly Goodwin
 Acting Executive Director Corporate Services
 Infrastructure NSW
 Agency Contact Officer

Cyber Security

Infrastructure NSW is required to submit the following cyber security reporting to Cyber Security NSW, in line with the NSW Cyber Security Policy. The Policy outlines mandatory requirements to ensure that cyber security risks to our information and systems are appropriately managed.


- Maturity reporting against the mandatory requirements of the NSW Cyber Security Policy
- Cyber security risks with a residual rating of high or extreme, and a list of 'crown jewels' in relation to Infrastructure NSW
- A completed cyber security attestation signed off by the Chief Executive Officer.

Cyber Security Policy Attestation

Cyber Security Annual Attestation Statement for the 2022/2023 Financial Year for Infrastructure NSW

I, Janine Lonergan of Infrastructure New South Wales, am of the opinion that:

- Infrastructure NSW has assessed its cyber security risks and is putting in place systems and processes to further strengthen the cyber security environment in a manner consistent with the mandatory requirements as set out in the NSW Government Cyber Security Policy.
- Risks to Infrastructure NSW information and systems have been assessed and are being managed.
- Infrastructure NSW has a cyber incident response plan which integrates with the business continuity arrangements via the major incident response team; and that this plan has been tested via the cyber security tabletop exercise held in June 2023 and overseen by the Chief Financial and Operating Officer.
- Governance is in place to manage the Infrastructure NSW cyber security initiatives.
- Cyber security incidents, should they occur, are escalated to Cyber Security NSW as required.
- An independent audit of the Infrastructure NSW ISMS was undertaken by Secure Forte.
- An independent assessment of controls against the mandatory requirements of the NSW Cyber Security Policy, including Essential Eight controls, was also undertaken by Secure Forte.


Janine Lonergan Date: 29th August 2023
Acting CEO, Infrastructure NSW

Statutory Reporting

Human Resources

Infrastructure NSW has continued to focus and deliver on key priorities, with its organisational culture remaining strong. Internal HR cadence around performance, learning, upward feedback, reporting and engagement and wellbeing, remain a constant and enabled culture and staff engagement levels to remain high. Open, transparent, and timely communication between leaders and staff also ensured performance, achievement and organisational connection remained. Infrastructure NSW continued to attract a diverse mix of skills and experience to its multi-disciplinary team of professionals.

Hybrid working continues to be part of the way of working. Infrastructure NSW values and supports hybrid working arrangements whilst also recognising the value of in-office attendance for developing relationships, learning from each other, having impromptu conversations, and observing what is happening in the workplace.

As of 30 June 2023, there were 161 employees working for Infrastructure NSW, including a total of 45 senior executives. The table below provides additional information on staff headcount.

Table 3, number of employees by category excluding senior executives – classification level over 3 years.

Employee by Category	30 June 2022		30 June 2023	
	Male	Female	Male	Female
Grade 1-2 or equivalent	0	0	0	0
Grade 3-4 or equivalent	0	0	0	0
Grade 5-6 or equivalent	0	10	1	12
Grade 7-8 or equivalent	4	6	7	14
Grade 9-10 or equivalent	3	10	4	29
Grade 11-12 or equivalent	22	23	21	28
Total number of employees	29	62	33	83

Executive levels and remuneration

Table 4 details the number of executives employed by band and gender, while table 5 details the average remuneration. The tables capture all senior executives who were employed as of 30 June 2023.

In 2022-23, a total of 45.7% of employee-related expenditure was related to senior executive employees. This decrease from 48.9% in the previous year is a result of Infrastructure NSW stabilising its structure to deliver on the government agenda.

Infrastructure NSW has made a continued effort through recruitment and learning and development opportunities to increase the number of females represented in senior executive roles. This reporting period Infrastructure NSW met the Premier's Priority of 50% of senior executives being female, with 51% females in senior executive roles.

Table 4, number of senior executives employed at the end of the reporting year, by band and gender within each band.

Band	2021-22		2022-23	
	Male	Female	Male	Female
Band 3	3	1	3	0
Band 2	9	2	8	6
Band 1	11	17	11	17
Totals	23	20	22	23
	43		45	

Table 5, average remuneration level of senior executives in each band at the end of the reporting year.

Band	Average Remuneration		
	Range	2021-22	2022-23
Band 3	\$361,301 - \$509,250	\$508,670*	\$463,373
Band 2	\$287,201 - \$361,300	\$329,083	\$339,839
Band 1	\$201,350 - \$287,200	\$242,180	\$246,921

*includes 1 position determined by the Statutory and Other Offices Remuneration Tribunal

Personnel policies and practices

Infrastructure NSW provides an engaging **onboarding** experience for new employees which includes first day and corporate induction, as well as a comprehensive compliance training package.

The **myCareer** platform continues to be a pivotal platform for managing HR practices related to recruitment, onboarding, learning, compliance, and performance plans. Streamlining our processes by full utilisation of the system and regular enhancements to the way Infrastructure NSW leverage and use the platform, has provided for efficiency gains.

In November 2022, following consultation with the WHS Committee on proposed changes to the **COVID-19 mitigation** measures, the Infrastructure NSW Executive Leadership team endorsed the COVID-19 Response Team recommendation to revoke the mandatory Infrastructure NSW COVID-19 Vaccination Policy. As a result, staff and visitors no longer needed to show proof of vaccination to attend the workplace, however staff were strongly encouraged to remain up to date with their vaccination status.

Our **Aboriginal Culture Strategy** was developed and published affirming our commitment to creating a culturally safe and capable workforce where Aboriginal employees feel supported, respected, valued, and empowered to pursue their career aspirations.

Following detailed analysis of employee learning and development needs Infrastructure NSW published the **2023 Capability Development Plan** in March 2023. The learning and development offerings are focussed on building the capability of our people in 3 key areas: Communicating Effectively, Change Agility and Influence and Negotiate.

People Matter Employee Survey

Infrastructure NSW has a culture where staff have a voice and feedback is valued and considered. Infrastructure NSW gather feedback through the annual People Matter Employee Survey. The results and responses are considered, shared openly with staff, and form divisional

action plans to actively enhance our culture and make it a great place to work.

Infrastructure NSW had a strong response to the 2022 survey, with an **engagement score of 76%**. Our focus on health and safety also yielded positive results with a 91% favourable score. Our people have a strong sense of job satisfaction evidenced by high levels of job purpose and enrichment and our commitment to strong ethics and values is positively reflected in the results.

Employee wellbeing

Employee wellbeing and engagement is critical to our success and equally as important as our achievements. Our annual calendar of programs and events provided numerous opportunities for our employees to focus on their health and wellbeing. Some of the highlights:

- STEPtember challenge - raising awareness of cerebral palsy while motivating our staff to take 10,000 steps a day.
- Flu vaccination program.
- Sleep Health talk with a recognised sleep health practitioner.
- R U OK? Day provided an opportunity to engage our people on the importance of asking friends, family, and colleagues if they are ok. Infrastructure NSW also provided resources on how to start a conversation.
- Our annual Biggest Afternoon Tea was popular and a way to discuss the importance of cancer prevention.
- Men's health was a feature on the calendar with several staff participating in Movember, a leading charity focussed on men's mental health, suicide prevention, and prostate and testicular cancer.
- A special guest former Paralympian spoke to our people on workplace safety and his experience with a serious workplace accident.

Infrastructure NSW has a strong network of accredited mental health first aiders who are available to support employees, discuss concerns and encourage professional help or pathways for employees in need. Access to confidential counselling is available through our Employee Assistance Program and the Converge International App.

Employee recognition

Recognition is an important element to drive engagement and sense of value. Infrastructure NSW recognises our top performers and employees who epitomise our values in both structured and unstructured ways. Our annual employee awards provide a formal opportunity to recognise our people and they were celebrated at our end of year event.

Industrial relations

There were no industrial disputes lodged and no working time was lost to industrial disputes during the year. Infrastructure NSW has continued a consultative partnership with the Public Service Association regarding change programs, employee entitlements and individual staffing matters.

Annual report production

The production and printing cost for the 2022–23 Annual Report was nil. A PDF version of the report can be downloaded at www.infrastructure.nsw.gov.au.

Responding to consumers

Infrastructure NSW provides independent advice to Government and, in that capacity, does not deliver direct services to the public.

Staff members who travelled overseas for work

Date	Officer	Destination	Purpose
24-27 July 2022	Greg Lin, Assistant Development Director, Projects NSW	Italy	Visual mock up inspection for the New Sydney Fish Market Glulam. The inspection involved verification processes for the glulam timber design, prototyping, samples, and approvals for fabrication.
22-25 November 2022	Tom Gellibrand, Chief Executive Former Head of Project NSW	Vietnam	Verification of the processes and procedures in place for steel fabrication, assembly, painting, and dispatch in relation to the Parramatta Powerhouse Project. Meetings held with Steel Fabricator and Lendlease as well as inspections of production and safety arrangements in place.

Consultants

Infrastructure NSW was established in July 2011 as a specialist agency drawing on the best of public and private sector expertise to provide independent advice and assurance to government, deliver specialised infrastructure projects, and lead the development of urban renewal projects and precinct transformations, as outlined in the Infrastructure NSW Act 2011. As such, Infrastructure NSW engages external support as required and ensures that these specialist subject matter experts are used economically and efficiently.

In 2022-23, several consultants were engaged to assist on key work streams with those valued at more than \$50,000 specifically presented in the table below and aggregated for those valued at less than \$50,000.

Costs Expensed		
Infrastructure NSW Operations	Amount (\$)	Description
KPMG AUSTRALIA PTY LTD	243,984	Professional advisory services supporting Asset Management initiatives by providing project management, sector rating definitions for Health, Social Housing, Transport and Parks & Recreation
KEN KANOFSKI ADVISORY PTY LTD	142,125	NSW Strategic Infrastructure Review
BECA PTY. LTD	98,290	Professional advisory services supporting Asset Management initiatives by carrying out scope analysis on Asset Information Exchange options
COGENCE PTY LTD	91,800	Providing consultation on Asset Management Capability Framework
DELOITTE TAX SERVICES PTY LTD	84,214	Technical advice outlining GST outcomes for stakeholders in projects delivered by Infrastructure NSW under terms of the Infrastructure NSW Act 2011
Hawkesbury-Nepean Valley Flood Risk Management Strategy		
RHELM	196,930	River flood study and review on flood damage assessment
NEWGATE AUSTRALIA	175,667	Provision of social and stakeholder research
WMA WATER P/L	167,230	Provision of technical advice and modelling
Project Delivery		
Barangaroo Precinct Development		
TTF JULIAN FRECKLINGTON FAMILY TRUST	100,276	Harbour Park & Central Strategic Advisory Service
ERNST & YOUNG	80,000	Central Barangaroo - feasibility modelling
Consultants less than \$50,000		
9 Engagements	132,634	
Total Consultancy Core Costs	1,513,150	
Costs relating to project delivery and capitalised		
Penrith Football Stadium Redevelopment		
E3 ADVISORY PTY LTD	57,245	Procurement advice
Blackwattle Bay Precinct		
ZSI PTY LTD	116,660	Commercial advice relating to the development rights divestment strategy
Consultants less than \$50,000		
2 Engagements	30,663	
Total Consultancy Capitalised Costs	204,568	
Grand Total Consultancy Costs	1,717,718	

Public Interest Disclosures

The Public Interest Disclosures Act provides a framework for public officials to report serious wrongdoing in the public sector, and to be protected when they do so. Infrastructure NSW is required to report public interest disclosure data to the NSW Ombudsman every 6 months.

Infrastructure NSW did not receive any public interest disclosures during 2022-23.

Infrastructure NSW has been preparing to comply with the requirements of the new *Public Interest Disclosures Act 2022*, which commences 1 October 2023.

Formal access applications under the Government Information (Public Access) Act 2009

The intention of the *Government Information (Public Access) Act 2009* (GIPA Act) is to make government information more open and readily available to members of the public. Infrastructure NSW complies with the requirements of the GIPA Act.

In 2022-23 Infrastructure NSW received 13 access applications under the GIPA Act. Of those, 12 were accepted and processed as valid formal access applications and 1 was found to be invalid. Infrastructure NSW provides the following statistical information about the access applications, as required by Schedule 2 of the *Government Information (Public Access) Regulation 2018*.

