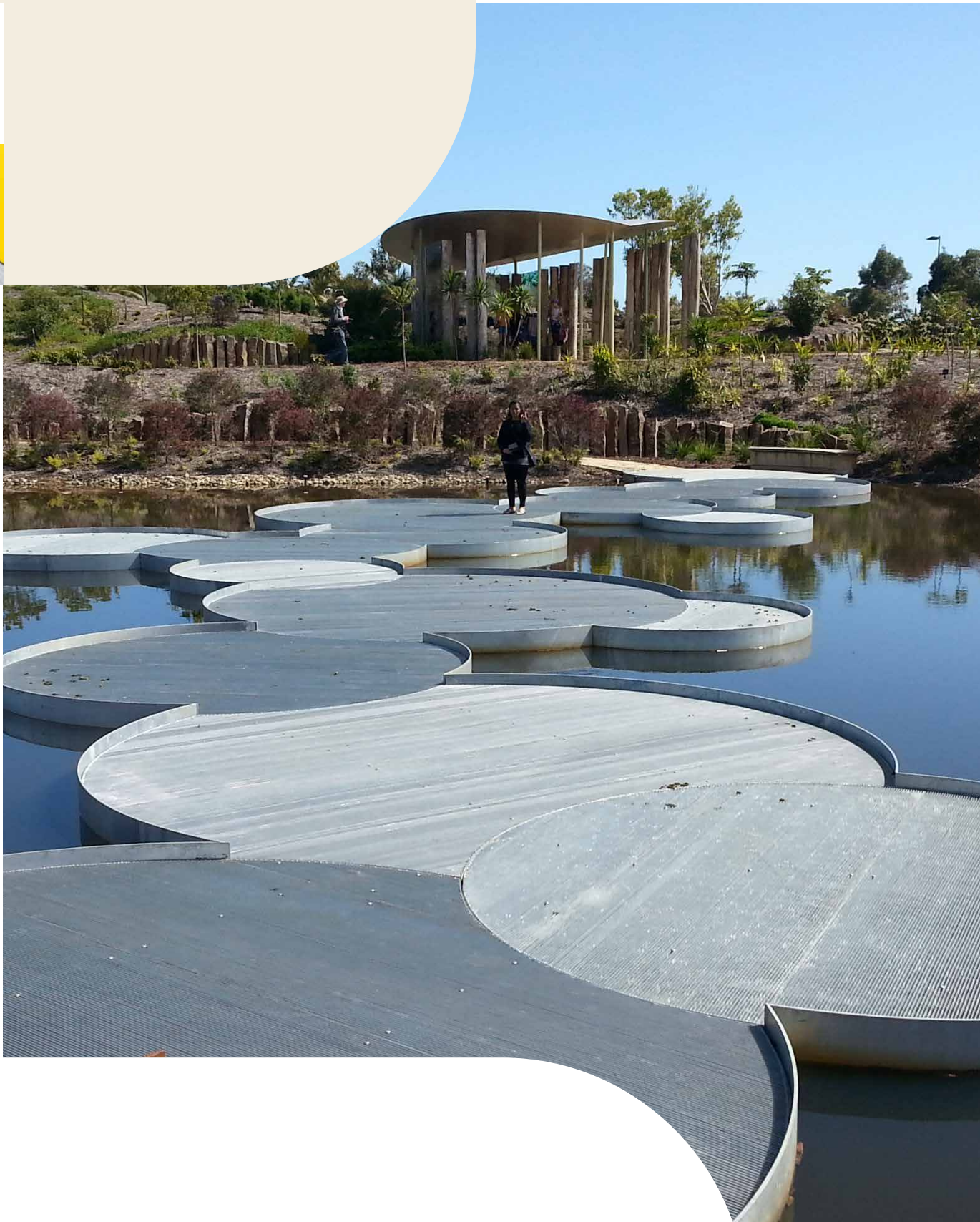




Annual Report 2019-20



Responsible Body's Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present Infrastructure Victoria's Annual Report for the reporting period ending 30 June 2020.

A handwritten signature in black ink, appearing to read 'Jim Miller', followed by a horizontal line.

Jim Miller
Chair, Infrastructure Victoria

8 October 2020

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Infrastructure Victoria's values

Independence

We exercise our independence with integrity. It provides us freedom to challenge, consider new ideas and create consensus.

Influence

We aim to change the culture of infrastructure decision making. We build trust and influence through excellent, evidence-based advice.

Innovation

We are bold, creative and open to change and new ideas. We look around the world for ways to make Victoria a better place to live.

Openness

We say what we mean. We are accountable and transparent. We expose our evidence and thinking to scrutiny.

Partnership

We value understanding the needs, interests and preferences of the community. We share information and respond to feedback. We collaborate with colleagues and stakeholders.

People

We succeed through our people. Our culture esteems teamwork and welcomes diversity. Our people are valued, supported and challenged.

Chair and CEO's report

Since establishment in 2015, Infrastructure Victoria has set the agenda on Victoria's infrastructure needs through our strategy, research and advice.

Our work informs the infrastructure debate on a state, national and international level on important issues such as recycling and resource recovery, transport network pricing and regional infrastructure priorities and is frequently cited by industry publications. In February 2020 Infrastructure Victoria was recognised for its advice to the Victorian Government on Automated and Zero Emissions Vehicles Infrastructure and won the IPAA Evidence-Based Policy Award.

Our values are what makes us unique. We pride ourselves on our independence, producing work that is backed by evidence and consultation. We seek to build consensus with the community and stakeholders on complex infrastructure policy. Over the past year, we have consulted broadly with the community and stakeholders, held workshops, focus groups and community surveys and received hundreds of submissions on our research. This authentic and transparent engagement strengthens the community understanding and acceptance that supports implementation of our recommendations.

Like most organisations, our way of doing business has been disrupted by the onset of COVID-19 –and our focus has relentlessly been on supporting the team in these difficult circumstances. While long-term infrastructure planning for Victoria is at the core of what we do, our work this year acknowledges that the pandemic will continue to have a very significant impact on the Victorian economy and population in the short term before returning to projected population and economic growth rates over the medium term.

Work is underway to update the 30-year infrastructure strategy to ensure our advice on Victoria's infrastructure needs and priorities remains current, reflects changes in policy settings and responds to emerging challenges. Staying true to our guiding principles from the 2016 strategy, we will release the draft strategy in late 2020 and seek public feedback. The final strategy will be released mid-2021.

Our commitment to regional infrastructure continued with the Infrastructure Priorities for the Regions project, which aimed to build a deeper understanding of infrastructure needs and impacts across regional Victoria. In 2019, we published



two complementary frameworks to assess regional infrastructure – one that focused on comparative advantage, and another that looked at addressing regional disadvantage. Regional profiles were also released publicly, providing unique up-to-date profiling of the strengths and issues facing Victoria's regions. After holding two workshops for regional councils and service providers, 47 stakeholders provided submissions on the frameworks, identifying examples of infrastructure that works well and opportunities for improvement. The invaluable data gathered from stakeholders will help inform our draft recommendations in the 30-year infrastructure strategy update.

Integration of land use and infrastructure planning is a key area of focus for Infrastructure Victoria. During the last year we have progressed the development of a fully integrated strategic transport and land use model, which is a first for Australia. This will significantly advance the sophistication of understanding and analysis regarding interactions between transport and land use decisions. We will be using this innovative modelling capability to inform the update to the 30-year infrastructure strategy and research program.

In April this year, Infrastructure Victoria delivered its advice to the Victorian Government on how the state can build a stronger and more sustainable recycling and resource recovery sector. The advice identified Victoria's specific infrastructure needs in the sector and included the most comprehensive and up-to-date data of current and projected waste generation in Victoria and infrastructure capacity and capability.

The interim report, delivered in October 2019, was backed by extensive research across the sector, community input and international analysis, all of which was shared transparently. Throughout the project we also held workshops across metro and regional Victoria, received 90 submissions and heard from over 160 stakeholders. Community polling found that Victorians are passionate about recycling and 92% of people said they were willing to do even more in support of a circular economy and a thriving recycling and resource recovery industry. The work influenced the state's *Recycling Victoria: a new economy* policy and ongoing work to improve recycling and resource recovery being undertaken by government and industry.

We've also continued our program of research into reviewing how Victorians pay for transport since first identifying the need for transport network pricing in 2016. *Good Move – Fixing Transport Congestion* was released in March 2020 and found that a transport system design

where users pay based on how, when and where they travel could deliver profound social and economic benefits for Victoria. Our research also found that transport network pricing improves congestion and community health while providing a more sustainable revenue stream for government. As the COVID-19 pandemic has evolved and Victoria's transport patterns have changed, we are conducting further research on public transport fare reform and how it can help provide a fairer way to pay and support social distancing.

In May 2020, we published findings from our community research on 'what does density done well look like?'. Focus group sessions across Footscray, Camberwell and Heidelberg showed that Melburnians are willing to embrace greater urban density if the right infrastructure is in place, with good access to public transport, quality urban design and green open space.

On 1 May 2020 portfolio responsibility for Infrastructure Victoria transferred to the Treasurer and Minister for Economic Development, the Hon. Tim Pallas MP, following the retirement of Special Minister of State, the Hon. Gavin Jennings.

In June 2020, Infrastructure Victoria delivered cabinet-in-confidence advice to the Treasurer on the population-serving infrastructure that will be required to support increased populations and urban density in specified corridors around Suburban Rail Loop station locations while maintaining liveability. This advice is intended to inform cabinet decisions and, as such, confidentiality protocols apply.

In the same month, the Treasurer requested that Infrastructure Victoria provide advice on the behavioural change impacts of coronavirus on infrastructure use and demand. This cabinet-in-confidence advice was still under development as at 30 June 2020.

Like many organisations, Infrastructure Victoria has had to adapt to a new way of working in 2020 but, staying true to our values we have continued to deliver high-quality, evidence-based research and advice. We would like to particularly thank the Infrastructure Victoria team for their resilience and ability to adapt to these difficult circumstances. We will continue to adapt as we deliver on our major priorities for 2020-21 and will put new technologies to test as we engage broadly on the draft 30-year infrastructure strategy.

We are proud of the calibre of work developed by Infrastructure Victoria and look forward to the year ahead.

Jim Miller
Chair, Infrastructure Victoria

Michel Masson
CEO, Infrastructure Victoria

Infrastructure Victoria's functions

Infrastructure Victoria is a statutory authority which provides independent and expert advice about Victoria's current and future infrastructure needs and priorities to support improved social, economic and environmental outcomes for the state.

The *Infrastructure Victoria Act 2015* came into effect on 1 October 2015. The Act established Infrastructure Victoria as a statutory authority, with the independence and appropriate powers to support its role to provide trusted, evidence-based advice to government.

Functions

Infrastructure Victoria promotes rigorous and transparent decision-making and improves public debate and consensus about priority infrastructure projects for Victoria.

Infrastructure Victoria has three key functions pursuant to the *Infrastructure Act 2015*:

1. Prepare a 30-year infrastructure strategy for Victoria
2. Provide advice to the Victorian Government on infrastructure matters
3. Publish research on infrastructure matters

Infrastructure Victoria also supports the development of sectoral infrastructure plans by government departments and agencies.

Infrastructure Victoria takes a whole of Victoria approach in considering infrastructure needs including central and metropolitan Melbourne, interface councils, regional cities and rural and regional Victoria.

Infrastructure Victoria takes a broad view of infrastructure covering nine key sectors:



Energy



Water (including waste-water)



Transport (including public transport, freight, ports and airports, cycling and walking, roads)



Education and training



Health and human services (including social housing)



Justice (including courts, police, corrections, emergency services)



Cultural, civic, sporting, recreational and tourism



Science, agriculture, environment and waste



Information and communications technology (ICT)

A common theme running through our work is integrating land use and infrastructure planning.

Infrastructure Victoria's independence

The Act has key provisions which ensure Infrastructure Victoria operates independently:

Objective of independence

Infrastructure Victoria's legislated objective is to provide independent and expert advice about Victoria's current and future infrastructure needs. This independence strongly informs the organisation's culture and behaviour.

Independent Board

Infrastructure Victoria's board consists of seven directors. Four of these directors are appointed by the Governor in Council and must meet private sector knowledge and experience requirements. Appointed board members cannot be removed without the agreement of the Governor of Victoria. The chair of the board cannot be removed without a statement of grounds being provided to Parliament. Three of the board directors are Secretaries of Victorian Government departments. These Departmental Secretaries appropriately represent and inform Infrastructure Victoria. While acting in their role with Infrastructure Victoria, all board directors have a legal duty to give priority to the best interests of the organisation.

No Ministerial direction or control

Infrastructure Victoria is not subject to direction or control of the Minister when it performs functions such as development of the 30-year infrastructure strategy, undertaking research or supporting development of sectoral infrastructure strategies. A Departmental Secretary cannot be directed by a Minister in relation to his or her role as a director of Infrastructure Victoria.