Table 6: 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
Media	0	1	2	0	0	0	0	0
Members of Parliament	0	2	0	0	0	0	0	0
Private sector business	0	5	0	1	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	1	0	0	0	0	0	0
Totals	0	9	2	1	0	0	0	0

Table 7: Number of applications by type of application 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
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	9	3	1	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

* A **personal information application** is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table 8: Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table 9: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	7
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0

Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Information about complaints to Judicial Commission	0
Information about authorised transactions under <i>Electricity Network Assets (Authorised Transactions) Act 2015</i>	0
Information about authorised transaction under <i>Land and Property Information NSW (Authorised Transaction) Act 2016</i>	0

Table 10: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of occasions when application not successful
Responsible and effective government	2
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	5
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table 11: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	11
Decided after 35 days (by agreement with applicant)	1
Not decided within time (deemed refusal)	0
Total	12

Table 12: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by NCAT	0	0	0
Total	0	0	0

Table 13: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Table 14: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

	Number of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

Authorised proactive release of government information

Under section 7 of the GIPA Act, a government sector agency must (at least every 12 months) review its program for the release of government information. The purpose of the review is to identify the kinds of government information held by an agency that should, in the public interest, be made publicly available and that can be made publicly available without imposing unreasonable additional costs on the agency.

Infrastructure NSW's program for the proactive release of information involves regularly updating its website and project websites to provide up to date information about policies, projects, and initiatives. Where possible, Infrastructure NSW share information within government, communities of practice, industry and interested members of the public. Infrastructure NSW adopted this collaborative and open practice to build and maintain trust and credibility with our stakeholders.

Infrastructure NSW also regularly considers publishing information about its community consultations and other commonly requested categories of information and the impact, if any, of proactively releasing this information. During 2022-23, Infrastructure NSW considered the formal and informal access applications received and determined that there were no additional categories of information regularly or repeatedly requested in the applications.

Below is a summary of the review carried out during this reporting year and the details of information made publicly available by Infrastructure NSW as a result.

Review carried out?	Information made publicly available by the agency
Yes	<p>Having conducted the annual review of our program for proactive release of government information, it was determined:</p> <ul style="list-style-type: none"> The existing types of information proactively disclosed remain appropriate. There are no other types of information that should be proactively released. The methods currently used for proactive disclosure remain the most efficient and effective methods available.

Infrastructure NSW will review our program for proactive release of government information within the next 12 months.

Legal change

There were no material changes to legislation for which Infrastructure NSW is the responsible agency.

Judicial decisions

No judgements were handed down in the reporting period.

In the 2021-22 Annual Report, Infrastructure NSW reported a decision on security for costs in the Supreme Court proceedings commenced by Grocon Group Holdings Limited and others (*Grocon Group Holdings Limited and others v Infrastructure NSW* (2020) NSWSC 1194). The underlying claim is ongoing, with the matter set down for hearing commencing 26 February 2024 (it is estimated to run for 6 weeks).

Privacy

Infrastructure NSW respects the privacy of our staff, and members of the public who engage with us. As an NSW Government agency, Infrastructure NSW must comply with the requirements of the *Privacy and Personal Information Protection Act 1998* (PPIP Act) and the *Health Records and Information Privacy Act 2002* (HRIP Act).

In compliance with the PPIP Act, Infrastructure NSW has and implements a Privacy Management Plan, which is published on the organisation's intranet. Staff are informed about privacy legislation and its requirements through online privacy training modules, materials accessible on the intranet and guidance provided by the NSW Information and Privacy Commissioner.

The privacy policy, which explains how and why the organisation collects and uses personal information, is published on its website: <https://www.infrastructure.nsw.gov.au/privacy-policy/>

No internal reviews were conducted by or on behalf of Infrastructure NSW under the PPIP Act or the HRIP Act during the reporting period.

In 2022, the NSW Parliament passed amendments to the PPIP Act which introduce a mandatory notification of data breach scheme, commencing 28 November 2023. During the reporting period, Infrastructure NSW commenced preparations to ensure the organisation complies with the new requirements.

5

Sustainability

Workplace Health and Safety

The role Infrastructure NSW is to advise Government on public infrastructure strategy, planning and assurance; deliver infrastructure projects and develop precincts; and play a critical role in the efficient administration of infrastructure related funding. In everything we do, Infrastructure NSW strives to create an organisation where everyone is safe and healthy.

Infrastructure NSW has a moral and legal duty to ensure the health and safety of our workers and others. It includes maintaining a strong safety culture across our workforce and into our contracting chain. It encompasses consideration of public safety and potential community impacts arising from our work.

Infrasafe is Infrastructure NSW's safety management system. It establishes a framework of principles, processes and tools that give effect to our Work Health and Safety Policy and to meet our duties under the Work Health and Safety Act 2011.

Specifically, Infrastructure NSW has implemented several corporate health, safety and wellbeing initiatives including:

- A Work Health and Safety Policy statement of commitment signed by the CEO.
- An active Work Health and Safety Committee to facilitate consultation and cooperation between staff and management on health and safety matters.
- A hazard, incident and injury reporting portal.
- Emergency preparedness and response processes, including annual building evacuation drills and incident response scenarios.
- Tailored safety leadership training required to be completed bi-annually by all line managers, and tracking at 80% completion.
- Employee engagement activities incorporating wellbeing, diversity, inclusion and recognition focus.
- An Employee Assistance Program offering free and confidential counselling or support on personal or work concerns, as well access to a personalised health and wellbeing dashboard to track your own health across five key areas.
- A corporate fitness program.
- Access to influenza vaccinations for staff.

Infrastructure NSW ceased to convene its COVID-19 Response Team in November 2022 on the basis that it was no longer necessary to have a dedicated cross-functional team monitoring and assessing the impacts of the pandemic on Infrastructure NSW and its staff.

Work Health and Safety prosecutions

Infrastructure NSW was not a defendant to any prosecutions, either commencing or continuing, under the Work Health and Safety Act 2011 during 2022-23 either on construction projects or otherwise.

Modern Slavery Act 2018

Infrastructure NSW is required to report on the matters specified in section 31 of the Modern Slavery Act 2018 (NSW). During the 2022-23 financial year:

- No issue was raised by the Anti-slavery Commissioner concerning the operations of Infrastructure NSW.

Infrastructure NSW took the steps below to ensure that goods and services procured by and for the agency were not the product of modern slavery, within the meaning of the Modern Slavery Act 2018 (NSW):

- Developed internal knowledge of modern slavery risks and the nature and scope of obligations under the Modern Slavery Act 2018 (NSW).
- Engaged with and educated internal and external stakeholders. For example, Infrastructure NSW started negotiating modern slavery clauses into new contracts during the 2022-23 financial year (drawing on model clauses), which sparked discussions with some suppliers about the steps those businesses are taking to address modern slavery risks in their supply chains.
- Planned to take more targeted, risk-informed steps in the next reporting period, including plans to identify salient risks and develop and adopt a Modern Slavery Policy and Risk Management Plan.

Infrastructure NSW is committed to taking action to address modern slavery risks and operations in our supply chains. In preparing this statement, Infrastructure NSW had regard to the Anti-slavery Commissioner's draft Guidance on Reasonable Steps (GRS), noting that the final version of the GRS will commence 1 October 2023. Infrastructure NSW has considered the proposed implementation timeline for the GRS and commits to the program of continuous improvement over the coming years.

Diversity and Inclusion

Diversity and inclusion are central to Infrastructure NSW's culture and how it lives the organisational values. Infrastructure NSW has embedded the Inclusive Workplace Policy that sets a framework for a culture of inclusion. It reinforces the commitment to equal employment opportunity, recognising people from all backgrounds and cultures, and ensures Infrastructure NSW offer an equitable and culturally safe workplace.

Our policy supports the NSW Government's commitment to a diverse and inclusive public sector workforce. Our forward action plan was aligned to the former Premier's Priorities with a focus on women in leadership, a culture that is inclusive and disability confident, and supports Aboriginal employees and employment opportunities.

The recruitment approach of Infrastructure NSW is based on the principles of equal employment opportunity and a workforce that is reflective of the residents of NSW. Infrastructure NSW is committed to an inclusive and disability confident culture and will continue to build awareness with hiring managers of disability recruitment and workplace adjustments.

A diverse calendar of programs, events and initiatives was delivered, all aimed at building our inclusive and culturally safe workplace. Our 2022-23 performance development plans included a diversity and inclusion objective for people leaders to contribute to the Inclusive Workplace Plan to meet the Premier's Diversity and Inclusion priorities.

Our commitment to increasing women in senior leadership has continued, with 51% females in senior executive roles at Infrastructure NSW (against the target of 50%). Infrastructure NSW is focussed on ensuring there is one woman on every senior executive recruitment shortlist. Infrastructure NSW has also embedded the flexible work policy and continue to provide targeted development opportunities for our female talent pipeline. Table 15 shows trends in the representation of workforce diversity groups.

Table 15: workforce diversity groups

Workforce Diversity Group	Benchmark	2021	2022	2023
Women	50%	58.3%	61.1%	65.8%
Aboriginal and/ or Torres Strait Islander people	3.3%	2%	1%	1%
People whose first language spoken as a child was not English	23.2%	15%	22%	26%
People with disability	5.6%	1.3%	1%	1%
People with disability requiring work-related adjustment	N/A	1%	1%	1%

Multicultural Policies and Services

Infrastructure NSW supports the principle of multiculturalism, recognising the value and contribution of different linguistic, religious, and ancestral backgrounds of the residents of NSW and promotes equal rights and responsibilities for all. Infrastructure NSW embeds diversity and inclusion in its recruitment processes, workplace culture, employee development and health and wellbeing initiatives.

Infrastructure NSW celebrates the rich cultural history of Barangaroo and Blackwattle Bay. Infrastructure NSW recognised and supported an inclusive culture through diversity initiatives celebrating and recognising culture. These included NAIDOC week, National Sorry Day and Reconciliation week, Ramadan, and Harmony Day.

When planning community engagement, Infrastructure NSW ensures the organisation is culturally sensitive and inclusive of people from diverse language, cultural and religious backgrounds. Infrastructure NSW also provides communities' members access to free translation and interpretation service for all its activities and programs.

Infrastructure NSW published the Inclusive Workplace Policy and Plan which incorporates the Multicultural Plan in accordance with *Multicultural NSW Act 2000*. Several initiatives supporting our approach have been delivered including the Aboriginal Cultural Strategy and Cultural Capability Plan 2023-2026, both instrumental in our journey towards reconciliation. Commitment to cultural capability has continued with cultural competency training and Everyone's Business eLearning on the Stolen Generations.

6

Financial Performance

Financial statements

Statement by the CEO

Statement by the Accountable Authority

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* ('the Act'), I state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the *Government Sector Finance Regulation 2018* and the Treasurer's directions, and
- present fairly Infrastructure New South Wales's financial position, financial performance and cash flows.



Janine Lonergan
Acting Chief Executive Officer
Infrastructure New South Wales
04 October 2023

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Infrastructure NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying consolidated financial statements of Infrastructure NSW, which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of Infrastructure NSW and the consolidated entity. The consolidated entity comprises Infrastructure NSW and the entity it controlled at the year's end or from time to time during the financial year.

In my opinion, the consolidated financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the financial position, financial performance and cash flows of Infrastructure NSW and the consolidated entity.

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

Basis for Opinion

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

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

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

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

Acting Chief Executive Officer's Responsibilities for the Consolidated Financial Statements

The Acting Chief Executive Officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Australian Accounting Standards and the GSF Act, GSF Regulation and Treasurer's Directions. The Acting Chief Executive Officer's responsibility also includes such internal control as the Acting Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Acting Chief Executive Officer is responsible for assessing the ability of Infrastructure NSW and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the consolidated financial statements.

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

The scope of my audit does not include, nor provide assurance:

- that Infrastructure NSW and the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the consolidated financial statements
- about the security and controls over the electronic publication of the audited consolidated financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the consolidated financial statements.



Chris Harper
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

9 October 2023
SYDNEY

Financial statements

Consolidated Financial Statements

of

Infrastructure New South Wales

for the year ended 30 June 2023

Infrastructure New South Wales
Consolidated Financial Statements
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Infrastructure New South Wales

Statement of Comprehensive Income for the year ended 30 June 2023

	Notes	Consolidated			INSW	
		Actual	Budget	Actual	Actual	Budget
		2023	2023	2022	2023	2022
		\$000	\$000	\$000	\$000	\$000
Continuing Operations						
Expenses excluding losses						
Employee related expenses	2(a)	24,218	34,182	27,848	-	-
Operating expenses	2(b)	46,762	51,634	71,816	46,762	51,634
Depreciation expenses	2(c)	12,317	11,211	9,653	12,317	11,211
Finance costs	2(d)	7,788	9,849	6,786	7,788	9,849
Project delivery expenses	2(e)	221,595	319,527	217,383	221,595	319,527
Grants and subsidies	2(f)	5,065	21,025	60,856	5,065	21,025
Personnel services expenses	2(a)	-	-	-	23,904	34,085
Total expenses excluding losses		317,745	447,428	394,342	317,431	447,331
Revenue						
Rendering of services	3(a)	237,798	313,903	238,507	237,798	313,903
Investment revenue	3(b)	4,418	3,895	3,690	4,418	3,895
Grants and contributions	3(c)	149,689	349,434	580,182	149,689	349,434
Acceptance by the Crown of employee benefits and other liabilities	3(e)	314	97	227	-	-
Other income	3(f)	1,603	-	224	1,603	-
Total revenue		393,822	667,329	822,830	393,508	667,232
Operating result		76,077	219,901	428,488	76,077	219,901
Gain / (loss) on disposal	4	(16,234)	-	8,866	(16,234)	-
Other gains / (losses)	5	(3,384)	-	8,576	(3,384)	-
Total gains/(losses)		(19,618)	-	17,442	(19,618)	-
Net result from continuing operations		56,459	219,901	445,930	56,459	219,901
NET RESULT		56,459	219,901	445,930	56,459	219,901
Other comprehensive income						
Items that will not be reclassified to net result in subsequent periods:						
Net changes in revaluation surplus of property, plant and equipment	10	64,559	-	72,861	64,559	-
Total other comprehensive income		64,559	-	72,861	64,559	-
Total comprehensive income		121,018	219,901	518,791	121,018	219,901

The "Consolidated" results include the results of the INSW Staff Agency. The accompanying notes form part of these financial statements.

Infrastructure New South Wales
Statement of Financial Position as at 30 June 2023

	Notes	Consolidated			INSW		
		Actual	Budget	Actual	Actual	Budget	Actual
		2023	2023	2022	2023	2023	2022
		\$000	\$000	\$000	\$000	\$000	\$000
Assets							
Current Assets							
Cash and cash equivalents	7	152,139	93,671	221,888	152,139	93,671	221,888
Receivables and prepayments	8	29,850	45,074	33,215	29,850	45,074	33,215
Contract Assets	18	1,873	-	2,164	1,873	-	2,164
Total Current Assets		183,862	138,745	257,267	183,862	138,745	257,267
Non-Current Assets							
Receivables	8	381,767	382,303	382,094	381,767	382,303	382,094
Inventory	9	340,352	19,416	203,790	340,352	19,416	203,790
Right-of-use Assets	11	-	2	22	-	2	22
Property, Plant and Equipment	10						
- Land		374,731	208,797	245,909	374,731	208,797	245,909
- Infrastructure and Work in Progress		440,285	738,938	440,987	440,285	738,938	440,987
- Plant and Equipment		1,762	320,837	2,783	1,762	320,837	2,783
- Leasehold Improvements		190	-	201	190	-	201
Total Property, Plant and Equipment		816,968	1,268,572	689,880	816,968	1,268,572	689,880
Total Non-Current Assets		1,539,087	1,670,293	1,275,786	1,539,087	1,670,293	1,275,786
Total assets		1,722,949	1,809,038	1,533,053	1,722,949	1,809,038	1,533,053
Liabilities							
Current Liabilities							
Payables	14	59,767	93,971	87,730	59,767	93,971	90,721
Borrowings	15	-	61,567	61,420	-	61,567	61,420
Provisions	16	5,835	2,758	5,141	5,835	2,758	2,200
Other current liabilities	17	-	-	2,569	-	-	2,569
Contract liabilities	18	289	15,000	8,279	289	15,000	8,279
Total Current Liabilities		65,891	173,296	165,139	65,891	173,296	165,189
Non-Current Liabilities							
Borrowings	15	545,843	468,862	429,829	545,843	468,862	429,829
Provisions	16	3,848	3,694	2,342	3,848	3,694	2,292
Other non-current liabilities	17	343,965	419,879	373,965	343,965	419,879	373,965
Total Non-Current Liabilities		893,656	892,435	806,136	893,656	892,435	806,086
Total Liabilities		959,547	1,065,731	971,275	959,547	1,065,731	971,275
Net Assets		763,402	743,307	561,778	763,402	743,307	561,778
Equity							
Accumulated funds	21	600,993	717,687	463,297	600,993	717,687	463,297
Reserves	21	162,409	25,620	98,481	162,409	25,620	98,481
Total Equity		763,402	743,307	561,778	763,402	743,307	561,778

The "Consolidated" results include the results of the INSW Staff Agency. The accompanying notes form part of these financial statements.

Infrastructure New South Wales
Statement of Changes in Equity for the year ended 30 June 2023

	Notes	Consolidated/INSW		
		Accumulated		Total
		Funds \$000	Reserves \$000	
				\$000
Balance at 1 July 2022		463,298	98,481	561,779
Net result for the year		56,459	-	56,459
Other comprehensive income:				
Net changes in revaluation surplus of property, plant and equipment	10	-	64,559	64,559
Total comprehensive income for the year		56,459	64,559	121,018
Transfers between equity items due to disposal of property, plant and equipment				
		631	(631)	-
Transactions with owners in their capacity as owners				
Net change in net assets from equity transfer	26	80,605	-	80,605
Balance at 30 June 2023		600,993	162,409	763,402
Balance at 1 July 2021				
		843,919	25,620	869,539
Net result for the year		445,930	-	445,930
Other comprehensive income:				
Net changes in revaluation surplus of property, plant and equipment	10	-	72,861	72,861
Total comprehensive income for the year		445,930	72,861	518,791
Transactions with owners in their capacity as owners				
Net change in net assets from equity transfer	26	(826,551)	-	(826,551)
Balance at 30 June 2022		463,298	98,481	561,779

The "Consolidated" results include the results of the INSW Staff Agency. The accompanying notes form part of these financial statements.

Infrastructure New South Wales
Statement of Cash Flows for the year ended 30 June 2023

	Notes	Consolidated			INSW		
		Actual	Budget	Actual	Actual	Budget	Actual
		2023	2023	2022	2023	2023	2022
		\$000	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities							
Payments							
Employee related		(23,904)	(34,085)	(27,621)	-	-	-
Suppliers for goods and services		(500,097)	(370,650)	(652,438)	(500,097)	(370,650)	(652,598)
Finance costs		(13,170)	(9,849)	(6,866)	(13,170)	(9,849)	(6,786)
Grants and Subsidies		(5,065)	(21,025)	(27,444)	(5,065)	(21,025)	(27,444)
Personnel services Expenses		-	-	-	(23,904)	(34,085)	(27,621)
Total payments		(542,236)	(435,609)	(714,369)	(542,236)	(435,609)	(714,449)
Receipts							
Rendering of Services		271,209	359,818	440,257	271,209	359,818	440,257
Grants and Contributions		149,689	349,434	580,182	149,689	349,434	580,182
Interest received		498	-	47	498	-	47
Other income		1,603	-	224	1,603	-	224
Total receipts		422,999	709,252	1,020,710	422,999	709,252	1,020,710
Net cash flows from operating activities	22	(119,237)	273,643	306,341	(119,237)	273,643	306,261
Cash flows from investing activities							
Purchases of property, plant and equipment		(10,512)	(340,721)	(136,245)	(10,512)	(340,721)	(136,245)
Purchases of investments		-	(6,773)	-	-	(6,773)	-
Net cash flow from investing activities		(10,512)	(347,494)	(136,245)	(10,512)	(347,494)	(136,245)
Cash flows from financing activities							
Proceeds from borrowings		100,000	76,199	-	100,000	76,199	-
Repayment of borrowings		(40,000)	(38,432)	(201,515)	(40,000)	(38,432)	(201,435)
Payment of lease liabilities		-	-	(1,424)	0	-	(1,424)
Net cash flows from financing activities		60,000	37,767	(202,939)	60,000	37,767	(202,859)
Net increase / (decrease) in cash and cash equivalents		(69,749)	(36,084)	(32,843)	(69,749)	(36,084)	(32,843)
Opening cash and cash equivalents		221,888	129,755	254,731	221,888	129,755	254,731
Closing cash and cash equivalents	7	152,139	93,671	221,888	152,139	93,671	221,888

The "Consolidated" results include the results of the INSW Staff Agency. The accompanying notes form part of these financial statements.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

1 Statement of Significant Accounting Policies

(a) Reporting entity

Infrastructure New South Wales (hereafter referred to as INSW), is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. INSW is a reporting entity, comprising all the entities under its control, namely INSW Staff Agency (Staff Agency).

The Staff Agency is a public service agency established under the Administrative Arrangements Order 2014 and is pursuant to Part 2 of Schedule 1 of the Government Sector Employment Act 2013 (formerly the Infrastructure Special Officers Group (INSW Division) established under the former Public Sector Employment Management Act. The Staff Agency comprises persons who are employed under the Government Sector Employment Act 2013 to enable INSW to exercise its functions. In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

These consolidated financial statements for the year ended 30 June 2023 have been authorised for issue by the Acting Chief Executive Officer on 4 October 2023.

(b) Basis of preparation

The INSW's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Government Sector Finance Act 2018* (GSF Act), and
- Treasurer's Directions issued under the GSF Act.

Property, plant and equipment are measured at fair value, and financial assets and liabilities are measured at amortised cost. Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. Other financial statements items are prepared in accordance with the historical cost convention except where specified otherwise. Judgements, key assumptions and estimations management have made are disclosed in the relevant notes to the Financial Statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is INSW's presentation and functional currency.

(c) Statement of compliance

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

(d) 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 the 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 flows 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.

(e) Superannuation on leave loading

INSW has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: *Finance Sector Union of Australia v Commonwealth Bank of Australia* [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

This position will be re-assessed in future reporting periods as new information comes to light on this matter.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

1 Statement of Significant Accounting Policies (continued)

(f) 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.

(g) Changes in Accounting Policy, including new or revised Australian Accounting Standards (AAS)

(i) Effective for the first time in 2022-23

The accounting policies applied in 2022-23 are consistent with those of the previous financial year. The below amendments and interpretations apply for the first time in 2022-23, but do not have an impact on the financial statements of the entity.

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-profit Entities accompanying AASB 15

(ii) Issued but not yet effective

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

The following new Australian Accounting Standards have not been applied and are not yet effective. Management is currently still in the process of assessing but initial estimates on impact is deemed not to be material.

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates

(iii) Impact of COVID-19 and climate changes on Financial Reporting for 2022-23

INSW experienced no material impact and was not required to change existing accounting policies and management estimates as a result of COVID-19 or climate changes during the financial year. INSW finances, liquidity position, control environment and general operations carried on without any major impediment. Further, there were no material impairment impacts identified on INSW's assets and infrastructure projects.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

2 Expenses Excluding Losses

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
(a) Employee related expenses				
Salaries and wages (including annual and long service leave)	20,594	23,653	-	-
Superannuation - defined contributions plans	2,087	2,175	-	-
Workers' Compensation Insurance	120	130	-	-
Payroll tax and fringe benefits tax	1,399	1,265	-	-
Redundancies	-	618	-	-
On-Costs - annual leave and long service leave	18	7	-	-
Personnel services expenses	-	-	23,904	27,621
	24,218	27,848	23,904	27,621

Employee related costs that have been capitalised to property, plant and equipment and inventories, therefore excluded from the above are \$nil million and \$2.9 million respectively (2022: \$2.6 million, \$1.1 million respectively)

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
(b) Operating expenses				
Auditors remuneration - audit of the financial statements	210	306	210	306
IT fees for services rendered	2,204	3,141	2,204	3,141
Legal fees	99	533	99	533
Insurance - public liability	814	695	814	695
Expense relating to short-term leases and other exemptions	2,409	301	2,409	301
Expense relating to leases of low-value assets	27	6	27	6
Other expenses	4,328	1,140	4,328	1,140
Consultants	1,513	3,851	1,513	3,851
Contractors and professional services	13,710	14,343	13,710	14,343
Contracted services - Hawkesbury Nepean Valley Flood Risk Management Strategy	8,891	3,483	8,891	3,483
Contracted services - South Creek Corridor Review	5	8	5	8
Precinct management***	12,552	11,911	12,552	11,911
Blackwattle Bay development *	-	25,748	-	25,748
Sydney Football Stadium (SFS) Redevelopment **	-	6,350	-	6,350
	46,762	71,816	46,762	71,816

* On 4 April 2022, INSW entered a Settlement Deed with Multiplex Constructions Pty Ltd in relation to the new Sydney Fish Market project. The settlement included the impact of the COVID-19 construction pause. INSW is not expected to incur additional financial commitments in future periods in relation to this settlement deed.