Freedom to publish

Infrastructure Victoria does not require the approval of the government to publish its 30-year strategy or research. The 30-year strategy is transmitted to the Parliament for all Victorians to see as soon as possible after it is completed.

Independence of advice

The Minister may request that Infrastructure Victoria provide the government with advice on infrastructure matters. The Minister cannot direct what Infrastructure Victoria's advice will be in response to such a request.

Power to obtain information

Infrastructure Victoria has the power to request information from the public sector to perform its functions. This information must be provided in a timely and efficient manner. Infrastructure Victoria also has the power to receive confidential information from anyone and not disclose it – even to the government – without consent.

Key achievements and projects

Achievements 2019-20

Throughout 2019-20, Infrastructure Victoria delivered new research and advice while also progressing work on the updated 30-year infrastructure strategy. In total, Infrastructure Victoria released six publications, 45 technical reports and participated in two parliamentary inquiries. Across our various work streams, Infrastructure Victoria also heard from more than 1,500 stakeholders and community members and received 135 submissions.

These achievements reflect the talent and dedication of a diverse team which showed great resilience in adapting to the COVID-19 crisis, with 96% of employees agreeing they were able to be productive, and 86% feeling engaged.

Our year by the numbers

Here's a snapshot of Infrastructure Victoria's consultation and online activity between 1 July 2019 - 30 June 2020.

Online

Our website and social media platforms continue to draw people to our work, giving everyone an opportunity to provide comments, make submissions and stay informed on infrastructure planning in Victoria.

Website



31,094

website total users



18,153

website total downloads



282

website page views
per day

Social media



6,880

LinkedIn followers

59%

LinkedIn follower growth



23.5%

Twitter impression growth

17%

Twitter engagement growth

10.8%

Twitter follower growth

LinkedIn and Twitter are
Infrastructure Victoria's
primary social media channels

Consultation

Through our consultation, Infrastructure Victoria heard from more than 1,500 stakeholders and community members, including:



1,055

community members completed a survey to understand perceptions of Victorian households towards waste sorting practices



160

recycling and resource recovery stakeholders provided feedback across two metro workshops and three regional workshops



90

submissions on recycling and resource recovery



66

people attended three rounds of workshops to help inform our understanding of density done well



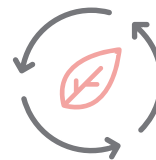
47

submissions on Infrastructure Priorities for the Regions



44

community members participated in recycling and resource recovery focus groups



44

community members participated in recycling and resource recovery focus groups



Work updates

Updating Victoria's 30-year infrastructure strategy

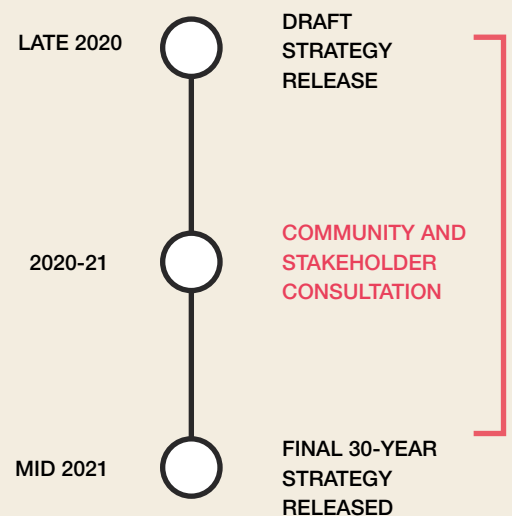
We developed Victoria's first ever 30-year infrastructure strategy in 2016. This statewide, evidence-based strategy covers all types of infrastructure and was developed in consultation with stakeholders and the community.

An update of the strategy is underway and will be tabled in the Victorian Parliament in mid-2021. We will publish a draft strategy in late 2020 for a period of formal consultation with the community and stakeholders.

Updating the strategy is important to ensure our advice on Victoria's infrastructure needs and priorities remains current, reflects changes in policy settings and responds to emerging challenges.

In May 2020, Infrastructure Victoria published findings of research and consultation on the concept of 'density done well'. The findings, based on community engagement in Footscray, Camberwell and Heidelberg conducted in October 2019, showed that Melburnians are willing to embrace greater urban density if the area has good access to public transport, quality urban design and green open space.

The development of the updated strategy will stay true to our 2016 guiding principles including consulting and collaborating, drawing on compelling evidence, considering non-build solutions first and being open to change. We encourage you to stay with us on the journey and join the conversation so that we capture as many perspectives as possible.





Advice on recycling and resource recovery infrastructure

Victoria's recycling and resource recovery sector is under increasing pressure. The amount of waste being generated is growing while our resource recovery rates have stagnated. Simultaneously, changes in international markets, combined with weak end markets in Victoria, have led to large amounts of recyclables being stockpiled or sent to landfill.

Infrastructure Victoria delivered its *Advice on recycling and resource recovery infrastructure* in April 2020, following a request from the Special Minister of State in April 2019. The advice addressed these issues, including what infrastructure might be required and the role for government. The advice built on the considerable work underway across the Victorian Government and supports the state's move to a circular economy, where we all minimise waste and make the most of resources.

Victorians are passionate about recycling but some have lost confidence in the system, with around a quarter of people we polled thinking the contents of their recycling bins ends up in landfill. However, the community also has a high level of willingness to help improve recycling outcomes, with 92% of people saying they are willing to change the way they sort their rubbish. This indicates a strong desire from the community to do the right thing and an opportunity to rebuild trust in the system.

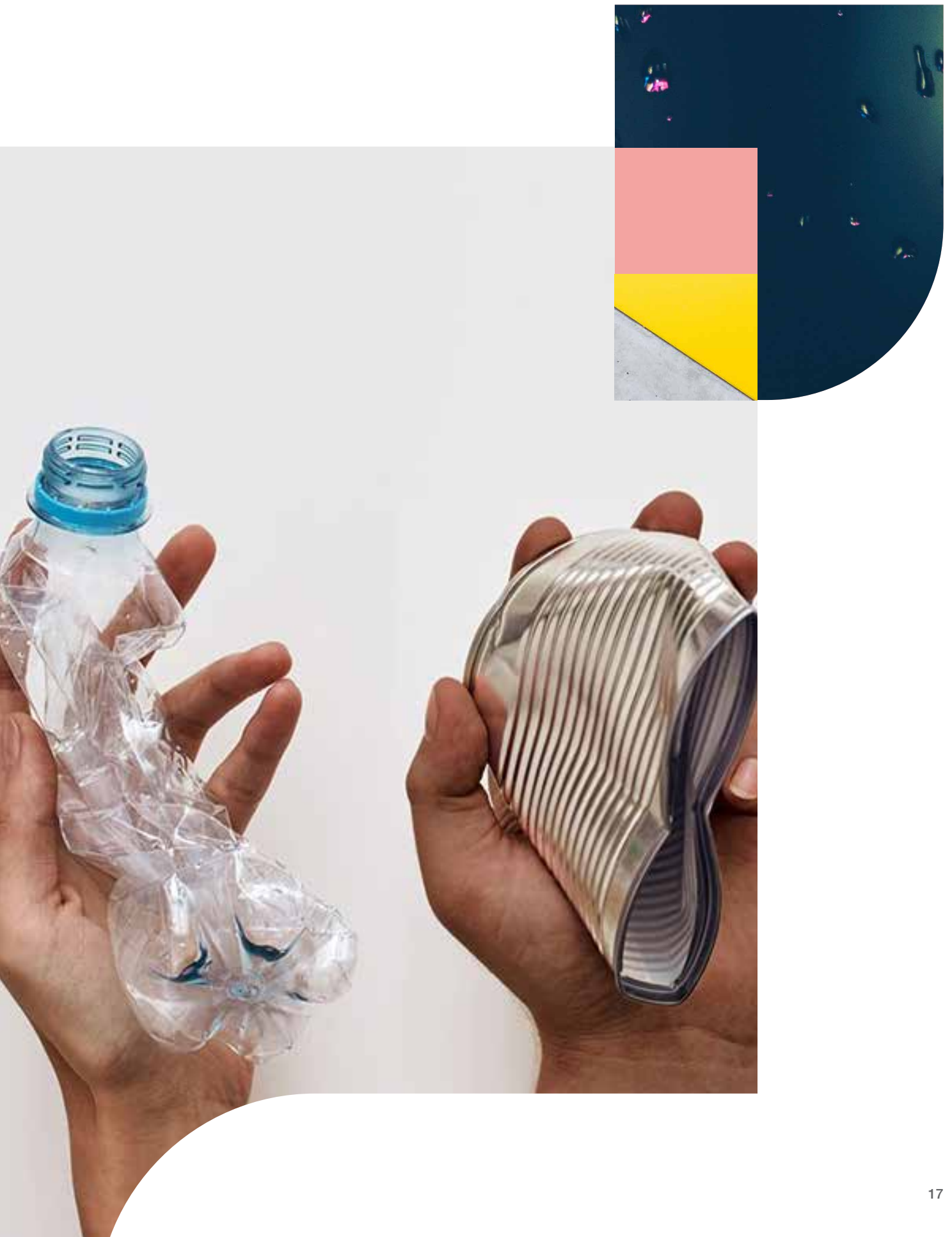
Infrastructure Victoria made 13 recommendations to the Government on infrastructure, supporting actions and governance, all of which have been tested against a set of outcomes developed with stakeholder input.

The advice focused on six priority materials, as our evidence showed that improving recycling of these has the potential to deliver the greatest benefit to Victoria:

- plastics
- paper and cardboard
- glass
- organics
- tyres
- e-waste.

The first phase of consultation for the advice ran from April to August 2019, when we met with more than 150 individuals and organisations from the waste sector, business and government, all of whom provided valuable input and helped us refine the scope of our research and analysis.

The evidence base underpinning the advice was then published in October 2019 and attracted considerable interest from media and stakeholders. We undertook a second round of consultation open from October to December 2019. We received 53 submissions from individuals, organisations, business and local governments. The feedback we received helped us understand stakeholders' priority issues and concerns and helped us refine our advice and recommendations.





Six priority materials



Plastics



Paper and cardboard



Glass



Organics



Tyres



E-waste

Now



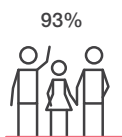
69% current recovery rate



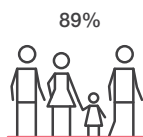
\$1.2 billion

Total annual value of potential resource recovery in 2018/19 – **\$1.2 billion**

In the future



93%



89%

93% of Victorian households feel it **is important to reduce non-recovered waste**, and 89% are open to **changing how their household sorts** waste



3.1 million tonnes

3.1 million tonnes of processing capacity required



Approximately **\$1 billion** investment required by 2039



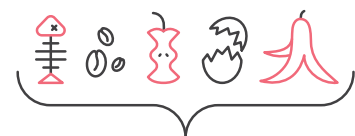
x 87 facilities

87 new or upgraded facilities, **52 in regional Victoria**



5,000+ jobs

Over 5,000 jobs could be **created by 2039** if 90% recovery rate is achieved



Around 1.46 million tonnes of organic waste will be generated in 2039. The food organics/garden organics recovery rate is currently 20% – **almost all of this is recoverable**

Infrastructure Priorities for the Regions

Infrastructure Victoria committed to a deeper understanding of infrastructure needs and impacts in regional and rural Victoria as part of Victoria's first 30-year infrastructure strategy in 2016. Since then, we have built our knowledge of regional communities, examining the unique opportunities and challenges facing each of Victoria's regions and exploring recommendations which seek to address them. The Infrastructure Priorities for the Regions project will help inform the 30-year infrastructure strategy update, and builds on the extensive work completed as part of the previous Regional Infrastructure Needs project.

Through this work we have engaged extensively with stakeholders from across Victoria's nine regions: Barwon, Central Highlands, Gippsland, Goulburn, Great South Coast, Loddon Campaspe, Mallee, Ovens Murray and Wimmera Southern Mallee. This engagement has been invaluable in building our evidence base, testing our findings, shaping our recommendations and allowing us to draw on the extensive knowledge and expertise residing within the regions.

In November 2019 we published two frameworks and supporting research to assess regional infrastructure projects; one that focused on *comparative advantage* and another that looked at *addressing regional disadvantage*.

Comparative advantage

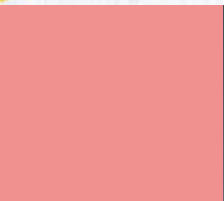
Many of Victoria's regions have significant economic strengths across a range of industries and we want to build on these strengths through good infrastructure investments. We developed profiles of the comparative advantages between nine of our regions and developed an assessment framework to help prioritise investments.

Addressing regional disadvantage

Parts of Victoria are experiencing clear and persistent disadvantage, and structural economic and demographic changes are exacerbating these challenges. We want to identify infrastructure that can improve access to services, increase social inclusion or improve economic outcomes to reduce disadvantage. We developed fact sheets of regional disadvantage across our nine regional areas, as well as an assessment framework to help prioritise investments.