** Sydney Football Stadium expenses relates to additional cost incurred due to COVID-19 construction pause.

*** Precinct Management expenses include facilities management, security, utilities and activation costs for public domain infrastructure assets.

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
(c) Depreciation expense				
Depreciation				
Plant and equipment	984	997	984	997
Leasehold improvements	41	37	41	37
Infrastructure systems	11,269	7,679	11,269	7,679
Right-of-use assets	23	940	23	940
	12,317	9,653	12,317	9,653

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

2 Expenses Excluding Losses (continued)

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
(d) Finance costs				
Interest on borrowing measured at amortised cost	7,788	6,786	7,788	6,786
	7,788	6,786	7,788	6,786

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
(e) Project delivery expenses				
Projects NSW	217,706	215,356	217,706	215,356
Other Project Expenses	3,889	2,027	3,889	2,027
	221,595	217,383	221,595	217,383
Projects NSW detail by project				
Walsh Bay Arts Precinct	1,101	49,209	1,101	49,209
Sydney Modern Art Gallery	47,890	121,800	47,890	121,800
Sydney Football Stadium*	16,845	-	16,845	-
New Grafton Correction Centre	-	85	-	85
Powerhouse Parramatta Museum	135,405	43,989	135,405	43,989
Penrith Football Stadium	845	230	845	230
Powerhouse Ultimo	15,620	43	15,620	43
	217,706	215,356	217,706	215,356

* Whilst Sydney Football Stadium (SFS) had been handed over to Venues NSW in 2021-22, it was only up to 90% complete at the time. Further costs spent in 2022-23 associated with the completion of SFS were recovered through Projects NSW.

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
(f) Grants and subsidies				
Grant to cluster department - Women in Construction	5,065	-	5,065	-
Grant expense - Affordable Housing and Developers Contribution Fund*	-	60,856	-	60,856
	5,065	60,856	5,065	60,856

* As at 30 June 2022, the responsibility for the contributions in connection with the Redfern-Waterloo Authority Contributions Plan and Affordable Housing Contributions Plan were vested to Department of Planning and Environment (DPE). As part of the vesting process, an amount relating to \$13.4 million in cash (Note 12) was transferred to DPE in 2022-23 and \$47.5 million in prepayments were expensed by INSW in 2021-22.

Recognition and Measurement

(i) 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.

(ii) Insurance

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

(iii) Precinct Management

Precinct Management expenses consist of facilities management, security, utilities and activation costs for public domain infrastructure assets. Precinct Management expenses are recognised as expenses in the period in which they are incurred.

(iv) Contracted Services

Contracted Services expenses consist of all the expenditure related to the projects (Hawkesbury Nepean Valley Flood Risk Management Strategy and South Creek Corridor Review). All expenses are recognised as expenses in the period in which they are incurred.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

2 Expenses Excluding Losses (continued)

Recognition and Measurement (continued)

(v) **Consultants and contractors and professional services**

Consultant expenses consist of all expenditure provided by 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 advisory nature of the work that differentiates a consultant from contractors and professional services.

Contractors and professional services are any individuals or organisations (other than a consultant) who are engaged to undertake work that would or could be regarded as normally undertaken by an employee, but internal expertise is not available.

(vi) **Lease expenses**

The entity recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term, i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

(vii) **Finance cost**

Finance cost consist of interest and other costs incurred in connection with the borrowing of funds. It also includes finance costs related to leases liability. Borrowing costs are recognised as expenses in the period in which they are incurred in accordance with Treasury's Mandate to not-for-profit NSW general government sector entities.

(viii) **Grants and subsidies**

Grants and subsidies expenses consist of all the expenditure related grants paid to other government agencies. Grants and subsidies are recognised as expenses in the period in which they are incurred.

(ix) **Projects**

Projects delivery expenses are related to the costs incurred on the projects carried out by INSW on behalf of other agencies. These are recognised as expenses in the period they are incurred.

Projects revenue (Note 3) are the reimbursement received by INSW from other agencies for carrying out projects on their behalf. As these project contracts are enforceable contracts with a customer, and there are sufficiently specific performance obligations, the project revenue arrangements are within the scope of AASB 15 *Revenue from Contracts with Customers*. There is a single performance obligation for these projects for INSW to manage and deliver the infrastructure project as specified in the Memorandum of Understanding (MoU). Revenue is recognised when expenditure on the project is incurred, i.e. revenue is recognised over time as the asset is being constructed.

3 Revenue

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
(a) Rendering of services				
Projects NSW	217,706	215,356	217,706	215,356
Investor Assurance	9,733	10,658	9,733	10,658
Other services	10,359	12,493	10,359	12,493
	237,798	238,507	237,798	238,507
Projects NSW detail by project				
Walsh Bay Arts Precinct	1,101	49,209	1,101	49,209
Sydney Modern Art Gallery	47,890	121,800	47,890	121,800
Sydney Football Stadium	16,845	-	16,845	-
New Grafton Correction Centre	-	85	-	85
Powerhouse Parramatta Museum	135,405	43,989	135,405	43,989
Penrith Football Stadium	845	230	845	230
Powerhouse Ultimo	15,620	43	15,620	43
	217,706	215,356	217,706	215,356
	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
(b) Investment revenue				
Interest from cash at bank	498	47	498	47
Interest from finance leases	3,920	3,643	3,920	3,643
	4,418	3,690	4,418	3,690

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

3 Revenue (continued)

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
(c) Grants and contributions				
Cluster Grant	149,689	577,890	149,689	577,890
Developer and affordable housing contributions	-	21	-	21
Grants from the climate change fund	-	2,271	-	2,271
	149,689	580,182	149,689	580,182

	2023	2022
	\$000	\$000
Grants without sufficiently specific performance obligations	149,689	580,182
	149,689	580,182

The Redfern-Waterloo Authority Contributions Plan and Affordable Housing Contributions Plan set out development contributions levied on development within the former Redfern Waterloo Authority's Operational Area. The contributions were to specifically fund the provision of public domain and affordable housing infrastructure in the area. As at 30 June 2022, the responsibility for the contributions in connection with the Redfern-Waterloo Authority Contributions Plan and Affordable Housing Contributions Plan were vested to Department of Planning and Environment (Note 12).

(d) Deemed Appropriations

Department of Transport was administratively responsible for INSW up to 4 April 2023. From 5 April 2023, NSW Treasury is administratively responsible for INSW as a result of a Machinery of Government (MoG) change.

The *Appropriation Act 2022* (Appropriations Act) and the subsequent variations appropriates the sum of \$26,834,640,000 to the Minister for Infrastructure, Cities and Active Transport out of the Consolidated Fund for the services of Department of Transport, and \$1,498,239,000 to the Treasurer out of the Consolidated Fund for the services of NSW Treasury, for the year 2022-23. The spending authority of the Ministers from the *Appropriations Act* has been delegated or subdelegated to officers of Department of Transport, NSW Treasury and entities that they are administratively responsible for, including INSW.

The *Treasury and Energy Legislation Amendment Act 2022* made some amendments to sections 4.7 and 4.9 of the GSF Act. These amendments commenced on 14 November 2022 and are applied retrospectively. As a result, the lead Ministers for INSW, being the Minister for Infrastructure, Cities and Active Transport before the MoG changes and the Treasurer on and from the MoG changes, are taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time INSW receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by INSW. These deemed appropriations are taken to have been given for the services of Department of Transport before the MoG changes and NSW Treasury on, and subsequent from the MoG changes.

In addition, government money that INSW receives or recovers, from another GSF agency, of a kind prescribed by the regulations that forms part of the Consolidated Fund, is now capable of giving rise to deemed appropriations where the receiving agency has a different lead Minister to the agency making the payment, or one or both of the agencies is a special office (as defined in section 4.7(8)).

On 16 June 2023, the *GSF Amendment (Deemed Appropriations) Regulation 2023* was approved to bring the GSF regulations in line with the above deemed appropriation amendments to the GSF Act.

A summary of compliance is disclosed in the financial statements of the Annual Report of Department of Transport and NSW Treasury. It has been prepared by calculating the separate spending authorities of the Minister for Infrastructure, Cities and Active Transport and the Treasurer for the services of each respective lead department. It reflects the status at the point in time this disclosure statement is being made. INSW's spending authority and expenditure prior to the MoG change is included in the summary of compliance of Department of Transport, and after the MoG change in the summary of compliance of NSW Treasury.

The delegation/sub-delegations for 2022-23 and 2021-22, authorising officers of INSW to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of INSW. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of Department of Transport and NSW Treasury to spend monies appropriated under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the limit from the Appropriations Act and other sources is disclosed in the summary of compliance tables included in the financial statements of the Annual Report of Department of Transport and NSW Treasury.

The State Budget and related Appropriation Bill for year commencing 1 July 2023 has been delayed and is released in September 2023. Pursuant to section 4.10 of the GSF Act, the Treasurer has authorised the payment of specified sums out of the Consolidated Fund to meet the requirements of this period. The authorisation is current from 1 July 2023 until the earlier of 30 September 2023 or enactment of the 2023-24 annual Appropriation Act.

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
(e) Acceptance by the Crown of employee benefits and other liabilities				
The following liabilities and/or expenses have been assumed by the Crown or other government entities:				
Long service leave	314	227	-	-
	314	227	-	-

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

3 Revenue (continued)

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
(f) Other Income				
Development Contribution Income	-	39	-	39
Other Income	1,603	185	1,603	185
	1,603	224	1,603	224

Recognition and measurement

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15. Comments regarding the accounting policies for the recognition of income are discussed below.

(i) Rendering of services

Revenue from rendering of services is recognised when INSW satisfied the performance obligation by transferring the promised services to customers.

Type of Service	Nature of Timing of Satisfaction of Performance Obligation, Including Significant Payment Terms	Revenue Recognition Policies
Project delivery services provided to other NSW government agencies	INSW typically satisfies its performance obligations when the services are performed. The revenue is measured at the transaction price agreed under the contract. The payments are due when service is provided but typically advance payments are made by agencies and this is disclosed in Note 18.	Revenue is recognised over time when INSW satisfies the performance obligation by transferring the promised services, generally construction management services. The input method is used to recognise the revenue based on the costs incurred.
Infrastructure investor assurance review	INSW satisfies its performance obligations when the service is performed. Revenue is measured at the transaction price agreed under contract. Payments are due either at the service provision date, or within agreed billing terms.	Revenue is recognised over time when the service is provided by reference to the type and stage of services provided to date.
Other services - Estate levy	INSW satisfies its performance obligations when the service is performed. Revenue is measured at the transaction price agreed under contract. Payments are due in advance quarterly within agreed billing terms.	Revenue is recognised over time when the service is rendered.

(ii) Grants and contributions

According to AASB 1058, income from grants to acquire/construct a recognisable non-financial asset to be controlled by INSW is recognised when INSW satisfies its obligations under the transfer. INSW satisfies the performance obligations under the transfer to construct assets over time as the non-financial assets are being constructed. Revenue from grants with sufficiently specific performance obligations is recognised as and when INSW satisfies a performance obligation by transferring the promised goods. Revenue from grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. INSW receives its funding as cluster grant funding from Department of Transport and NSW Treasury which receives appropriations from the Consolidated Fund.

Income from grants without sufficiently specific performance obligations are recognised when INSW obtains control over the granted assets (e.g. cash).

On 5 April 2023 there was the MoG change and INSW was moved into the cluster of the Treasury. Subsequently, INSW received the funding of \$3.3 million as cluster grant from NSW Treasury.

(iii) Investment revenue

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

(iv) Lease revenue and finance leases

Finance lease revenue is recognised over the lease period to allocate finance income over the lease term on a systematic and rational basis.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

4 Gain / (loss) on disposal

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Net loss from disposal of property, plant and equipment*	(16,234)	(34)	(16,234)	(34)
Net proceeds from lease of land	-	8,900	-	8,900
	(16,234)	8,866	(16,234)	8,866

* \$15.7 million of the net loss is due to the disposal of land for Hickson road in Barangaroo with the lapse of INSW's road authority status.

5 Other gains / (losses)

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Gain/(loss) on fair value movement of assets held for sale	-	76	-	76
Derecognition of right-of-use assets and lease liabilities with Property NSW *	-	1,264	-	1,264
Net gain/(loss) from remeasurement of finance lease model	(3,384)	7,221	(3,384)	7,221
Other developer contributions	-	15	-	15
	(3,384)	8,576	(3,384)	8,576

* The net gains/(losses) are recognised from the derecognition of the right-of-use asset and lease liability with Property NSW as at 30 June 2022 (Note 11)

The net gain/(loss) from the derecognition of right-of-use asset and lease liability as at the balance date is reconciled as below:

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Right-of-use asset				
Gross carrying value	-	(5,117)	-	(5,117)
Less: accumulated depreciation and accumulated impairment provision	-	3,001	-	3,001
Net book value	-	(2,116)	-	(2,116)
 Lease liability derecognised	-	3,380	-	3,380
Net gains / (losses)	-	1,264	-	1,264

6 Program statements

INSW has four programs groups being:

- (i) Strategy, Planning & Assurance which comprises the following:
 - INSW Core operations, Strategy & Planning, Investor Assurance and management of the Restart NSW Fund
 - Special projects including the implementation of the Hawkesbury Nepean Flood Management Strategy, the South Creek Corridor Review and Women in Construction.
- (ii) Project Delivery which incorporates those infrastructure projects being delivered on request from the Minister under INSW's Act including through a Project Authorisation Order or Delegation
- (iii) Barangaroo Precincts
- (iv) Growth Centres incorporates infrastructure project relating to Blackwattle Bay and Precincts project.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

6 Program statements (continued)

	Project Delivery	Strategy & planning and assurance	Barangaroo Precincts	Growth Centres	Total Program Groups
	2023	2023	2023	2023	2023
	\$000	\$000	\$000	\$000	\$000
Consolidated Expenses & Income					
Expenses excluding losses					
Operating expenses					
Employee related expenses	-	22,554	1,664	-	24,218
Other operating expenses and finance costs	-	24,171	28,979	1,400	54,550
Grants and subsidies	-	5,065	-	-	5,065
Depreciation expenses	-	752	11,565	-	12,317
Project delivery expenses	217,706	3,889	-	-	221,595
Total expenses excluding losses	217,706	56,431	42,208	1,400	317,745
Sale of goods and services					
Rendering of services	217,706	9,736	10,356	-	237,798
Other income and investment revenue	-	169	4,418	1,434	6,021
Grants and contributions, acceptance by the Crown of employee benefits and other liabilities	-	39,477	-	110,526	150,003
Total revenue	217,706	49,382	14,774	111,960	393,822
Gain / (loss) on disposal	-	-	(19,618)	-	(19,618)
Other gains / (losses)	-	-	-	-	-
Net result from continuing operations	-	(7,049)	(47,052)	110,560	56,459
NET RESULT	-	(7,049)	(47,052)	110,560	56,459
Other comprehensive income					
Net changes in revaluation surplus of property, plant and equipment	-	-	64,559	-	64,559
Total other comprehensive income	-	-	64,559	-	64,559
Total comprehensive income	-	(7,049)	17,507	110,560	121,018

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

6 Program statements (continued)

	Project Delivery	Strategy & planning and assurance	Barangaroo Precincts	Growth Centres	Total Program Groups
Consolidated Expenses & Income	2022	2022	2022	2022	2022
	\$000	\$000	\$000	\$000	\$000
Expenses excluding losses					
Operating expenses					
Employee related expenses	-	24,538	3,310	-	27,848
Other operating expenses and finance costs	6,350	22,252	24,252	25,748	78,602
Grants and subsidies	-	13,412	-	47,444	60,856
Depreciation expenses	-	1,562	8,091	-	9,653
Project delivery expenses	217,383	-	-	-	217,383
Total expenses excluding losses	223,733	61,764	35,653	73,192	394,342
Revenue					
Rendering of services	215,356	12,638	10,513	-	238,507
Other income and investment revenue	-	271	3,643	-	3,914
Grants and contributions, acceptance by the Crown of employee benefits and other liabilities	286,886	62,958	-	230,565	580,409
Total revenue	502,242	75,867	14,156	230,565	822,830
Gain / (loss) on disposal	-	-	16,102	-	16,102
Other gains / (losses)	-	1,268	72	-	1,340
Net result from continuing operations	278,509	15,371	(5,323)	157,373	445,930
NET RESULT	278,509	15,371	(5,323)	157,373	445,930
Other comprehensive income					
Net changes in revaluation surplus of property, plant and equipment	-	-	72,861	-	72,861
Total other comprehensive income	-	-	72,861	-	72,861
Total comprehensive income	278,509	15,371	67,538	157,373	518,791

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

6 Program statements (continued)

	Project Delivery	Strategy & planning and assurance	Barangaroo Precincts	Growth Centres	Total Program Groups
	2023	2023	2023	2023	2023
	\$000	\$000	\$000	\$000	\$000
Consolidated Assets & Liabilities					
ASSETS					
Current Assets					
Cash and cash equivalents	289	114,375	37,475	-	152,139
Receivables, prepayments and contract assets	21,152	4,954	621	4,996	31,723
Total Current Assets	21,441	119,329	38,096	4,996	183,862
Non-Current Assets					
Receivables	20	-	381,747	-	381,767
Inventory	-	-	-	340,352	340,352
Right-of-use Assets	-	-	-	-	-
Property, Plant and Equipment	-	1,393	721,753	93,822	816,968
Total Non-Current Assets	20	1,393	1,103,500	434,174	1,539,087
Total Assets	21,461	120,722	1,141,596	439,170	1,722,949
LIABILITIES					
Current Liabilities					
Payables	21,712	3,054	8,591	26,410	59,767
Borrowings	-	-	-	-	-
Provisions, other current liabilities and contract liabilities	343	2,973	2,687	121	6,124
Total Current Liabilities	22,055	6,027	11,278	26,531	65,891
Non Current Liabilities					
Borrowings	-	-	545,843	-	545,843
Provisions and other non-current liabilities	-	498	347,314	1	347,813
Total Non Current Liabilities	-	498	893,157	1	893,656
Total Liabilities	22,055	6,525	904,435	26,532	959,547
Net Assets	(594)	114,197	237,161	412,638	763,402

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

6 Program statements (continued)

	Project Delivery	Strategy & planning and assurance	Barangaroo Precincts	Growth Centres	Total Program Groups
	2022	2022	2022	2022	2022
	\$000	\$000	\$000	\$000	\$000
Consolidated Assets & Liabilities					
ASSETS					
Current Assets					
Cash and cash equivalents	8,279	186,157	14,040	13,412	221,888
Receivables, prepayments and contract assets	23,947	5,834	2,584	3,014	35,379
Total Current Assets	32,226	191,991	16,624	16,426	257,267
Non-Current Assets					
Receivables	20	-	382,074	-	382,094
Inventories	-	-	-	203,790	203,790
Right-of-use Assets	-	20	2	-	22
Property, Plant and equipment	-	2,133	687,747	-	689,880
Total Non-Current Assets	20	2,153	1,069,823	203,790	1,275,786
Total Assets	32,246	194,144	1,086,447	220,216	1,533,053
LIABILITIES					
Current Liabilities					
Payables	41,568	2,881	10,198	33,083	87,730
Borrowings	-	24	61,396	-	61,420
Provisions, other current liabilities and contract liabilities	8,381	2,493	4,973	142	15,989
Total Current Liabilities	49,949	5,398	76,567	33,225	165,139
Non Current Liabilities					
Borrowings	-	-	429,829	-	429,829
Provisions and other non-current liabilities	-	467	375,839	1	376,307
Total Non Current Liabilities	-	467	805,668	1	806,136
Total Liabilities	49,949	5,865	882,235	33,226	971,275
Net Assets	(17,703)	188,279	204,212	186,990	561,778

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

7 Current Assets - Cash and Cash Equivalents

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Cash at bank and on hand	152,139	221,888	152,139	221,888
	152,139	221,888	152,139	221,888

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and cash on hand. A component of cash at bank and on hand has a restricted purpose. Refer to Note 12 for details.

Cash and cash equivalents assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Cash and cash equivalents (per statement of financial position)	152,139	221,888	152,139	221,888
	152,139	221,888	152,139	221,888

Refer Note 24 for details regarding credit risk, liquidity risk, and market risk arising from financial instruments.

8 Current/Non-Current Assets - Receivables and Prepayments

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current Receivables				
Trade receivables from contracts with customers	19,749	27,029	19,749	27,029
Goods and services tax recoverable from ATO	8,530	5,421	8,530	5,421
Other receivables	-	104	-	104
Prepayment	1,571	661	1,571	661
	29,850	33,215	29,850	33,215
Non-Current Receivables				
Prepayment	20	20	20	20
Finance lease receivable (Note 11)	381,747	382,074	381,747	382,074
	381,767	382,094	381,767	382,094

Details regarding credit risk, liquidity risk and market risk, including financial assets that are neither past due nor impaired, are disclosed in Note 24.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

8 Current/Non-Current Assets - Receivables and Prepayments (continued)

Recognition and measurement

The entity recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when the agency becomes a party to the contractual provisions of the instrument, the entity considers:

- * Whether the entity has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- * Whether at least one of the parties has performed under the agreement.

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Trade receivables relate to INSW's unconditional right to consideration in exchange for goods transferred to customer/ works completed, but not collected at reporting date. Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

INSW holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment under AASB 9

For Receivables (including contract assets), INSW applies a simplified approach in calculating ECLs. INSW recognises a loss allowance based on lifetime ECLs at each reporting date. INSW has determined that as there is minimal historical credit loss experience and the majority of its receivables are inter-government, it has not recognised any ECLs.

9 Non-Current Assets - Inventory

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Blackwattle Bay - Work In progress*	340,352	203,790	340,352	203,790
	340,352	203,790	340,352	203,790

* In 2021-22, cost relating to Blackwattle Bay redevelopment projects was transferred from property, plant and equipment to inventory.

Recognition and measurement

Inventory comprise undeveloped land, work in progress and developed land. Infrastructure and land that will be transferred to another agency upon completion for management is classified as work in progress while it is under development.

Inventories held for distribution are stated at cost (cost includes acquisition and development costs), adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Where there is a likelihood that the project will not progress then the current replacement cost of the project is considered to be nil and capitalised costs are written off and recognised as an expense in the Statement of Comprehensive Income during the financial year.

INSW reviews its inventory balances periodically and writes off inventory where the current replacement cost is less than the carrying amount in the accounts based on the latest forecast. When the circumstances that previously caused inventories to be written down below cost no longer exist due to change in economic circumstances, the amount of the write back is credited in the Statement of Comprehensive Income limited to the amount of the original write-down so that the new carrying amount is the lower of cost and the revised current replacement cost.