We then ran a formal submissions process from December 2019 to February 2020 asking regional stakeholders for their feedback, as well as examples of things working well in their region, or opportunities for improvement.

The next stage in our work is to identify infrastructure initiatives that build on the comparative strengths of Victoria's regions and address disadvantage. These will feed into the draft 30-year strategy update.



Transport network pricing

Infrastructure Victoria's Transport network pricing research explores the most effective ways to pay for transport across Victoria – on roads, public transport and through parking.

The program began with work undertaken for *Victoria's 30-year infrastructure strategy* in 2016, which identified a recommendation for transport network pricing to be implemented in 5-15 years. Since then, Infrastructure Victoria has conducted extensive research and stakeholder and community engagement to explore how transport network pricing could be implemented in Victoria.

In March 2020, Infrastructure Victoria published *Good Move – Fixing Transport Congestion*. Our research found that a transport system design where users pay based on how, when and where they travel could deliver profound social and economic benefits for Victoria. Our research also found that transport network pricing could reduce road congestion and make better use of the public transport network – particularly buses. A comprehensive change to the pricing of our transport system is the key to motivating people to change their time and mode of travel, resulting in a more efficient and fairer system for all Victorians.

Our own modelling and international experience demonstrate that transport network pricing can:

- reduce congestion and crowding as travellers are encouraged and incentivised to shift their travel to other modes or times of day, freeing up the system during peak periods
- improve average vehicle speeds of up to about 25 per cent in inner Melbourne during the morning peak
- help get the most out of our existing infrastructure.

In developing *Good Move: Fixing Transport Congestion*, Infrastructure Victoria focused on how transport network pricing could be developed and implemented to best meet the needs of Victorians. This included convening a community panel which demonstrated under what conditions, if any, the community would accept a change to the way they pay for roads and public transport.

The next phase of Infrastructure Victoria's Transport network pricing research is public transport fare reform. As part of this work, we performed the most extensive analysis to date looking at the consequences for equity of the current fares system. Our work demonstrated how a new fare structure that encourages better use, is also fairer than the current one.

This work is an important part of our research that will form the evidence base and recommendations for the draft 30-year infrastructure strategy.







What happens if we make a change?

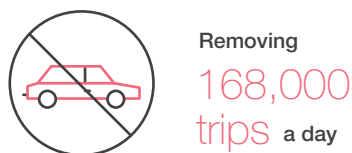
Under transport network pricing with discounts:



Up to 85% of Victorians better off – most Victorians will be paying less than they do today for transport



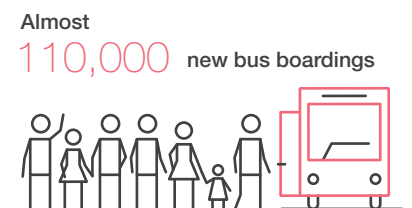
While some travellers who travel long distance from outer Melbourne might pay more, they are from the high-income bracket – the majority of middle and low-income earners experience cheaper transport costs



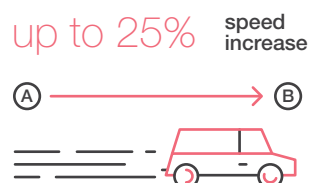
Up to 168,000 car trips taken off Victorian roads every day – reducing pressure on the road network



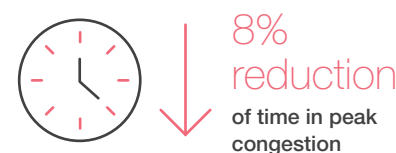
Over 40% of the original drivers stop driving into the inner cordon – shifting to public transport



Almost 110,000 people shift to buses – influenced by the fact that buses are now the cheapest form of public transport



Up to 25% speed increase – within the inner Melbourne cordon



Around 8% reduction of time Victorians spend in congestion in our busiest peak periods





Advice on population-serving infrastructure for Suburban Rail Loop

In June 2020, Infrastructure Victoria delivered advice to the Treasurer on what population-serving infrastructure will be required to support increased populations and urban density in specified corridors around Suburban Rail Loop station locations while maintaining liveability.

This request for advice is intended to inform Cabinet decisions. Therefore, confidentiality protocols apply and no further details can be provided by Infrastructure Victoria. Any further enquiries are a matter for the Victorian Government.

Advice on behaviour change impacts of coronavirus

The Treasurer requested that Infrastructure Victoria provide advice on the behavioural change impacts of coronavirus on infrastructure use and demand. This advice was still under development as at 30 June 2020.

This request for advice is intended to inform Cabinet decisions. Therefore, confidentiality protocols apply and no further details can be provided by Infrastructure Victoria. Any further enquiries are a matter for the Victorian Government.

Water governance

In October 2019 Infrastructure Victoria published a report of key findings on reforming water sector governance. The report identified options to improve water governance arrangements and make the most of valuable water resources. The findings will inform the draft 30-year infrastructure structure.

This work built on our recommendations from the 2016 30-year infrastructure strategy and was supported by a report prepared by Marsden Jacob Associates.

The report identified three areas with potential reform opportunities:

- Better use of existing infrastructure and more efficient use of all water resources
- More integrated and adaptive planning processes
- Need for community involvement in decision-making.





How our work has been used

Within the first five years of operation, Infrastructure Victoria has developed a strong reputation for developing independent research and advice which is often cited in a wide range of industry, academic and policy publications.

Below are some of the organisations that have referenced or requested briefings on our work over the past 12 months:

- Australasian Fleet Managers Association
- Australian Council of Social Services
- Australian Housing and Urban Research Institute
- Australian Industry Group
- City of Melbourne
- Committee for Geelong
- Committee for Melbourne
- Commonwealth Department of Infrastructure, Transport, Regional Development and Communication
- Community Housing Industry Association
- Deakin University
- Essential Services Commission
- European and Australian Business Council
- G21 – Geelong Region Alliance
- Grattan Institute
- Green Industries South Australia
- Infrastructure Australia
- Infrastructure Partnerships Australia
- Invest Victoria
- Melbourne Water
- Municipal Association of Victoria
- NSW Review of Federal Financial Relations
- NSW Treasury
- Port of Melbourne
- Productivity Commission
- Public Transport Users Association
- Regional Development Victoria
- RMIT Urban Futures Sector Expert Research Advisory Group
- SGS Economics and Planning
- Shipping Australia
- Suburban Rail Loop Authority
- Sustainability Victoria
- Victorian Department of Environment, Land, Water and Planning
- Victorian Department of Health and Human Services
- Victorian Department of Premier and Cabinet
- Victorian Department of Transport
- Victorian Department of Treasury and Finance
- Victorian Government ('Recycling Victoria' policy)
- Victorian Legislative Council Inquiry into Extension of Melbourne's Free Tram Zone (submission and presentation to inquiry hearing)
- Victorian Legislative Council Inquiry into Homelessness (submission and presentation to the inquiry hearing)
- Victorian Local Government Association
- Victorian Planning & Environmental Law Association
- Victorian Planning Authority



Five-year financial summary

Five-year financial summary	2019-20	2018-19	2017-18	2016-17	2015-16
Total income from transactions	10,056,029	10,123,596	9,842,785	9,947,797	8,578,919
Total expenses from transactions	10,128,246	10,123,596	9,842,785	9,958,734	8,548,810
Net result from transactions	(72,217)	-	-	(10,936)	30,109
Other economic flows included in net result ^(a)	(16,178)	(35,438)	1,669	12,448	(17,026)
Net result for the period ^(a)	(88,3950)	(35,438)	1,669	1,512	13,083
Net cash flow from operating activities ^(a)	296,608	37,576	5,275	403	-
Total assets	4,345,948	2,419,205	1,951,442	1,496,965	2,276,521
Total liabilities	4,453,516	2,438,378	1,935,177	1,482,369	2,263,437

Notes: (a) The negative result from transactions are mainly due to accounting adjustments and annual leave provisions. The negative result is not considered to be material or to affect the ongoing financial viability of the organisation.

2019-20 financial review

Infrastructure Victoria is funded through annual appropriations and does not receive revenue outside of the government allocation. In FY2019-20 Infrastructure Victoria's total expenditure was \$10,128,246 exceeding its annual appropriation by \$72,000. The primary driver of this expenditure was COVID-19 which delayed almost all recreational leave and required additional spending on resources to ensure staff could work from home effectively. This is an exceptional issue common to other departments and agencies and is not expected to affect future EOFY positions.

As an independent advisory body, Infrastructure Victoria does not undertake or manage any capital projects or investment projects and has not provided any grants or transfer payments to companies or organisations in 2019-20.

On 23 March 2020, following the retirement of Special Minister of State, the Hon. Gavin Jennings MLC, Ministerial responsibility for Infrastructure Victoria was transferred to the Treasurer, the Hon. Tim Pallas MP. Also, the portfolio department of Infrastructure Victoria was transferred from the Department of Premier and Cabinet to the Department of Treasury and Finance. This Machinery of Government change took effect on 1 May 2020.

Financial position – balance sheet

Total assets of Infrastructure Victoria increased from \$2.4 million to \$4.3 million, mainly due to the recognition of a right of use asset for the Infrastructure Victoria's lease relating to its office premises.

Similarly, the increase in total liabilities from \$2.4 million to \$4.5 million, was predominantly due to the recognition of the abovementioned lease as liability in the balance sheet. These accounting recognitions were done as part of the implementation of AASB16 Leases, in the 2019-20 financial year.

Cash flows

The net cash flows from operations is \$0.3 million compared to the previous years \$0.04 million. This movement is mainly due to receipts from government to pay for office accommodation lease expenses that are separately reported under financing activities in the 2020 cash flow statement.

In previous years these expenses were reported within the payment to suppliers that are part of the net cash flows from operations. These accounting changes were done as part of the implementation of AASB16 Leases, in the 2019-20 financial year.

Subsequent events

There were no events, subsequent to the reporting period and prior to the finalisation of this report, that had the potential to significantly impact the ongoing structure and financial activities of Infrastructure Victoria.

Governance and organisational structure

Infrastructure Victoria is led by a board of seven directors comprising four members from the private or non-government sectors and three from the public sector.

The directors of Infrastructure Victoria's board perform their duties consistent with the standards set in the *Code of Conduct for Directors of Victorian Public Entities* and the duties and values contained in the *Public Administration Act 2004*.

Following the retirement of Special Minister of State, the Hon. Gavin Jennings, portfolio responsibility for Infrastructure Victoria transferred on 1 May 2020 to the Treasurer and Minister for Economic Development, the Hon. Tim Pallas MP.

Chair – Jim Miller

Jim Miller chairs the Infrastructure Victoria board. He is also Vice Chair at J.P. Morgan and Director at Household Capital.

Jim was an Executive Director at Macquarie Capital from 1994-2015, with experience across a range of sectors, he led over \$120 billion in transactions and worked with both government and private sector clients. Jim has extensive experience in infrastructure having worked in the areas of regulated assets, transport, energy, utilities and resources and social infrastructure. He has both a Bachelor and Masters of Economics from Macquarie University. He is also a Fellow of the Institute of Actuaries Australia.

Deputy Chair – Maria Wilton AM

Maria Wilton's experience in the investment industry spans thirty years and includes portfolio management and business roles. Maria is Vice Chair of the global Board of Governors of the Chartered Financial Analyst (CFA) Institute, and a Member of the Australian CFA Advocacy Council and Diversity Council. She is a Director of Victorian Funds Management Corporation, WorkSafe Victoria and Australia Post Super. Maria was formerly Managing Director and Chair of Franklin Templeton Investments Australia.

Maria holds a Bachelor of Economics from the University of Tasmania and is a Chartered Financial Analyst (CFA) charterholder. In January 2019 Maria was made a Member of the Order of Australia for service to business and finance and to the community.

Professor Margaret Gardner AC

Professor Margaret Gardner AC is the current President and Vice Chancellor of Monash University. Prior to this, Professor Gardner was the President and Vice Chancellor of RMIT from April 2005 to August 2014. Professor Gardner is the Chair of Universities Australia, and a director of the Group of Eight and the Australia and New Zealand School of Government. Professor Gardner has a first class honours degree in economics and a PhD from the University of Sydney, and held a Fulbright postdoctoral fellowship.

Chris Eccles AO

Chris Eccles AO was appointed Secretary of Victoria's Department of Premier and Cabinet in December 2014. As Secretary, Chris leads the department and the Victorian Public Service in advising the Premier and the Government of Victoria. Chris has extensive public sector experience, having been Director-General of the New South Wales Department of Premier and Cabinet from 2011 to 2014, and Chief Executive of the South Australian Department of the Premier and Cabinet from 2009 to 2011. He has also held leadership positions at the ACT Chief Minister's department and with the Australian National Training Authority. Prior to moving into the public sector, Chris was an Associate Director with KPMG and then a foundation Director of the consulting firm, Phillips KPA. Chris holds a Bachelor of Arts and a Bachelor of Laws from the Australian National University.



Chair
Jim Miller



Deputy Chair
Maria Wilton AM



Professor
Margaret Gardner AC



Chris Eccles AO



John Bradley



David Martine PSM



Ann Sherry AO

John Bradley

John is the Secretary of the Department of Environment, Land, Water and Planning in the Victorian Government. He was previously CEO of Energy Networks Australia representing gas distribution and electricity transmission and distribution businesses providing services to almost every Australian energy customer. In previous roles, John served as CEO of three Queensland Government agencies working with a significant workforce and budget responsibilities. John holds an MBA from QUT and BA from the University of Queensland. He is a Member of the Australian Institute of Company Directors and has previously served as a Director on the Boards of the Australian Gas Industry Trust, Greening Australia Ltd, the Great Barrier Reef Marine Park Authority, the Australian and New Zealand School of Government, the Cape York Institute for Policy and Leadership, Families Responsibility Commission and on the University of Queensland Senate.

David Martine PSM

David Martine PSM has been the Secretary of the Department of Treasury and Finance (DTF) since 2014. He leads the department in providing economic, policy and service delivery advice to the Victorian Government. Prior to joining DTF, David held a number of senior roles in the Commonwealth public sector, most recently as Deputy Secretary Aged Care in the Department of Social Services. He has also worked for the Commonwealth Treasury and was Deputy Secretary, Budget Group in the Department of Finance and Deregulation. He has a Bachelor of Economics (Hons) from Monash University and a Master of Business Administration.

Ann Sherry AO

Ann has an extensive business career that spans Government, Banking and Tourism. Ann is the Chair of UNICEF Australia and ENERO Group and holds non-executive roles within National Australia Bank, Sydney Airport, Infrastructure Victoria, Cape York Partnerships, and the Museum of Contemporary Art Australia. Ann is the Australian Co-Chair of the Australia New Zealand Leadership Forum.

She was Chairman and Chief Executive Officer of Carnival Australia, the largest cruise ship operator from 2007 – 2019.

Ann became First Assistant Secretary of the Office of the Status of Women in Canberra before moving to the banking sector initially in HR roles, then in CEO roles with Westpac NZ and the Bank of Melbourne. The Australian Government awarded Ann the Centenary Medal in 2001 and in 2004 she was named as the overall winner of the Australian Financial Review 100 Women of Influence Award.



Chief Executive Officer
Michel Masson



**Deputy Chief
Executive and Chief
Operating Officer**
Jonathan Spear



**Executive Director,
Communications
and Engagement**
Mandy Frostick

Michel Masson, Chief Executive Officer

Michel started his career at Deloitte before joining the Bollore Group where he held various senior finance positions in the transport and logistics division in the UK, Australia and New Zealand. In 2005 he joined Keolis as head of Finance and Operations for the International Division where he was responsible for leading public transport operations in seven countries and held various non-executive director positions in UK and German rail franchises.

Michel was appointed CEO of Yarra Trams in 2009 and helped lead the development of Keolis Downer throughout Australia, before joining Infrastructure Victoria early 2016 as the inaugural CEO.

Michel is a graduate from the EDHEC Business School in France and the Australian Institute of Company Directors. He also completed the Advanced Management Program from the Harvard Business School.

In 2017, Michel was awarded an Honorary Doctorate in Technology from Swinburne University in recognition of his contribution to shaping infrastructure in Victoria.

Michel became an Australian citizen in 2014.

Jonathan Spear, Deputy Chief Executive and Chief Operating Officer

Dr. Jonathan Spear is Infrastructure Victoria's Deputy Chief Executive and Chief Operating Officer. He leads Infrastructure Victoria's work on the 30-year infrastructure strategy, research program and providing independent advice to the Victorian Government. In addition, Jonathan is General Counsel and responsible for Infrastructure Victoria's project management functions.

Before joining Infrastructure Victoria, Jonathan held senior leadership, policy, strategy and legal roles with the Department of Premier & Cabinet, Department of Justice, Victoria Police and Slater & Gordon Lawyers.

Jonathan holds a Bachelor of Arts (Hons.), Bachelor of Laws (Hons.), Master of Laws, Executive Master of Public Administration and a Doctor of Philosophy (History). He is a graduate of the Australian Institute of Company Directors and the Williamson Community Leadership Program.

Mandy Frostick, Executive Director, Communications and Engagement

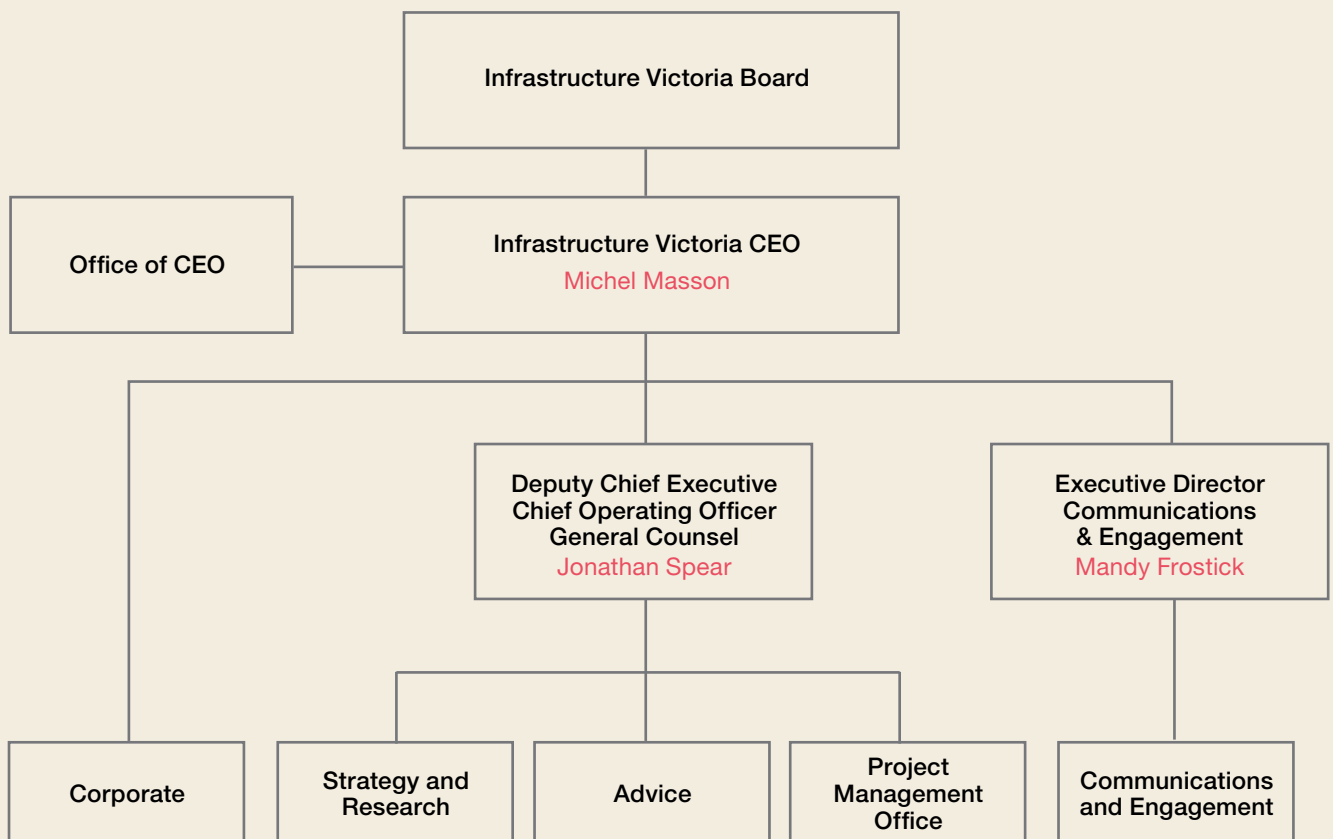
Mandy Frostick leads Infrastructure Victoria's communications and engagement functions including strategic counsel, stakeholder relations, community engagement, media relations, brand and digital activity.

Mandy has extensive consulting experience across a broad range of industry sectors including health, energy, resources, finance, technology and government. She has also held senior leadership positions with some of Victoria's best known organisations including WorkSafe, City of Melbourne, the Royal Women's Hospital and BHP.

Mandy is a graduate member of the Australian Institute of Company Directors and a non-executive director of the Royal Women's Hospital.

Organisational Structure

Infrastructure Victoria is managed within five groups: Strategy and Research, Communications and Engagement, Advisory, Program Management and Corporate.



Conflicts of interest or duties

Infrastructure Victoria's Conflicts of Interest or Duties Policy sets out the board's obligations in relation to managing conflicts of interest or duties. The Policy ensures there is a clear, transparent and accountable process in place for directors to manage conflicts of interest or duties. The Policy fulfils Infrastructure Victoria's legislative obligations regarding conflicts of interest or duties under both section 81 of the *Public Administration Act 2004* and section 26 of the *Infrastructure Victoria Act 2015*. Under these Acts, Infrastructure Victoria must report any details of a conflict of interest disclosed by a director in a financial year.

The board identified and agreed that John Bradley, Chris Eccles and David Martine had actual or potential conflicts of interest or duty in relation to Infrastructure Victoria's advice on recycling and resource recovery infrastructure, advice on population serving infrastructure for Suburban Rail Loop and advice on behaviour change impacts of coronavirus. Following existing precedent for the management of these conflicts of interest, John Bradley, Chris Eccles and David Martine were included in board discussions but not decision making in relation to these matters in 2019 and 2020.

To avoid any actual or perceived conflict of interest, Chris Eccles, David Martine and John Bradley excused themselves from the board's consideration of Infrastructure Victoria's assessment of the Victorian Government's priorities and progress in meeting Victoria's infrastructure needs at a meeting of the board in August 2019.

The board identified and agreed that Margaret Gardner had an actual or potential conflict of interest or duty in relation to Infrastructure Victoria's advice on population serving infrastructure for Suburban Rail Loop. The board agreed that the appropriate arrangement for management of Margaret Gardner's conflict of interest was to exclude her from both discussions and decision making in relation to the advice on population serving infrastructure for Suburban Rail Loop in 2019 and 2020.

The board identified and agreed that Margaret Gardner could have an actual or potential conflict of interest in relation to a BehaviourWorks Australia (BWA) report considered by the board (as BWA is affiliated with Monash University). Therefore, Margaret Gardner was included in discussions but not decision making regarding this report at a meeting of the board in March 2020.

Audit and Risk Committee

The Audit and Risk Committee comprises the following members:

- Maria Wilton – Chair
- David Martine – Member
- Trish Donohue – Independent Member

The main responsibilities of the audit committee are to:

- review the Annual Report and all other financial information published by Infrastructure Victoria
- assist in reviewing the effectiveness of the internal control environment covering
- effectiveness and efficiency of operations
- reliability of financial reporting
- compliance with applicable laws and regulations
- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with external auditors
- maintain effective communication with external auditors
- consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised
- oversee the effective operation of the risk management framework.

The committee met four times in 2019-20.