The cost of inventories acquired at no cost or for nominal consideration is measured at the current replacement cost as at the date of acquisition. Current replacement cost is the cost INSW would incur to acquire the asset.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

10 Non-Current Assets - Property, Plant and Equipment

Consolidated / INSW	Work in Progress	Land	Infrastructure	Plant and equipment	Leasehold improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
At 1 July 2022 - fair value						
Gross carrying amount	69,802	245,909	424,326	6,599	418	747,054
Accumulated depreciation and impairment	-	-	(53,141)	(3,816)	(217)	(57,174)
Net carrying amount	69,802	245,909	371,185	2,783	201	689,880
At 30 June 2023 - fair value						
Gross carrying amount	39,105	374,731	465,590	6,491	448	886,365
Accumulated depreciation and impairment	-	-	(64,410)	(4,729)	(258)	(69,397)
Net carrying amount	39,105	374,731	401,180	1,762	190	816,968

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the reporting period is set out below.

	Work in Progress	Land	Infrastructure	Plant and equipment	Leasehold improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2023						
Net carrying amount at beginning of year	69,802	245,909	371,185	2,783	201	689,880
Addition of assets	10,512	-	-	-	-	10,512
Disposals	(534)	-	(15,664)	(36)	-	(16,234)
Transfer in/(out) with other Government Agencies (Note 26)	-	80,605	-	-	-	80,605
Revaluation increment/(decrement)	(322)	48,217	16,664	-	30	64,589
Transfer between property, plant and equipment asset classes	(40,264)	-	40,264	-	-	-
Transfer to inventory	(89)	-	-	-	-	(89)
Depreciation expense	-	-	(11,269)	(985)	(41)	(12,295)
Net carrying amount at end of year	39,105	374,731	401,180	1,762	190	816,968

	Work in Progress	Land	Infrastructure	Plant and equipment	Leasehold improvements	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2022						
Net carrying amount at beginning of year	133,490	208,744	342,485	3,629	218	688,566
Addition of assets	136,245	-	-	-	-	136,245
Disposals	(825)	-	-	(34)	-	(859)
Transfer in/(out) with other Government Agencies (Note 26)	-	-	-	-	-	-
Revaluation increment/(decrement)	3,802	37,165	31,874	-	20	72,861
Transfer between asset classes	(4,690)	-	4,505	185	-	-
Transfer to inventory	(198,220)	-	-	-	-	(198,220)
Depreciation expense	-	-	(7,679)	(997)	(37)	(8,713)
Net carrying amount at end of year	69,802	245,909	371,185	2,783	201	689,880

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

10 Non-Current Assets - Property, Plant and Equipment (continued)

Recognition and measurement

(i) Acquisitions of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently measured at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. This includes transfers as a result of an equity transfer (refer to Note 26).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. the deferred payment amount is effectively discounted over the period of credit.

(ii) Capitalisation thresholds

Property development costs that give rise to an effective and material increase in the future economic benefit of the property are capitalised.

All costs incurred in property development are capitalised when assets are completed and ready for service. The costs are capitalised either directly or from capital work in progress when relevant. All assets of an individual value or a network of a value more than \$5,000 are capitalised.

(iii) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site to the original condition is included in the cost of an asset, to the extent it is recognised as a liability. The liability is carried at present value of future estimated costs discounted using the government bond rate. The unwinding of the discount is recognised as finance costs in the statement of comprehensive income.

(iv) Depreciation of property, plant and equipment and right of use assets

INSW adopts a straight-line depreciation except for land which is not a depreciable asset. All material separately identifiable components of assets are depreciated separately over their useful lives. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

INSW has elected to present right-of-use assets separately in the Statement of Financial Position. Further information on leases is contained in Note 11.

The following depreciation rates have been adopted:

Category of Assets	Asset Class	2023	2022
Plant and Equipment	Plant and equipment	10% - 50%	10% - 50%
	Furniture and fittings	10% - 25%	10% - 25%
	IT Equipment	33%	33%
Leasehold improvement		20% - 33%	20% - 33%
Infrastructure		1% - 20%	1% - 20%

(v) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 21-09) and Treasurer's Direction 'Valuation of Physical Non-Current Assets at Fair Value' (TD 21-05). These policies adopt fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 13 for further information regarding fair value.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

10 Non-Current Assets - Property, Plant and Equipment (continued)

Recognition and measurement (continued)

(v) Revaluation of property, plant and equipment (continued)

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. INSW conducts a comprehensive revaluation at least every three years for its land where the market or income approach is the most appropriate valuation technique and at least every five years for other classes of property, plant and equipment. The last comprehensive revaluation for infrastructure assets was completed 30 June 2020 and last comprehensive valuation for land was completed 30 June 2022. These were based on independent assessments. Interim revaluations are conducted between comprehensive revaluations where cumulative changes to assets indicators suggest fair value may differ materially from carrying value. An interim revaluation was completed in the current period for infrastructure and land classes of assets as a result of cumulative increase in indicators of 15.6% and 16.7% respectively. INSW adopted the movements in building price index, consumer index and valuer general land index for the interim revaluation assessment. Inputs received from external professionally qualified valuers were also used for the interim revaluation.

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximate fair value. INSW has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

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. When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

(vi) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not for profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

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

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
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11 Leases

The following table presents right-of use assets and lease liabilities as at 30 June 2023:

a. INSW as a lessee

Right-of-use assets under leases

Consolidated/INSW	Notes	Plant & Equipment \$000	Land and Buildings \$000	Total \$000
Balance at 1 July 2022		22	-	22
Depreciation expense	2(c)	(22)	-	(22)
Balance at 30 June 2023		-	-	-

Consolidated/INSW	Notes	Plant & Equipment \$000	Land and Buildings \$000	Total \$000
Balance at 1 July 2021		58	3,020	3,078
Depreciation expense	2(c)	(36)	(904)	(940)
Derecognition of right-of-use-asset		-	(2,116)	(2,116)
Balance at 30 June 2022		22	-	22

Lease liabilities

Consolidated/INSW	2023 \$000	2022 \$000
Balance at 1 July	(24)	(4,748)
Interest expenses	-	(80)
Payments	24	1,424
Derecognition of right-of-use-asset	-	3,380
Balance at 30 June	-	(24)

The following amounts were recognised in the statement of comprehensive income during the year in respect of leases where INSW is the lessee:

Consolidated/INSW	2023 \$000	2022 \$000
Depreciation expense of right-of-use assets	22	940
Interest expense on lease liabilities	-	80
Expense relating to short-term leases	2,409	301
Expense relating to leases of low-value assets	27	6
Gains or losses arising from derecognising the right-of-use assets and lease liabilities with Property NSW	-	(1,264)
Total amount recognised in the statement of comprehensive income	2,458	63

INSW had total cash outflows for leases of \$2.4 million in 2022-23 (2021-22 \$1.4 million). INSW has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less. Low value assets comprise mainly of motor vehicle, IT equipment etc.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

11 Leases (continued)

b. INSW as a lessor

Consolidated/INSW	2023	2022
	\$000	\$000

Lessor for finance leases

Future minimum rentals receivable (undiscounted) under non-cancellable lease are as follows:

Within one year	-	-
One to five years	389,437	393,734
Later than five years	27,851	27,865
Total (excluding GST)	417,288	421,599

Reconciliation of net investment in leases

Future undiscounted rentals receivable	417,288	421,599
Less: unearned finance income	(35,541)	(39,525)
Net investment in finance leases	381,747	382,074

Consolidated/INSW	Notes	2023	2022
		\$000	\$000
Included in Financial Statements (Note 8)			
Non-current finance lease receivables	8	381,747	382,074
		381,747	382,074

Recognition and measurement

(i) Leased Assets

INSW as Lessee

Right-of-Use Assets acquired by lessees

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases, except for short-term leases and leases of low-value assets. The entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The entity has elected to present right-of-use asset separately in the Statement of Financial Position.

INSW has elected to use the practical expedient to expense lease payments for lease contracts that, at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10,000 or under when new (low-value assets).

INSW recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

Right-of use assets are subsequently measured at cost. They are generally depreciated over the shorter of the asset's useful life and the lease term. Where INSW obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that INSW will exercise a purchase option, INSW depreciates the right-of-use asset over its useful life.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

11 Leases (continued)

Recognition and measurement (continued)

(i) Leased Assets (continued)

During the financial year ended 30 June 2022, the entity had accepted the changes in the office accommodation arrangements with Property NSW (PNSW). The main change was the introduction of the "substitution right" clause for PNSW to relocate the entity during the term of the agreement. The clause provided PNSW with a substantive substitution right. Therefore, these agreements were no longer accounted for as a lease within the scope of AASB 16. Management had made judgment that PNSW can obtain benefits from exercising the substitution right when it achieves office accommodation efficiency at the whole-of-government level and/or its other service objectives. It was also considered practical for PNSW to exercise the substitution right due to the general nature of the relevant office accommodation. The corresponding right of use assets and lease liabilities had been derecognised on 30 June 2022, the effective date of the new clause. The net impact of the derecognition was recognised in Other Gains/(Losses) (refer to Note 5). From 1 July 2022, the accommodation charges are recognised as expenses when incurred over the agreement duration.

INSW continues to carry the responsibility to make good, and to control the fit-out during the remaining occupancy period as INSW receives the economic benefits via using the fit-out or expected compensation from PNSW upon relocation. The incentives received prior to the 30 June 2022 apply to the remaining occupancy period. Therefore, INSW's accounting treatment for make-good provision and fit-out costs in relation to the relevant accommodation remains unchanged.

(ii) Lease liabilities

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by the entity; and
- payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the entity's leases, the lessee's incremental borrowing rate is used, being the rate that the entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The entity's lease liabilities are included in borrowings.

(iii) INSW as Lessor

Lessor accounting under AASB 16 will continue to classify leases as either operating or finance leases. Leases that the entity transfers substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases.

At the lease commencement date, the entity recognises a receivable for assets held under a finance lease in its statement of financial position at an amount equal to the net investment in the lease. The net investment in lease is classified as financial asset at amortised cost and equals the lease payment receivable by a lessor and the unguaranteed residual value, plus initial direct costs, discounted using the interest rate implicit in the lease. Finance income arising from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature.

Land in Barangaroo is accounted for as a finance lease as development rights and leases of land are entered into progressively throughout the development.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
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12 Restricted Assets

	Notes	Consolidated		INSW	
		2023	2022	2023	2022
		\$000	\$000	\$000	\$000
Cash and Cash Equivalents	7	-	13,412	-	13,412
		-	13,412	-	13,412

Restricted assets related to contribution for all major development within the Redfern Waterloo area received by INSW under the Waterloo Affordable Housing and Developers Contribution Plans. These contributions were held in separate deposits facilities and could only be expensed on projects directly related to the specific purposes for which the funds were granted. All interest earned was reinvested in these accounts. As at 30 June 2022, the responsibility for contributions made under sections 30-32 of the *Redfern Waterloo Authority Act* was vested to Department of Planning and Environment. Funds held by INSW were transferred out subsequent to 30 June 2022 (Note 14).

13 Fair value measurement of non-financial assets

(a) Fair value hierarchy

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, INSW categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the agency can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

INSW recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

PPE are valued using level 2 and 3 valuation techniques. INSW have some assets that are non-specialised short-life assets and measured at depreciated historical cost as a surrogate for fair value.

Consolidated / INSW	Notes	Level 1	Level 2	Level 3	Total fair Value
2023		\$000	\$000	\$000	\$000
Property, plant and equipment					
Land	10	-	374,731	-	374,731
Infrastructure and work-in-progress	10	-	-	440,285	440,285
		-	374,731	440,285	815,016

Consolidated / INSW		Level 1	Level 2	Level 3	Total fair Value
2022		\$000	\$000	\$000	\$000
Property, plant and equipment					
Land	10	-	245,909	-	245,909
Infrastructure and work-in-progress	10	-	-	440,987	440,987
		-	245,909	440,987	686,896

There were no transfers between Level 1 or 2 during the periods.

(b) Valuation techniques, inputs and processes

INSW engages an external, independent and qualified valuer to determine the value of the INSW asset portfolio.