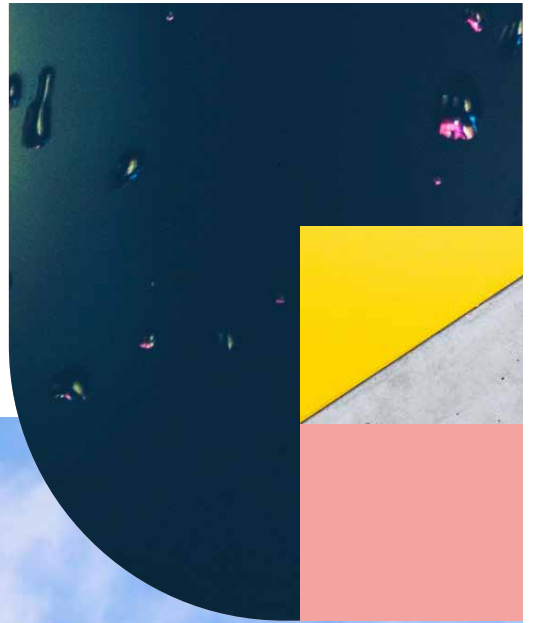
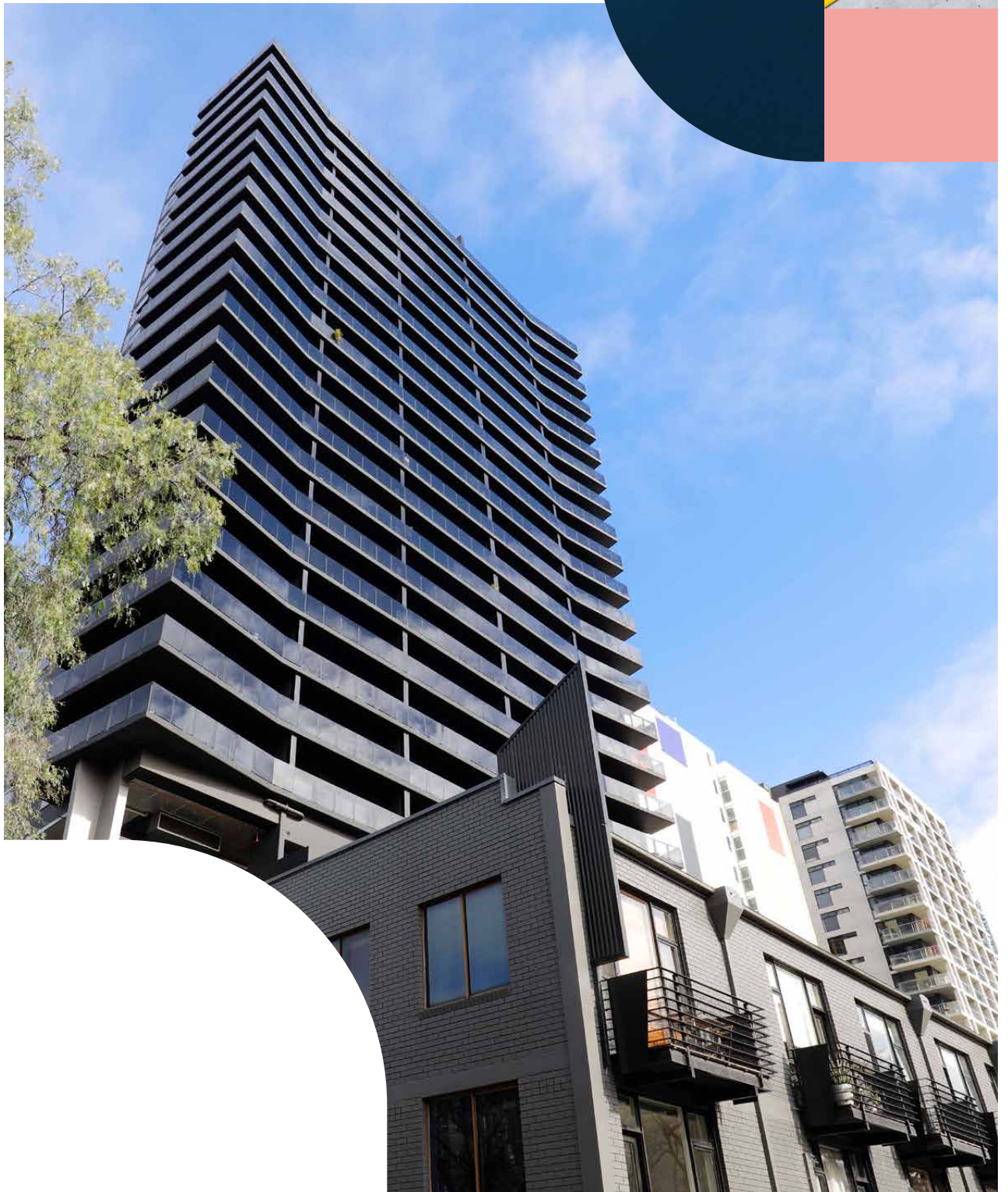
Occupational health and safety

Infrastructure Victoria maintains a policy on Occupational Health and Safety (OH&S). There were no reportable incidents relating to OH&S in 2019-20.

Employment and conduct principles

Since the establishment of Infrastructure Victoria in October 2015, the organisation has implemented processes to provide the staffing resources necessary to deliver statutory requirements.

Infrastructure Victoria is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of key selection criteria and other accountabilities without discrimination. We are proud of the diversity of our staff's demographics, backgrounds, skills and capabilities.



Workforce data

Infrastructure Victoria maintains a range of detailed employment policies to guide staff on matters relating to resolving grievances, flexible work opportunities, discrimination, recruitment, and performance. All policies and practices are consistent with the Victorian Public Sector Commission employment standards and the *Equal Opportunity Act (2010)*.

Infrastructure Victoria's workforce policies and processes provide for fair treatment and early resolution of workplace issues. All staff are advised on how to avoid conflicts of interest, how to respond to offers of gifts, and how Infrastructure Victoria deals with misconduct.

The following table discloses the head count and full-time equivalent (FTE) of all Infrastructure Victoria employees as at the conclusion of the current reporting period 30 June 2019 and of the previous reporting period ending 30 June 2019.

		June-20						June-19					
		Ongoing		Fixed Term/ Casual		Total		Ongoing		Fixed Term/ Casual		Total	
		Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE
Demographic data	Gender												
	Male	11	11.00	6	5.60	17	16.60	12	11.40	3	3.00	15	14.40
	Female	15	13.90	7	5.61	22	19.51	21	17.99	2	2.00	23	19.99
	Self-described	-	-	-	-	-	-	-	-	-	-	-	-
	Age												
	Under 25	1	1.00	3	1.41	4	2.41	2	1.20	-	-	2	1.20
	25-34	4	4.00	2	2.00	6	6.00	10	9.80	1	1.00	11	10.80
	35-44	12	11.50	7	6.80	19	18.30	13	11.39	4	4.00	17	15.39
	45-54	6	5.60	1	1.00	7	6.60	4	3.60	-	-	4	3.60
	55-64	2	1.80	-	-	2	1.80	4	3.40	-	-	4	3.40
	65+	1	1.00	-	-	1	1.00	-	-	-	-	-	-
	VPS2	-	-	-	-	-	-	-	-	-	-	-	-
Classification data	VPS3	1	1.00	2	2.00	3	3.00	3	2.20	-	-	3	2.20
	VPS4	3	3.00	-	-	3	3.00	2	2.00	-	-	2	2.00
	VPS5	3	2.70	4	3.80	7	6.50	4	4.00	2	2.00	6	6.00
	VPS6	16	15.20	4	4.00	20	19.20	20	17.99	3	3.00	23	20.99
	STS	-	-	-	-	-	-	-	-	-	-	-	-
	EO1	1	1.00	-	-	1	1.00	-	-	-	-	-	-
	EO2	1	1.00	-	-	1	1.00	2	2.00	-	-	2	2.00
	EO3	1	1.00	-	-	1	1.00	2	1.20	-	-	2	1.20
	Other	-	-	1	1.41	1	1.41	-	-	-	-	-	-
	Total	26	24.90	11	11.21	37	36.11	33	29.39	5	5.00	38	34.39

The following table discloses the annualised full-time total salary for senior employees categorised by classification.

Executives - June 20			Executives - June 19	
Salary band	Headcount	FTE	Headcount	FTE
< \$199,999	-	-	-	-
\$200,000 - \$219,999	1	1.00	2	1.60
\$220,000 - \$239,999	1	1.00	-	-
\$240,000 - \$259,999	-	-	-	-
\$260,000 - \$279,999	-	-	1	1.00
>\$280,000	1	1.00	1	1.00

Executive officer data

An executive officer (EO) is defined as a person employed as an executive under Part 3 of the *Public Administration Act 2004* or a person to whom the Victorian Government's Policy on Executive Remuneration in Public entities applies. The table below reflects employment levels at the last full pay period in June of the current and corresponding previous reporting year broken down by gender against EO classification levels.

The definition of an EO does not include a statutory office holder or an accountable officer.

	June-20								June-19							
	Female		Male		Self-described		Total		Female		Male		Self-described		Total	
	Head-count	FTE	Head-count	FTE	Head-count	FTE	Head-count	FTE	Head-count	FTE	Head-count	FTE	Head-count	FTE	Head-count	FTE
EO1	-	-	1	1.00	-	-	1	1.00	-	-	-	-	-	-	-	-
EO2	1	1.00	-	-	-	-	1	1.00	1	1.00	1	1.00	-	-	2	2.00
EO3	-	-	1	1.00	-	-	1	1.00	2	1.20	-	-	-	-	2	1.20
Total	1	1.00	2	2.00	-	-	3	3.00	3	3.20	1	1.00	-	-	4	3.20

The number of executives in the Report of Operations is based on the number of executive positions that were occupied at the end of the financial year. Note 8.3 in the financial statements lists the total number of EOs and the total remuneration paid to EOs over the course of the reporting period. The financial statements note does not include the Accountable Officer, nor does it distinguish between executive levels or disclose separations of executives who have left Infrastructure Victoria during the 2019-20 financial year. These disclosures are reconciled in the following table.

Reconciliation of executive numbers	2019-20	2018-19
Executives (as per Note 8.3)	6	4
Accountable Officer	1	1
Separations	(3)	(1)
Total executive number 30 June	4	4

Other disclosures

Local Jobs First

The *Local Jobs First Act 2003*, introduced in August 2018, brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Infrastructure Victoria is required to apply the Local Jobs First policy to all Metropolitan Melbourne or statewide projects valued at \$3 million or more. Additionally, the policy must also be applied to any regional Victoria projects valued at \$1 million or more. MPSG applies to all construction projects valued at \$20 million or more.

Infrastructure Victoria undertook no projects subject to the *Local Jobs First Act 2003* during the 2019-20 reporting period.

ICT expenditure

The Department of Premier and Cabinet provides ICT services to Infrastructure Victoria on a fee for service basis under the terms of a memorandum of understanding. In 2019-20, business-enabling ICT, finance and human resources services were provided through a shared services arrangement with the Department of Premier and Cabinet for a fee of \$270,000.

In addition, Infrastructure Victoria undertook the following two ICT projects:

- Facilitate the office relocation from Level 16, 530 Collins Street, Melbourne VIC 3000 to Level 33, 140 William Street, Melbourne VIC 3000 in May 2019. Total expenditure for this ICT project was \$67,714.
- Migration to Windows 10 and Office 365. Total expenditure for this ICT project was \$87,449.

Government advertising expenditure

In 2019-20, Infrastructure Victoria undertook no government advertising campaigns.

Consultancy expenditure

Details of consultancies valued at \$10,000 or greater

In 2019-20, Infrastructure Victoria undertook 17 consultancy engagements where total fees payable exceeded \$10,000. The total expenditure incurred during 2019-20 in relation to these consultancies was \$1,755,133 (excluding GST). Details of individual consultancies are provided in the table on the following page.

Details of consultancies under \$10,000

In 2019-20, there were six consultancies engaged during the year where the total fees payable to the individual consultants were less than \$10,000. The total expenditure incurred during 2019-20 in relation to these consultancies was \$16,488 (excl. GST).

Consultant	Contract description	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2019-20 (excl. GST)	Future expenditure (excl. GST)
ACIL ALLEN CONSULTING Pty Ltd	Regional comparative advantage framework	21-Mar-19	11-Oct-19	\$349,315	\$163,215	\$-
ARUP P/L	Transport modelling and assesment	17-Apr-19	30-Dec-19	\$516,731	\$448,053	\$-
ARUP P/L	Recycling and resource recovery infrastructure analysis	31-Jul-19	27-Sep-19	\$182,317	\$178,112	\$-
ARUP P/L	GIS technical support	10-Feb-20	30-Jun-20	\$108,650	\$105,370	\$-
Blue Environment Pty Ltd	Recycling and resource recovery materials flow analysis	31-Jul-19	27-Sep-19	\$118,700	\$118,700	\$-
Blue Environment Pty Ltd	Recycling and resource recovery modelling	29-Jul-19	20-Sep-19	\$43,300	\$43,300	\$-
Diplomacy Pty Ltd	Communications and engagement services	29-Jul-19	29-Jul-20	\$108,680	\$28,880	\$14,400
ERNST & YOUNG	Addressing regional disadvantage	3-Apr-19	6-Sep-19	\$272,392	\$27,273	\$-
JACOBS GROUP (AUSTRALIA) PTY LTD	Economic modelling	27-May-19	30-Nov-19	\$182,650	\$26,064	\$-
Jeanette Pope	Role of infrastructure in addressing regional disadvantage	1-Apr-19	31-Jan-20	\$74,000	\$7,600	\$-
KPMG	Transport and land use modelling	13-Jun-18	18-Sep-19	\$631,172	\$67,763	
MONASH UNIVERSITY	Transport network pricing forum	1-May-19	31-Jul-19	\$38,244	\$20,008	\$-
RPS Manidis Roberts Pty Ltd	Community engagement services	18-Jun-19	18-Jun-20	\$285,975	\$168,108	\$-
THE UNIVERSITY OF MELBOURNE	Recycling & resource recovery sector mapping & market design	30-May-19	28-Feb-20	\$106,975	\$78,978	\$-
Veitch Lister Consulting	Transport modelling	8-Apr-20	31-Jul-20	\$86,152	\$83,711	\$2,441
VICTORIA UNIVERSITY	SCGE Modelling	15-May-21	15-May-21	\$300,000	\$90,000	\$-
WSP AUSTRALIA PTY LIMITED	Transport infrastructure planning support	8-Jan-20	8-May-20	\$100,000	\$100,000	\$-

Freedom of Information requests

Freedom of Information Act 1982 allows the public a right of access to documents held by Infrastructure Victoria. In 2019-20 Infrastructure Victoria received one application, from a Member of Parliament. Access was granted in full to all except two of the documents requested. Following a review by the Office of the Victoria Information Commissioner, the two remaining documents were released with minor amendments to remove information deemed irrelevant and exempt under section 30(1) of the Act.