Class	Valuation technique	Key Inputs
Land	Market approach - comparable value of similar land is considered	<ul style="list-style-type: none"> • Comparable property sales values • Adjustments for scale of site, infrastructure costs and discounted due to restriction of use.
Infrastructure and work-in-progress	Current replacement cost approach	<p>Due to the unique, specialised nature of these assets, a cost approach using current replacement cost has been applied.</p> <p>Unit rates are calculated using industry standard Unit of Measure (UoM) for respective valued items. Adjustments for physical depreciation and obsolescence.</p>

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

13 Fair value measurement of non-financial assets (continued)**(c) Reconciliation of recurring level 3 fair value measurements**

	Work in Progress	Infrastructure	Total
	\$'000	\$'000	\$'000
Fair Value as at 1 July 2022	69,802	371,185	440,987
Purchases of assets	10,512	-	10,512
Disposal	(534)	(15,664)	(16,198)
Revaluation increments/(decrements) recognised in other comprehensive income	(322)	16,664	16,342
Transfer between asset classes	(40,264)	40,264	-
Transfer to inventory	(89)	-	(89)
Depreciation expense	-	(11,269)	(11,269)
Fair value as at 30 June 2023	39,105	401,180	440,285

	Work in Progress	Infrastructure	Total
	\$'000	\$'000	\$'000
Fair Value as at 1 July 2021	133,490	342,485	475,975
Purchases of assets	136,781	-	136,781
Disposal	(825)	-	(825)
Revaluation increments/(decrements) recognised in other comprehensive income	3,802	31,338	35,140
Transfer between asset classes	(5,226)	5,041	(185)
Transfer to inventory	(198,220)	-	(198,220)
Depreciation expense	-	(7,679)	(7,679)
Fair value as at 30 June 2022	69,802	371,185	440,987

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

14 Current Liabilities - Payables

	Consolidated		INSW	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors	2,775	1,636	2,775	1,636
Accrued Expense	53,674	70,023	53,674	70,023
Interest Payable	2,759	2,060	2,759	2,060
Other Payables*	5	13,598	5	13,598
Accrued salaries, wages and on costs	554	402	-	-
Security deposits and bonds	-	11	-	11
Personnel Services	-	-	554	402
	59,767	87,730	59,767	87,730

* Other payables as at 30 June 2022 includes payable of Waterloo Affordable Housing and Developers Contribution Plans funds to Department of Planning and Environment (Note 12)

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed at Note 24.

Recognition and measurement

Payables represent liabilities for goods and services provided to the agency and other amounts. Payables are initially recognised at fair 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. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

15 Current / Non-Current Liabilities - Borrowings

	Consolidated		INSW	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current				
Lease liability	-	24	-	24
T-Corp borrowings	-	61,396	-	61,396
	-	61,420	-	61,420
Non-Current				
T-Corp borrowings	545,843	429,829	545,843	429,829
	545,843	429,829	545,843	429,829

Changes in liabilities arising from financing activities

	T-Corp borrowings	Lease Liability	Total
	\$'000	\$'000	\$'000
Balance as at 1 July 2022	491,225	24	491,249
Acquisition	100,000	-	100,000
Payments	(40,000)	(24)	(40,024)
Amortisation	(5,382)	-	(5,382)
Balance as at 30 June 2023	545,843	-	545,843

The fair value of these unsecured loans as at balance date was \$545 million (2022: \$491 million)

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowing are disclosed in Note 24.

Recognition and measurement

Current and non-current borrowings represents interest bearing liabilities mainly raised through NSW Treasury Corporation and lease liabilities. The maturity dates of long-term loans are spreading between 20 May 2025 to 20 May 2028 with the range of interest rate between 1.25% to 4% (2022: 1.25% to 4%).

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Borrowings are classified as current liabilities unless INSW has an unconditional right to defer settlement of the liability for 12 months after the reporting date.

Infrastructure New South Wales

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for the year ended 30 June 2023

16 Current / Non-Current Liabilities - Provisions

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current Provisions				
Employee benefits and related on-costs				
Annual leave including on-costs	2,603	2,324	2,603	2,324
Long service leave on-costs	519	503	519	503
Payroll tax	213	114	213	114
Current employee benefits and related on-cost provisions	3,335	2,941	3,335	2,941
Other Provisions				
Climate Positive Fund	2,500	2,200	2,500	2,200
Other Current Provisions	2,500	2,200	2,500	2,200
Total Current Provisions	5,835	5,141	5,835	5,141
Non-Current Provisions				
Employee benefits and related on-costs				
Long service leave on-costs	51	50	51	50
Non-Current employee benefits and related on-cost provisions	51	50	51	50
Other Provisions				
Restoration Costs	731	731	731	731
Climate Positive Fund	2,618	1,143	2,618	1,143
Make good provision	448	418	448	418
Non-Current Other Provisions	3,797	2,292	3,797	2,292
Total Non-Current Provisions	3,848	2,342	3,848	2,342
Total Current / Non-Current Liabilities - Provision	9,683	7,483	9,683	7,483

Consolidated / INSW	Notes	Consolidated		INSW	
		2023	2022	2023	2022
		\$000	\$000	\$000	\$000
Aggregate employee benefits and related on-costs					
Provisions - current		3,335	2,941	3,335	2,941
Provisions - non-current		51	50	51	50
Accrued salaries, wages and on-costs	14	554	402	-	-
		3,940	3,393	3,386	2,991

Movements in provisions (other than employee benefits)

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

Consolidated / INSW	Restoration Costs	Climate Positive Fund	Make Good Provision	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of financial year	731	3,343	418	4,492
Additional provisions recognised	-	4,366	30	4,396
Amounts used	-	(2,591)	-	(2,591)
Carrying amount at the end of financial year	731	5,118	448	6,297

INSW has committed to Barangaroo operating as a Carbon Neutral precinct that will be delivered through a carbon reconciliation and offsetting process. This process uses a proportion of the funds generated by the Estate Levy to purchase Renewable Energy Certificates (RECs) and offsets where appropriate. INSW allocates an amount no greater than \$4.90 of the Estate Levy per annum, per m2 of GFA to a Climate Positive Fund provision account for each building which has achieved Practical Completion. INSW intends to utilise the nationally recognised National Carbon Offset Standard (NCOS) certification process to validate carbon neutrality.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

16 Current / Non-Current Liabilities - Provisions (continued)

Recognition and measurement

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

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

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

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 benefit to which they relate have been recognised.

Annual leave is recognised and measured at undiscounted amounts if expected to be settled within 12 months after the end of the period in which the employee services were rendered. Annual leave is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Annual leave liability is recognised at undiscounted amounts if an assessment has been made that effect of discounting is immaterial. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

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.

(ii) Long service leave and superannuation

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

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

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

(iii) Consequential on-costs

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

(iv) Other provisions

Provisions are recognised when INSW 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 obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(v) Make good costs

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

(vi) Restoration Provision

The restoration provision accounts for construction works, documentation and restoration work damages to existing roads in Barangaroo due to the existing constructions. The provision reflects management's judgement and assumptions regarding method, costs for remediation works and other conditions. The provision is released/reversed if it is certain that the provision is not required anymore and there is no corresponding obligation to restore the roads to working condition.

17 Current / Non-Current Liabilities - Other

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current				
Lease receipt in advance	-	2,569	-	2,569
	-	2,569	-	2,569
Non Current				
Lease receipt in advance	343,965	373,965	343,965	373,965
	343,965	373,965	343,965	373,965

Lease receipts in advance include lease payments received in relation to Central Barangaroo development that is yet to commence.

Infrastructure New South Wales

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for the year ended 30 June 2023

18 Contract Assets / Liabilities

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current				
Contract assets	1,873	2,164	1,873	2,164
Contract liabilities	289	8,279	289	8,279

Recognition and measurement

Contract assets relate to INSW's right to consideration in exchange for goods transferred to customers/ works completed, but not billed at the reporting date, in respect of investor assurance and Project NSW services and is still conditional on future performance of INSW and/or other external factors.

Contract Liabilities represents the balance remaining at the year-end for which the performance obligations are not yet satisfied for projects being delivered on behalf of other NSW government agencies by the project delivery unit of INSW. INSW issues quarterly claims in advance based on forecast expenditure to these agencies for which the projects are being delivered. INSW draws down against this claim as expenditure is incurred.

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	3,240	13,020	3,240	13,020
Revenue recognised from performance obligations satisfied in previous periods	-	1,380	-	1,380
Transaction price allocated to the remaining performance obligations from contracts with customers*	797,894	1,017,942	797,894	1,017,942

* Included in the performance obligation from contract with customers is \$422.5 million for Powerhouse Museum Ultimo. On 2 September 2023, the Labour Government announced a commitment of \$250 million for a heritage revitalisation of the Powerhouse Museum Ultimo. This was a reduction from the original commitment of \$481 million from the previous Liberal Government. Consultation with stakeholders are currently in place to determine the details and timing of this heritage development.

The Transaction price allocated to the remaining performance obligation relates to rendering of services. 38% is expected to be recognised as revenue in the 2023-24 financial year and 62% in subsequent years.

19 Contingent Liabilities and Contingent Assets

- (i) On 5 February 2020, Grocon (CB) Developments Pty Limited and two related entities commenced proceedings in the NSW Supreme Court against INSW in relation to events occurring during and subsequent to the tender for the Central Barangaroo development. INSW continues to defend claims brought by Grocon entities in relation to this project. The claims are currently in the NSW Supreme Court. Grocon alleges that it suffered loss on account of certain behaviour by INSW, particularly in relation to the timing of a contractual notice specifying the extent of development permitted at Central Barangaroo. The claims are proceeding in accordance with a timetable set by the court and a hearing date has not been decided. The claims are the subject of an indemnity by the NSW Government insurer iCare.
- (ii) The Barangaroo development site has been classified as a declared significant contamination area due to the previous use as the Miller Point Gasworks, which operated on 20,000 square metres of this site until early last century. During the development of Barangaroo South, a significant amount of remediation was performed and the remainder of Central Barangaroo is also subject to remediation, however, it is estimated to be on a much lesser scale. Beyond the preliminary investigations and until the commencement of construction for Central Barangaroo, we cannot determine the likelihood or extent of the site contamination or the presence of asbestos due to the lack of available information.

20 Commitments

	2023	2022
	\$000	\$000
Capital Commitments		
Aggregate capital expenditure at balance sheet date and not provided for:		
Within one year	377,427	212,208
Later than one year and not later than five years	78,048	252,831
Total (including GST)*	455,475	465,039

*Amount includes the commitment of \$444,566,000 which relates to inventory assets for Blackwattle Bay project.

21 Equity

- (i) **Revaluation surplus**
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with INSW's policy on the revaluation of property, plant and equipment as discussed in Note 10.
- (ii) **Accumulated Funds**
The category 'Accumulated Funds' includes all current and prior period retained funds.
- (iii) **Reserves**
Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation of AAS (e.g. revaluation surplus).

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

21 Equity (continue)

(iv) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies and 'equity appropriations' are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not for profit entities and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. For the items of property, plant and equipment, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value. Refer to Notes 24 for details on equity transfers.

22 Reconciliation of Cash Flows from Operating Activities to Net Result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows

	Consolidated		INSW	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Net cash flows from operating activities	(119,237)	306,877	(119,237)	306,797
Depreciation expenses	(12,317)	(9,653)	(12,317)	(9,653)
Finance Lease Interest Income	3,920	3,643	3,920	3,643
Other non cash items	1,515	(19,954)	1,515	(19,874)
Decrease / (increase) in provisions	(2,200)	(714)	(5,191)	(530)
Increase / (decrease) in receivables	(3,983)	(173,502)	(3,983)	(173,502)
Decrease / (increase) in payables	35,953	68,333	38,944	68,149
Decrease / (increase) in other liabilities	32,569	(1,356)	32,569	(1,356)
Increase / (decrease) in inventory	136,473	284,638	136,473	284,638
Increase / (decrease) in Assets Held for sale	-	(28,484)	-	(28,484)
Net gain / (loss) on disposal of property, plant and equipment	(16,234)	16,102	(16,234)	16,102
Net result	56,459	445,930	56,459	445,930

23 Budget Review

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

Net Result

The net result was a \$56,459k surplus compared to a budgeted surplus of \$219,901k. The major variances arising from the Statement of Comprehensive Income are noted below:

Expenses

Total expenses excluding losses were \$317,745k compared to a budget of \$447,428k. This was a \$129,683k favourable variance compared to budget. The main drivers of the variance in expenditure are summarised below:

- Project delivery expenses are below budget by \$97,932k due to delays in major projects delivered on behalf of other agencies. Delays have resulted from slower construction progress due to inclement weather.
- Grants and subsidies are below budget by \$15,960k due to the reprofiling of payments over a number of years for Women in Construction fundings to Department of Education instead of a one-off payment.
- Employee related expenses are below budget by \$9,964k due to vacancies across the organisation and use of contractors and contingent labour which are reported as other operating expenses.
- Finance costs are below budget by \$2,061k due to lower interest rates and lower capital expenditure.