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in section 17 of the *Freedom of Information Act 1982*.

In summary, the requirements for making a request are:

- it should be in writing
- it should identify as clearly as possible which document is being requested, and
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of Infrastructure Victoria should be addressed to:

**Freedom of Information Manager
Infrastructure Victoria
Level 33/140 William St
Melbourne VIC 3000**

Requests can also be lodged online at www.foi.vic.gov.au. Access charges may also apply once documents have been processed and a decision on access is made for example, photocopying and search and retrieval charges.

Further information regarding Freedom of Information can be found at www.foi.vic.gov.au

Compliance with the *Building Act 1993*

Infrastructure Victoria does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

Competitive Neutrality Policy

Infrastructure Victoria does not provide services that compete with the private sector and is therefore not subject to the requirements of the Victorian Competitive Neutrality Policy or subsequent reforms.

Compliance with the *Protected Disclosure Act 2012*

The *Protected Disclosure Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectified.

Infrastructure Victoria encourages its officers and members of the public to report known or suspected incidences of improper conduct and detrimental action.

You may make a protected disclosure to Infrastructure Victoria:

- in person
- by phone
- by leaving a voicemail message
- in writing by post, personal delivery or email
- by any other form of electronic communication, and/or
- anonymously.

Alternatively, disclosures of improper conduct or detrimental action by the Department or any of its employees and/or officers may also be made directly to the Independent Broad-based Anti-corruption Commission:

**Level 1, North Tower, 459 Collins Street
Melbourne, VIC 3000**

Phone: **1300 735 135**

Internet: www.ibac.vic.gov.au

Compliance with the *Carers Recognition Act 2012*

To the extent applicable, Infrastructure Victoria has taken all practical measures to comply with obligations under the *Carers Recognition Act 2012*.

Compliance with the *Disability Act 2006*

Infrastructure Victoria acknowledges the importance of strengthening the rights of people with a disability. We are committed to creating and maintaining an accessible and inclusive environment for all people with a disability who come into contact with Infrastructure Victoria, whether as employees, stakeholders or members of the public more generally. The Department of Premier and Cabinet developed a comprehensive *Disability Action Plan 2017–20* which informs Infrastructure Victoria's policies ensuring we remain responsive to the needs of people with a disability.

Office-based environmental impacts

Infrastructure Victoria minimises the use of electricity through the use of motion sensitive lighting and efficient appliances. All staff are encouraged to avoid printing where possible and, where necessary, all printers default to double sided printing reducing paper waste. Additionally, every Infrastructure Victoria printer uses 100% recycled copy paper. All office waste systems are segregated, reducing the amount of recyclable material directed to landfill. Finally, all staff are encouraged to employ active or public modes of transport when undertaking business activities.

Additional Information

Infrastructure Victoria's published reports and documents are available online at www.infrastructurevictoria.com.au

Any relevant information in relation to the financial year is retained by the Accountable Officer and is available on request subject to the provisions of the *Freedom of Information Act 1982*.

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

Infrastructure Victoria Financial Management Compliance
Attestation Statement

I, Jim Miller, on behalf of the Responsible Body, certify that Infrastructure Victoria has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions.

Disclosure index

The Infrastructure Victoria annual report is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of Infrastructure Victoria's compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
Standing Directions & Financial Reporting Directions		
Report of operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	Page 8-9
FRD 22H	Purpose, functions, powers and duties	Page 8-9
FRD 8D	Departmental objectives, indicators and outputs	Page 8-9
FRD 22H	Key initiatives and projects	Page 10-31
FRD 22H	Nature and range of services provided	Page 8-9
Management and structure		
FRD 22H	Organisational structure	Page 34-37
Financial and other information		
FRD 8D	Performance against output performance measures	Page 10-31
FRD 8D	Budget portfolio outcomes	NA
FRD 10A	Disclosure index	Page 46
FRD 12B	Disclosure of major contracts	Page 43
FRD 15D	Executive officer disclosures	Page 41
FRD 22H	Employment and conduct principles	Page 38
FRD 22H	Occupational health and safety policy	Page 38
FRD 22H	Summary of the financial results for the year	Page 33
FRD 22H	Significant changes in financial position during the year	Page 33
FRD 22H	Major changes or factors affecting performance	Page 33
FRD 22H	Subsequent events	Page 33
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	Page 44
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Page 44
FRD 22H	Statement on National Competition Policy	Page 44
FRD 22H	Application and operation of the <i>Protected Disclosure Act 2012</i>	Page 44
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	Page 44
FRD 22H	Details of consultancies over \$10,000	Page 42-43
FRD 22H	Details of consultancies under \$10,000	Page 42
FRD 22H	Disclosure of government advertising expenditure	Page 42
FRD 22H	Disclosure of ICT expenditure	Page 42

Legislation	Requirement	Page reference
FRD 22H	Statement of availability of other information	Page 45
FRD 24C	Reporting of office based environmental impacts	Page 45
FRD 25D	Local Jobs First	Page 42
[pending]		
FRD 29C	Workforce Data disclosures	Page 40
SD 5.2	Specific requirements under Standing Direction 5.2	Page 45

Compliance attestation and declaration

SD 3.7.1	Attestation for compliance with Ministerial Standing Direction	Page 45
SD 5.2.3	Declaration in report of operations	Page 3

Financial statements

Declaration

SD 5.2.2	Declaration in financial statements	Page 75
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Standing Directions & Financial Reporting Directions

Other requirements under Standing Directions 5.2

SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 75
SD 5.2.1(a)	Compliance with Standing Directions	Page 75
SD 5.2.1(b)	Compliance with Model Financial Report	

Other disclosures as required by FRDs in notes to the financial statements ^(a)

FRD 9A	Departmental Disclosure of Administered Assets and Liabilities by Activity	Page 90-91
FRD 11A	Disclosure of Ex gratia Expenses	N/A
FRD 13	Disclosure of Parliamentary Appropriations	Page 83
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	Page 102
FRD 103G	Non Financial Physical Assets	N/A
[pending]		
FRD 110A	Cash Flow Statements	Page 80
FRD 112D	Defined Benefit Superannuation Obligations	Page 84
FRD 114C	Financial Instruments – general government entities and public non-financial corporations	Page 90
[pending]		

Note: (a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.

Legislation

<i>Freedom of Information Act 1982</i>	Page 44
<i>Building Act 1993</i>	Page 44
<i>Protected Disclosure Act 2012</i>	Page 44
<i>Carers Recognition Act 2012</i>	Page 44
<i>Disability Act 2006</i>	Page 45
<i>Local Jobs Act 2003</i>	Page 42
<i>Financial Management Act 1994</i>	Page 45



Assessment of priorities and progress in meeting Victoria's infrastructure needs



Introduction

The *Infrastructure Victoria Act 2015* requires Infrastructure Victoria's Annual Report to include, "an assessment of the government's specified priorities and progress in meeting the infrastructure needs identified in the five-year infrastructure plan." Our 2019-20 annual assessment continues to monitor changes.

Previous annual assessments primarily relied on the information from the State Budget. The 2020-2021 Victorian Budget release has been delayed until late 2020 due to the COVID-19 pandemic response. This means this year's assessment relies more heavily on Victorian Government and project announcements. The government's high-level priorities, listed in the *Victorian Infrastructure Plan 2017*, have not changed but were expanded upon in the *Victorian Infrastructure Plan: Projects Pipeline 2019*. This year's assessment is an update reflecting recent changes and should be read in conjunction with our previous assessments. It applies the framework established of previous annual reports and updates the indicator data.

1. Summary

Victoria has experienced two significant and unprecedented events, the 2019-20 bushfires and the COVID-19 pandemic. The Victorian Government has responded to the economic impacts with a \$2.7 billion building works package investment in 'shovel ready' infrastructure projects such as school upgrades, water infrastructure improvements and road resurfacing works. It also provided \$320 million for bushfire response and recovery.

The Victorian Government has continued to invest in infrastructure to support transport and digital connectivity, health and social services, and deliver reforms in the education, justice, energy, environment and water sectors. Many of these investments align with recommendations from the 30-year infrastructure strategy. However, as in previous years, we also encourage low-cost complementary reforms to allow more effective use of existing assets by managing demand and long-term infrastructure planning. These reforms can make a great difference at a much lower cost.

Significant expenditure was allocated to transport investment. The Victorian Government continues to deliver major transport projects that commenced prior to March 2020. This included the suburban roads upgrade package, level crossing removals, the West Gate Tunnel and the Melbourne Metro Tunnel, and early works beginning on the North East Link. The Melbourne Airport Rail Link Business Case is due to be released at the end of the year and planning works for the Suburban Rail Loop are continuing.

To get the most out of these major transport projects, a change to transport pricing can deliver more efficient travel and a fairer system for Victorians. Managing demand on transport networks and reforming public transport fares and parking levies still present opportunities to better use existing infrastructure. The Victorian Government has made some steps towards greater efficiency on the road network, funding a \$340 million technology and roads package of measures to make it easier for people and freight to get around on the roads. The Victorian Government can also re-allocate road space on key corridors, reform bus services, increase cycling and walking infrastructure, improve disability access to public transport, and prepare for a future with more electric and autonomous vehicles operating on our roads. As part of the COVID-19 pandemic response, the Victorian Government invested \$1.9 billion

for health facilities to continue to provide care, providing more equipment, extra capacity and extra resources. More mental health support was also provided. Extra housing support was provided through additional funding and extending hotel accommodations for the homeless. However, this will not meet the numbers of new social and affordable housing needed, which in our 2016 30-year strategy we approximated at 30,000 dwellings over the next ten years.

Construction of new schools has continued to respond to demand, especially in growth areas. To best serve their communities, schools need to ensure kindergarten and other early years services are integrated onto Victorian school sites. The pandemic has shifted the way Victoria students access education with most students learning from home, with free internet access and laptops provided to students otherwise unable to access the technology. Although a major disruption, this experience provides lessons in improving student experiences by better using school ICT infrastructure so students in smaller schools have greater access to the wider curriculum. Internet access was improved with faster and more reliable internet, contributing to improved access in regional and rural schools. The government can use these technologies in the future to deliver Victorian Certificate of Education subjects where face-to-face education may not be possible.

Remote working in rural areas was supported with funding to improve ICT infrastructure across 38 rural councils. The Victorian Government can further improve digital access by working with private providers to identify areas most in need of better services to improve social, safety and economic outcomes.

The justice system also adapted its services to the COVID-19 crisis. Justice administration conducted remote testimony using audio-visual technology, and VCAT received funding for IT upgrades to get matters heard digitally. These ICT improvements to justice access need to be expanded and continued beyond the pandemic. To support ICT improvements, expanding prevention programs can be a cost-effective means to reduce the demand on justice services and infrastructure.

2. Limitations

The water sector received funding for on-farm drought assistance and some water project investments as part of the Victorian Government's COVID-19 building works package. The Victorian Government undertook several initiatives to maintain security and reliability of electricity, with measures focused on supply side and market interventions. Improvements to the supply of energy can be complemented through measures that manage energy demand. Reducing the growth in energy demand in total and peak periods, will help ease the transition to achieving the Victorian Government's net zero emissions target.

The Victorian Government provided more funding for sports infrastructure through the *Community Sports Infrastructure stimulus program*. Local Government received assistance to deliver community infrastructure through the *Community Infrastructure Loans Scheme*. Funding was also provided to improve the experiences at Victorian tourist destinations. The Victorian Government can invest more in open space to provide the ability for communities to come together, supported by improved public and active transport connections.

The transition to a circular economy continued with Victorian Government investment and the release of the 10-year circular economy policy and action plan for the recycling and waste sector. Following this was a \$300 million plan to reduce waste going to landfill by 80 per cent over the coming decade. The Victorian Government needs to take further steps to reduce waste going to landfill, and our *Advice on recycling and resource recovery infrastructure* documented 13 actionable recommendations the Government can begin to implement now. The Victorian Government increased the Victorian Renewable Energy Target to 50 per cent by 2030 to further support for clean energy development.

This assessment of government priorities is primarily based on government announcements in the 2019-20 financial year. With no Victorian Budget available yet this year, we have not been able to assess infrastructure expenditure in the same way. For this reason, this assessment may not capture all relevant policy commitments, nor work undertaken by departments and agencies, that has not yet been disclosed publicly.

3. Assessment of the Government's priorities

As in the previous reports, Infrastructure Victoria has assessed specified priorities based on the sectors in the Victorian Infrastructure Plan, and identified relevant infrastructure needs as set out in the 2016 30-year infrastructure strategy.

4.1



Transport sector assessment

The Victorian Infrastructure Plan sets out four priorities for the transport sector:

1. Making the most of existing assets
2. Building for the future
3. Connecting regional Victoria
4. Developing smarter transport solutions.

These priorities relate to the following needs identified in the 30-year strategy:

- Need 10** Meet growing demand for access to economic activity in central Melbourne
- Need 11** Improve access to middle and outer metropolitan major employment centres
- Need 12** Access to jobs and services for people in regional and rural areas
- Need 13** Improve the efficiency of freight supply chains.

In addition, transport infrastructure is important to achieving:

- Need 1** Address infrastructure demands in areas with high population growth
- Need 2** Address infrastructure challenges in areas with low or negative population growth
- Need 4** Enable physical activity and participation
- Need 6** Improve accessibility for people with mobility challenges
- Need 19** Improve the resilience of critical infrastructure.

On 1 July 2019, VicRoads and Public Transport Victoria were officially merged into the Department of Transport (DoT). Since March 2020, the COVID-19 pandemic has significantly affected Victorian Government management of the transport network.

Transport infrastructure construction continues to be a significant part of the Victorian Government's infrastructure expenditure. It has largely continued delivering transport projects commenced prior to March 2020. The Victorian Government deemed construction of large-scale public infrastructure projects as 'critical' under Stage Four COVID-19 pandemic restrictions, so works have continued with strict health and safety protocols in place.¹ This includes projects such as the \$2.2b Suburban Roads Upgrade Program due for completion by 2025 and the continuation of the Level Crossing Removals program, with 38 crossing completed as of August 2020. Tunnelling and construction associated with West Gate Tunnel and Melbourne Metro Tunnel Project has continued. In June 2020, excavation of Town Hall Station's first level was completed, with three roadheaders breaking through into the station's central cavern 25 metres below Swanston Street.² Early works have also commenced on North East Link.³

Major committed projects are progressing towards the planning and approvals phase, including the Suburban Rail Loop and Melbourne Airport Rail Link. We await the Melbourne Airport Rail Link Business Case, due for public release by the end of 2020.⁴

Rapidly changing transport demand arising from the COVID-19 travel restrictions and associated economic shocks has meant the Victorian Government has focused heavily on changing transport operations for road, rail and port infrastructure. Transport demand across all modes has varied widely and led to widespread changes to transport system management and operations. To assist, the Victorian Government funded a \$340 million package

¹ <https://metrotunnel.vic.gov.au/about-the-project/news/slowing-the-spread-of-coronavirus-covid-19>

² <https://metrotunnel.vic.gov.au/about-the-project/news/breakthrough-at-town-hall-station>

³ <https://bigbuild.vic.gov.au/projects/melbourne-airport-rail>
<https://northeastlink.vic.gov.au/>

⁴ <https://bigbuild.vic.gov.au/projects/melbourne-airport-rail>
<https://northeastlink.vic.gov.au/>

of measures to make it easier for people and freight to get around on our roads. This includes technology to provide live traffic data to traffic management centres and road users, better incident response times, and improving traffic light timings for better traffic flow and enforcement of clearways.⁵

Public transport demand was estimated to have decreased to 30 per cent of typical patronage by June 2020 and continued to fall during the second lockdown.⁶ Private and heavy vehicle travel has fluctuated widely, particularly with light and heavy commercial vehicles as Victorians have opted to choose home delivery for many purchases.

The 2019-20 bushfire season resulted in fire damage to transport infrastructure, particularly in far East Gippsland, Upper Murray and Alpine areas. Over 1300km of roads were affected.⁷ Clearing and re-opening these roads required a multi-agency effort between DELWP Forest Fire Management, Parks Victoria, VicForests and the Australian Defence Force (ADF). Works to restore access were completed in June 2020.

Victorian and Australian Governments reached agreement to increase the existing \$1.75 billion Regional Rail Revival project budget by an additional \$300 million in July 2020.⁸ The project encompasses upgrades to seven regional rail lines, stabling upgrades at Ararat and station upgrades at Donnybrook and Wallan. The Bendigo and Echuca Line Upgrade includes the \$49.6 million Bendigo Metro 3 project. Funding was announced for new stations at Goornong, Huntly, and Raywood in July 2020, with completion due by the end of 2021. On the Warrnambool Line, nine level crossings now feature full protection, including boom gates, lights, bells and improved train detection technology.⁹

The \$117 million Drysdale Bypass, stretching 6 kilometres from Jetty Road to the north of Whitcombes Road on the Bellarine Peninsula, officially opened on 1 July 2020.¹⁰ The Mordialloc Freeway project, which will connect the Mornington Peninsula Freeway to the Dingley Bypass, commenced construction in October 2019 and is scheduled for completion in late 2021.¹¹

Infrastructure Victoria supports investing in building new infrastructure where this is a priority and maintaining existing infrastructure to improve the transport network. There is also an opportunity to use existing infrastructure better, including by managing demand on transport networks.

We released research examining Victoria's transport network, *Good move: Fixing Transport Congestion in March 2020*. To get the most out of big infrastructure transport projects and to reduce congestion there needs to be a change to transport pricing, which will result in a more efficient and fairer system for all Victorians. The Victorian Government can reform public transport fares and parking levies in the short term, and introduce comprehensive transport network pricing over the medium term.

Other immediate and effective actions can lift the productivity of the transport network, including those we have previously stated in *Victoria's 30-year infrastructure strategy, Five-year focus* and advice to the government including:

- Re-allocation of road space to maximise capacity and efficiency on key corridors
- Reforming and improving bus services, including trialling on-demand services
- Improving bus services to Melbourne Airport, particularly before the Airport Rail Link is running
- Significantly increasing cycling and walking infrastructure investment in priority areas
- Expanding public transport disability access and reduce barriers to people using the network to reach important destinations.

The Victorian Government can also continue to progress the recommendations from Infrastructure Victoria's *Advice on Automated Vehicles and Zero Emissions Infrastructure*, including determining whether transport infrastructure, legislation and policy are suitable for electric and automated vehicles, and utilising transport, energy, ICT and land use planning to realise their full potential.

⁵ Victorian Minister for Roads and Road Safety, *Keeping Victorians Moving During Coronavirus* Media Release 29 June, 2020

⁶ Department of Transport (17 June 2020) *Daily Network Performance Insights Report*

⁷ <https://regionalroads.vic.gov.au/bushfires>

⁸ <https://regionalrailrevival.vic.gov.au/news/funding-boost-for-regional-rail-revival>

⁹ <https://regionalrailrevival.vic.gov.au/news/thats-nine-down,-three-to-go-on-the-warrnambool-line>

¹⁰ <https://roadprojects.vic.gov.au/news/drysdale-bypass-opens>

¹¹ <https://roadprojects.vic.gov.au/news/whats-happening-on-the-mordialloc-freeway>

4.2 Culture, sport and community sector assessment

The Victorian Infrastructure Plan sets out four priorities for the culture, sport and community sector:

1. Maintaining Victoria's competitive edge
2. Plan for a growing population
3. Grow participation
4. Maintaining our current facilities.

These priorities relate to the following needs identified in the 30-year strategy:

Need 4 Enable physical activity and participation

Need 5 Provide spaces where communities can come together.

The Victorian Government has provided extra funding to the community and sports sectors as response to the COVID-19 pandemic. This includes a \$68 million *Community Sports Infrastructure Stimulus program*, to fast-track projects ready to build and upgrade community sports facilities. This supports the *Local sports infrastructure fund*, a statewide competitive Victorian Government investment program providing grant opportunities for aquatic centres and indoor stadiums, strategic facilities, female friendly facilities, community facilities and municipal and regional sports facility planning. Recreational boating infrastructure received \$47.2 million for improvements at 6 locations. The Victorian Government can invest in, reserve and plan high-quality open spaces that provide the ability for communities to come together. Community spaces can be better connected to the communities they serve through both private, public and safe active transport connections. Walking trails and cycling paths play a major part in community engagement and these spaces enable physical activity and improves their attractiveness as a destination.

The \$100 million *Community Infrastructure Loans Scheme* provides councils with access to low interest rate loans of between \$500,000 and \$10 million to deliver community infrastructure. This will support councils with growing rate revenue, but rural and councils with declining populations may struggle to repay the loans with limited rate revenue.

As part of the Building Works response, \$382 million has been earmarked for upgrades, maintenance and new experiences at tourism destinations across the state.¹² A further \$7.5 million will improve management of parks and reserves in Gippsland, as well as the Barmah National Park. Climate climate and weather events impacts, such as bushfires, will remain significant infrastructure management challenges.

The Geelong Arts Centre received funding following its major \$38.5 million redevelopment, with the \$128 million Little Malop Street Redevelopment underway. The Melbourne Arts Precinct in Southbank has received \$208 million to purchase and allocate of key sites for development. Plans and designs are expected to be complete by 2020.

¹² Victorian Government (2020) *Building Works: more jobs for Victorians*, available at <https://www.premier.vic.gov.au/building-works-more-jobs-for-victorians/>

4.3 Digital connectivity sector assessment

The Victorian Infrastructure Plan sets out three digital connectivity priorities:

1. Improving digital access across Victoria
2. Supporting use of digital technologies
3. Transforming state assets.

These priorities relate to the following specific needs identified in the 30-year strategy, and are underpinned by many others:

Need 2 Address infrastructure challenges in areas with low or negative population growth

Need 12 Improve access to jobs and services for people in regional and rural areas

Need 19 Improve the resilience of critical infrastructure.

The Victorian Government has taken measures to support virtual access and digital improvements to government services, to respond to movement restrictions imposed in response to the COVID-19 pandemic. To support remote working, \$3.8 million was provided to improve ICT infrastructure across the 38 rural councils.¹³ To support students studying and taking classes from home, students were supported to access to the internet, with priority for rural areas. The Victorian Government provided students with 5,000 SIM cards and 26,000 internet dongles, in partnership with Telstra. Over 48,000 laptops and tablets were also loaned to Victorian students since the start of Term 2, 2020. At schools, a \$59.9 million investment delivered extra internet bandwidth to every Victorian government school and helped bring rural and regional schools to the speeds received by metropolitan schools.¹⁴ The Victorian Government can continue to monitor the use of internet and remote access, and continue to ensure progress towards equitable digital access for regional and rural Victorians.

The Victorian Government will also invest \$100,000 from its Regional Digital Fund, as part of the *Connecting Regional Communities Program*, to investigate development of a network of community digital hubs across the Great South Coast region.¹⁵

Even though communications infrastructure is primarily an Australian Government responsibility, delivered by the private sector, the Victorian Government can improve digital access by working with private providers to identify areas most in need of better services to improve social, safety and economic outcomes. The Victorian Government can also progress work to expand the availability of open, real-time information between government and commercial transport providers as recommended in our *Advice on Automated and Zero Emissions Vehicles Infrastructure*.

¹³ <https://web.archive.org/web/20200627203957/https://www.premier.vic.gov.au/local-projects-for-our-fastest-growing-communities/>
<https://www.localgovernment.vic.gov.au/funding-programs/ict-infrastructure-program>

¹⁴ <https://www.education.vic.gov.au/about/educationstate/Pages/lifting-digital-experience-and-connectivity-of-schools.aspx>

¹⁵ <https://web.archive.org/web/20200312114252/https://www.premier.vic.gov.au/making-digital-connections-across-the-great-south-coast/>

4.4 Education sector assessment

The Victorian Infrastructure Plan sets out five education and training sector priorities:

1. Catering for a growing population
2. Creating inclusive shared spaces
3. Maximising use of technology
4. Developing skills for tomorrow
5. Improving education infrastructure.

These priorities relate to the following need identified in the 30-year strategy:

Need 9 Provide access to high-quality education infrastructure to support lifelong learning.

The Victorian government has committed to build 100 new schools between 2019- 2026.¹⁶ There are 38 schools are scheduled for opening between 2020-2022. These include 27 primary schools, 10 secondary schools and 1 specialist school. The majority of these (71%) will be delivered in Melbourne's growth areas.

In May 2020, the Victorian Government announced Victoria's Big Build Work Package,¹⁷ including \$1.18 billion in education infrastructure to create space for more than 21,000 extra students in Victoria's education system. This includes 10 new schools, a further 4 stages of new school projects, school upgrades and maintenance.

The COVID -19 pandemic drove a significant shift in the way Victorian students access education. From the start of term 2, most students were learning from home with free access to the internet and laptops to those students who needed it most.¹⁸ The only students that could continue to attend school in person were students whose parents could not work from home (such a health care workers), and vulnerable students without a suitable learning environment at home. This has been a major disruption for parents, students and teachers. The Department of Education and Training has conducted an extensive survey with Victorian students, parents, principals and teachers to understand the lessons from this significant behaviour change and how the education system can be improved as a result of the experience.¹⁹ In our 2016 30-year strategy, Infrastructure

Victoria supported new ways of learning through better use of school ICT infrastructure, including sharing of resources and learning across school sites so students in smaller schools have access to a wider curriculum.