Revenue

Total revenue was \$393,822k compared to budget of \$667,329k. This was \$273,507k less than budget. The major reasons for this are:

- Delayed major projects delivered on behalf of other agencies reduced revenue by \$76,105k which was offset by lower expenses incurred.
- Delays in Sydney Fish Market capital project which delayed the receipt of \$199,745k in capital grants.

Other Gains / (Losses)

The loss in Other gains / (losses) is a result of a remeasurement of the finance lease model due to an update of the design costs for Building 4A in Barangaroo South from latest information provided by Lendlease and the disposal of land for Hickson road in Barangaroo due to the lapse of INSW's road authority status.

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Notes to and forming part of the Consolidated Financial Statements
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23 Budget Review (continued)

Assets and Liabilities

Net assets were \$763,745k compared to a budget of \$743,307k. The major variances arising in the Statement of Financial Position are noted below:

Assets

Total assets were \$1,722,949k compared to a budget of \$1,809,038k. This is \$86,089k under budget which is due to:

- Cash and cash equivalents have a \$58,468k favourable variance due to lower operating and project expenditure as a result of delays in major project delivery.
- Inventory is \$320,936k over budget primarily due to the reclassification of NSW Sydney Fish Market from Property, Plant and Equipment to Inventory in 2021-22. The budget balance currently reflects Sydney Fish Market balance within Property, Plant and Equipment.
- Property, plant and equipment is \$451,604k under budget due to the slower than expected progress on major capital project pertaining to delays in planning approval, the reclassification of the New Sydney Fish Market to Inventory and the disposal of land in Barangaroo.
- Receivables and prepayments and Contract Assets are \$13,887k under budget mainly contributed by the lower client project invoicing and timing of collection of outstanding debts.

Liabilities

Total Liabilities were \$959,547k compared to a budget of \$1,065,731k. This is \$106,184k under budget which is primarily due to:

- Payables is \$34,204k under budget mainly contributed by the lower client project supplier billings as a result of slower construction progress during the period.
- Non-Current Liabilities Others is \$75,914k lower than budget and this is mainly due to delay in advance invoicing to Aqualand for Central Barangaroo project as agreed between INSW and Aqualand.

Cash Flows

The closing cash position was \$152,139k compared to a budget of \$93,671k. This is higher than budget by \$58,468k mainly due to delays in major project delivery and lower operating expenses.

24 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 does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

INSW's main risks arising from financial instruments are outlined below, together with the INSW's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Acting 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 the INSW, to set risk limits and controls and to monitor risks and compliance with policies is reviewed by management on a periodic basis.

(a) Financial instrument categories

Class	Note	Category	Consolidated	
			Carrying Amount	
			2023	2022
Financial Assets			\$000	\$000
Cash and cash equivalents	7	Amortised cost	152,139	221,888
Receivables ¹	8	Amortised cost	401,496	409,207
			2023	2022
Financial Liabilities			\$000	\$000
Payables ²	14	Financial liabilities measured at amortised cost	59,767	87,730
Borrowings	15	Financial liabilities measured at amortised cost	545,843	491,249
Class	Note	Category	INSW	
			Carrying Amount	
			2023	2022
Financial Assets			\$000	\$000
Cash and cash equivalents	7	Amortised cost	152,139	221,888
Receivables ¹	8	Amortised cost	401,496	409,207

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
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Financial Liabilities			2023 \$000	2022 \$000
Payables ²	14	Financial liabilities measured at amortised cost	59,767	87,730
Borrowings	15	Financial liabilities measured at amortised cost	545,843	491,249

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)

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

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

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if INSW transfers its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:

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

When INSW has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where INSW has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the INSW's continuing involvement in the asset. In that case, the agency also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the agency has retained.

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

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

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
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24 Financial Instruments (continued)

(c) Offsetting financial instruments

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

(d) Financial Risks

(i) 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 associated with INSW's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Credit risk arises when there is the possibility of INSW's debtors defaulting on their contractual obligations, resulting in a financial loss to INSW. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

INSW considers a financial asset in default when contractual payments for other than inter-government agreements are 90 days past due. However, in certain cases, INSW may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity.

Cash and cash equivalents

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 TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorpIM Funds cash facility is discussed in market risk below.

Receivables

The loss allowance for trade receivables as at 30 June 2023 and 30 June 2022 was determined as follows:

Consolidated/INSW	30 June 2023					
	\$'000					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	0
Estimated total gross carrying amount at default	724	67	46	444	1,121	2,402
Expected credit loss	0	0	0	0	0	0

Consolidated/INSW	30 June 2022					
	\$'000					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0%	0%
Estimated total gross carrying amount at default	8,274	880	0	336	2,203	11,693
Expected credit loss	0	0	0	0	0	0

Notes: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' would not reconcile to the sum of the receivables total in Note 8.

INSW is not materially exposed to concentrations of credit risk to a single debtor or group of debtors as at 30 June 2023 and 2022.

Infrastructure New South Wales

Notes to and forming part of the Consolidated Financial Statements
for the year ended 30 June 2023

24 Financial Instruments (continued)

(ii) 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. During the current and prior year, there were no defaults of borrowings. No assets have been pledged as collateral. INSW's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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 CEO (or a person appointed by the CEO) may automatically pay the supplier simple interest. No interest was paid during the year (2022: 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								
Consolidated	Weighted Average Effective Interest Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non- interest bearing	< 1 yr	1-5 years	> 5 yrs
2023								
Payables¹								
Payables and accrued expenses	Nil	59,767	-	-	59,767	59,767	-	-
T-Corp Borrowings	1.79%	583,692	545,843	-	-	14,023	569,669	-
Total		643,459	545,843	-	59,767	73,790	569,669	-
2022								
Payables¹								
Payables and accrued expenses	Nil	87,719	-	-	87,719	87,719	-	-
T-Corp Borrowings	1.37%	491,225	491,225	-	-	61,396	429,829	-
Total		578,944	491,225	-	87,719	149,115	429,829	-

\$000								
INSW	Weighted Average Effective Interest Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non- interest bearing	< 1 yr	1-5 years	> 5 yrs
2023								
Payables¹								
Payables and accrued expenses		59,767	-	-	59,767	59,767	-	-
T-Corp Borrowings	1.79%	583,692	545,843	-	-	14,023	569,669	-
Total		643,459	545,843	-	59,767	73,790	569,669	-

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24 Financial Instruments (continued)

		\$'000						
	Weighted Average Effective Interest Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non- interest bearing	< 1 yr	1-5 years	> 5 yrs
INSW								
2022								
Payables ¹								
Payables and accrued expenses		87,719	-	-	87,719	87,719	-	-
T-Corp Borrowings	1.37%	493,285	491,225	-	-	61,747	431,538	-
Total		581,004	491,225	-	87,719	149,466	431,538	-

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cashflows and excludes statutory payables and unearned revenue (not within the scope of AASB 7), therefore will not reconcile to the statement of financial position.

(iii) 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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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 at fair value through other comprehensive income. 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.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

		-1%		1%	
		Profit	Equity	Profit	Equity
Consolidated/INSW	Carrying Amount	\$'000	\$'000	\$'000	\$'000
2023					
<i>Financial assets</i>					
Cash and cash equivalents	152,139	(1,521)	(1,521)	1,521	1,521
<i>Financial liabilities</i>					
Borrowings	545,843	-	-	-	-
2022					
<i>Financial assets</i>					
Cash and cash equivalents	221,888	(2,219)	(2,219)	2,219	2,219
<i>Financial liabilities</i>					
Borrowings	491,225	-	-	-	-

(e) Fair value measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments. The long-term instruments are amortised over the period of time with the respective discount rate.

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25 Related Party Disclosures

Related party disclosures – key management personnel

In accordance with AASB 124 *Related Party Disclosures*, key management personnel are those having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity.

(a) Compensation of key management personnel

INSW's key management personnel compensation details for the year ended June 2023 and 2022 are as follows:

	2023 \$000	2022 \$000
Short-term employee benefits:		
Salaries	3,031	3,261
Post-employment benefits	185	166
Total remuneration	3,216	3,427

(b) Transactions with other related parties

There were no material transactions or outstanding balances with key management personnel, their close family members and controlled or jointly controlled entities during the financial year.

(c) Transactions with government related entities during the financial year

During the 2023 financial year, INSW entered into the following transactions with other entities consolidated as part of the NSW Total State Sector (the ultimate parent) within the normal course of business:

- Received a total of \$39.2 million of recurrent grants and contributions (\$37.6 million from Department of Transport and \$1.6 million NSW Treasury) to fund INSW's operations. Received \$60.4 million in 2022 from Department of Premier and Cabinet.
- Received a total of \$110.5 million in capital grants, \$108.8 million from Department of Transport and \$1.7 million NSW Treasury for development of the Blackwattle Bay precinct redevelopment (Incorporating the new Sydney Fish Markets). Received \$517.5 million in 2022 from Department of Premier, \$286.9 million for development of Sydney Football Stadium and \$230.6 million for Blackwattle Bay precinct.
- Received the following funding for projects under development disclosed as Rendering of Services:
 - \$1.10 million (2022: \$49.2 million) for the Walsh Bay Arts Precinct Project via Department of Premier and Cabinet
 - \$47.89 million (2022: \$121.8 million) for the Sydney Modern Art Gallery Project from the Art Gallery of NSW
 - \$137.75 million (2022: \$43.9 million) for the Powerhouse Museum at Parramatta from Department of Enterprise, Investment and Trade
 - \$15.62 million (2022: nil) for the Powerhouse Museum Ultimo from Department of Enterprise, Investment and Trade
 - \$16.85 million (2022: nil) for Sydney Football Stadium from Venues NSW
 - \$0.85 million (2022: nil) for Penrith Football Stadium from Office of Sport
- New loans from TCorp borrowings for Barangaroo Development of \$100 million (2022: nil), roll over from current to non-current loan \$40.9 million
- Repayment of TCorp borrowings for Barangaroo Development of \$40 million (2022: \$201.4 million)
- Transferred in land for Old Sydney Fish Market \$80.6 million via equity from Property NSW.
- There were also other transactions with various entities which were not individually significant and include the following:
 - Rendering of Services income to fund key strategic initiatives and coordination across NSW Government as well as administering the Investor Assurance role
 - Expenditure incurred where INSW is acting in a strategic advisory and coordinating capacity
 - Assumption by the Crown Finance of Long Service Leave entitlements

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26 Equity transfers

On 24 August 2022, the Deed of Transfer for the Sydney Fish Market site was signed by Property NSW to transfer the land to Infrastructure NSW. The parties had agreed that the transfer would be recognised at fair value as an equity transfer between the parties. The transfer of the land was on 15 December 2022.

These transfers are in accordance with TPP21-08 'Contributions by owners made to wholly owned public sector entities' and recorded at fair value as an equity transfer.

On 30 June 2022, following the NSW Government acting in its capacity as owners, INSW transferred out inventory assets relating to the Sydney Football Stadium to Venues NSW.

	2023	2022
	\$'000	\$'000
Land	80,605	-
Inventories	-	(826,551)
Total Assets	80,605	(826,551)

27 Subsequent Events

On 21 June 2023, the Administration Arrangement Order was published in relation to the transfer of Hawkesbury - Nepean Valley Flood Risk Management Directorate and Northern Rivers Reconstruction Corp Division to NSW Reconstruction Authority Staff Agency with effect on 1 July 2023. Based on management's assessment, this transfer does not have any material impact on INSW.

On 2 September 2023, the Labour Government announced a commitment of \$250 million for a heritage revitalisation of the Powerhouse Museum Ultimo. This is a reduction from the original commitment of \$481 million from the previous Liberal Government. As the delivery agent for this project, consultation with stakeholders is currently in place to determine the change in details, scope and timing of this heritage development (Note 18).

End of audited financial statements

Contact us

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