Victorian Government policy to fund two years of pre-school education for all children before school by 2029 will significantly impact kindergarten infrastructure. Many existing kindergartens require modification and expansion to meet future enrolment demand. The reform has started in six regional local government areas in 2020, with further implementation planned for 15 regional local government areas in 2021.²⁰ Infrastructure Victoria's research into the needs of regional Victorians has shown early learning and development needs of children are a priority. As part of this roll-out, the Victorian Government is upgrading infrastructure through a \$1.68 billion co-investment with the early childhood sector to build and expand kindergarten facilities across the state.²¹

Councils and non-profit organisations can apply for up to \$1.5 million for a new early learning facility, including under the new modular kindergarten facility option, up to \$600,000 for an expansion, or up to \$2 million for a new Integrated Children's Centre. In the 2016 30-year strategy we made a recommendation to transform schools into community facilities including integrating kindergarten and other early years services onto school sites.

The Department of Education will also provide all Councils with grants of up to \$90,000 to support them to plan for the longer-term provision of early years infrastructure for 3- and 4-year-olds. This will help Councils to undertake the service planning that they need to establish whether new or upgraded Council owned facilities are required, or whether other early years providers including not-for-profits, private early years can meet this growing need.

TAFE campuses are also important Victorian Government assets and provide critical training for local skills and are particularly important in regional communities. This year works commenced on the revitalisation of the Bendigo TAFE's city campus.²²

¹⁶ <https://www.schoolbuildings.vic.gov.au/blog/Pages/100-New-Schools.aspx>

¹⁷ <https://www.premier.vic.gov.au/building-works-more-jobs-for-victorians/>

¹⁸ <https://www.premier.vic.gov.au/victorian-students-to-learn-from-home-as-vce-timelines-revised/>

¹⁹ <https://www.premier.vic.gov.au/have-your-say-on-remote-and-flexible-learning/>

²⁰ <https://www.vic.gov.au/three-year-old-kindergarten-victorians>

²¹ <https://www.premier.vic.gov.au/supporting-the-kindergarten-building-boom-in-victoria/>

²² <https://www.premier.vic.gov.au/works-underway-on-bendigo-tafe-revitalisation-project/>

4.5 Energy sector assessment

The Victorian Infrastructure Plan sets out three energy sector priorities:

1. Ensuring efficiency and affordability
2. Protecting our energy security
3. Targeting net zero emissions.

These priorities relate to the following need identified in the 30-year strategy:

Need 18 Transition to lower carbon energy supply and use.

During 2019-20, the Victorian Government passed legislation to extend and increase the Victorian Renewable Energy Target to 50 percent by 2030, up from 40 percent in 2025. It also announced a new target of 6.5 million certificates in 2021 for the Victoria Energy Upgrades program, with a further decision on the 2022 to 2025 targets and associated changes to be determined before the end of 2020.

The Victorian Government progressed implementation of the Victorian Infrastructure Plan: Projects Pipeline 2019, with developments including:

- The Numurkah Solar Farm came online in July 2019. It is one of two large-scale solar farms providing renewable energy to offset Melbourne's tram network.
- The New Energy Jobs Fund granted funds to Natimuk Community Energy Inc for a 1.6MW community solar farm, a research partnership to trial solar smart electric vehicle charging, the Ballarat Community Power Hub to power McCallum Disability Services, the Disability Industries factory in Ballarat and funding towards the Hepburn Shire Waste to Energy System.

In response to COVID-19 health restrictions, in-home assessments for the Victorian Efficiency Scorecard were stopped. The high-volume energy upgrade activities for both residential and non-residential premises across Victoria that are part of the Victorian Energy Update program were also suspended.

The Victorian Government has undertaken several initiatives to maintain electricity security and reliability, including seeking exemption from national rules to allow the Australian Energy Market Operator to seek cost-competitive multi-year contracts for the Reliability and Emergency Reserve Trader agreement. It also amended the *National Electricity (Victoria) Act 2005* to be able to fast-track priority transmission projects and network investments from national energy regulatory processes, in close consultation with the Australian Energy Market Operator. This is to facilitate more timely transmission investment to maintain electricity system reliability.

Action continues to focus on supply side and market interventions. Demand-side measures, including stronger support for energy efficiency, and greater uptake of cost-reflective pricing for electricity, can reduce growth in total and peak demand, and ease Victoria's transition task to a net zero emission energy system.

4.6 Environment sector assessment

The Victorian Infrastructure Plan sets out four environment sector priorities:

1. Protecting Victoria's biodiversity
2. Managing our parks
3. Taking action on climate change
4. Improving resource recovery and waste management.

These priorities relate to the following needs identified in the 30-year strategy:

Need 15 Manage pressures on landfill and waste recovery facilities

Need 16 Help preserve natural environments and minimise biodiversity loss

Need 19 Improve the resilience of critical infrastructure (which recommended improved coastal protection infrastructure).

The 2019-20 financial year contained some significant announcements for Victoria's environment and related infrastructure. Victoria's transition to a circular economy gathered pace, with the government's total investment reaching \$141 million.²³ This includes a \$10 million loan to SKM, to clean up existing materials and resume waste processing. These initiatives were followed by a \$300 million plan to reduce waste going to landfill by 80% over the coming decade. The Recycling Victoria initiatives intend to reach this target by introducing a container deposit scheme and fourth bin for households.

We delivered 13 recommendations to the Victorian Government of infrastructure to address the amount of waste being generated and to grow our recycling and resource rates. Our *Advice on recycling and resource recovery infrastructure* builds upon the work underway in Victoria and supports moving the state to a more circular economy. The 13 recommendations are:

1. Improve infrastructure capacity and capability for recovering and reprocessing priority materials
2. Increase the diversion of organic waste from landfills
3. Provide clarity to the waste-to-energy sector and establish regulatory settings to achieve desired waste-to-energy outcomes
4. Review funding mechanisms to increase infrastructure and capability
5. Provide ongoing statewide and locally tailored behaviour change programs
6. Reduce contamination in material streams
7. Introduce waste minimisation initiatives
8. Remove barriers and strengthen markets for priority materials
9. Ensure that producers and consumers involved in making and using products share the responsibility for their fate
10. Provide greater clarity of roles and responsibilities for Victorian Government bodies involved in recycling and resource recovery
11. Improve the quality and use of data to support resource recovery
12. Use targets to drive performance
13. Strengthen the status of, and processes around, Victoria's Recycling Infrastructure Plan

The Victorian Government's increase of the Victorian Renewable Energy Target to 50 percent by 2030, announcement of a new target of 6.5 million certificates in 2021 for the Victoria Energy Upgrade program, and support for clean energy development (detailed in section 4.5) contributed to action on climate change.

²³ Premier of Victoria, 'More Support For Victoria's Recycling Sector', Victorian Government, 27 August 2019: <https://www.premier.vic.gov.au/more-support-for-victorias-recycling-sector/>

4.7 Health and human services sector assessment

The *Victorian Infrastructure Plan* sets out five health and human services sector priorities:

1. Building a proactive system that anticipates demand
2. Driving system-wide reform for safer, better services
3. Integrating care across the health and social service system
4. Improving equity and access
5. Investing in the future.

These priorities relate to the following needs identified in the 30-year strategy:

- Need 3 Respond to increasing pressures on health infrastructure, particularly due to ageing**
- Need 6 Improve accessibility for people relating to universal design**
- Need 7 Provide better access to housing for the most vulnerable Victorians**

The Victorian Government was required to manage the outbreak of the COVID-19 pandemic during 2019-20. In March 2020, the Victorian Government released the *Pandemic Plan for the Victorian Health Sector*.²⁴ The plan details the objectives, guiding principles and stages of response to COVID-19, as well as likely impacts and outlooks on Victoria's health system performance. As part of the COVID-19 preparedness response, the Victorian Government invested \$1.9 billion to ensure health facilities can continue to provide care, including:

- more equipment and capacity for hospitals
- funding for emergency departments and intensive care units
- extra resourcing for pandemic containment activities
- support and guidance for health services managing COVID-19 patients
- support for workforce continuity throughout the pandemic.

As part of this, to treat COVID-19 patients, the Victorian Government invested \$30 million for St Vincent's on the Park in East Melbourne, boosting the state's capacity by 84 extra hospital beds.²⁵ Emergency departments and other capacity improvements are going to be bolstered by building works at Sunshine Hospital²⁶, Wonthaggi Hospital²⁷, Monash Hospital²⁸, LaTrobe Regional Hospital²⁹ and Northern Hospital³⁰.

The Victorian Government also announced a new \$150 million *From Homelessness to a Home* package in July 2020,³¹ which will fund extensions of current hotel accommodation until at least April 2021 for another 2,000 Victorians to access long term housing. The latest tranche of funding of the *Social Housing Growth Fund* will deliver 780 new social housing dwellings, with Construction of further social housing properties including at Hampton Park, Grovedale, Mernda, Bundoora, and Thornbury³². Also welcomed was an additional \$153.8 million over the next five years to be invested into homelessness services over the next five years³³. The Victorian Government will put \$8.8m towards using repurposed aged-care sites to provide self-isolation facilities for Victorians experiencing homelessness at four sites in inner Melbourne.³⁴

Significant further investment by the Victorian Government in social housing will be required in future years in light of the significant and growing demand for it. Victoria's social and public housing supply has experienced little change over many years, which combined with more long-term tenants has led to the number of new households being offered social housing declining over time. In our 2016 30-year Infrastructure Strategy, we concluded approximately 30,000 new social and affordable dwellings in 10 years is an achievable response to respond to the current unmet demand for social housing.

²⁴ State of Victoria (DHHS), 'COVID-19 Pandemic Plan for the Victorian Health Sector', State of Victoria, March 2020, <https://www2.health.vic.gov.au/about/publications/ResearchAndReports/covid-19-pandemic-plan-for-vic>

²⁵ <https://www.vhhsba.vic.gov.au/news/st-vincent-s-park-boost-capacity>

²⁶ <https://www.vhhsba.vic.gov.au/news/sunshine-hospitals-emergency-department-redevelopment-reaches-another-milestone>

²⁷ <https://www.vhhsba.vic.gov.au/news/wonthaggi-hospital-expansion-puts-local-jobs-first>

²⁸ <https://www.vhhsba.vic.gov.au/news/major-milestone-monash-emergency-department>

²⁹ <https://www.vhhsba.vic.gov.au/news/have-your-say-latrobe-regional-hospital-expansion-stage-3a>

³⁰ <https://www.vhhsba.vic.gov.au/news/improving-patient-experience-northern-hospitals-new-intensive-care-unit>

³¹ State of Victoria 'Homes For Homeless Victorians During Pandemic And Beyond', State of Victoria, 28 July 2020, <https://www.premier.vic.gov.au/homes-homeless-victorians-during-pandemic-and-beyond>

³² <https://www.premier.vic.gov.au/delivering-new-homes-victorians-who-need-support>

³³ <https://www.premier.vic.gov.au/new-approach-reduce-homelessness-victorians>

³⁴ <https://www.premier.vic.gov.au/safe-places-homeless-recover-and-isolate>

4.7



Health and human services sector assessment (cont.)

Stable housing leads to improved health and wellbeing, better educational outcomes, greater capacity for social and economic participation, and community cohesion. The current volume and scale of infrastructure construction are at industry capacity, social housing construction in contrast can utilise some of the capacity being made available as the residential construction sector slows.

The Victorian Government is currently allocating funding for round 4 of the Regional Health Infrastructure Fund (RHIF),³⁵ funding projects such as the Portland Community Mental Health Centre.³⁶ It has begun construction of the specialist \$564 million Victorian Heart Hospital at Monash University, which will have 206 bed capacity and provide up to 2,150 cardiac surgeries per year and be the first of its kind in Australia.³⁷

In response to the challenges of the COVID-19 pandemic, the Victorian Government has also committed nearly \$59.7m in additional funding to fast-track mental health support for Victorians in need,³⁸ with the view of strengthening the surge capacity of clinical and mental health services across Victoria.

The Victorian Government announced a Royal Commission into Victoria's Mental Health System³⁹ in 2019. The Royal Commission is to provide Victorians with a clear vision for the improvement of Victoria's mental health system, in response to the funding, workforce capacity and infrastructure issues raised by the VAGO audit in dealing with increasing services demand.⁴⁰ The Victorian Government should monitor the interim funding closely, and seek to implement recommendations from the final royal commission report, to be released in February 2021.

4.8



Justice and emergency services sector assessment

The *Victorian Infrastructure Plan* sets out five justice and emergency services sector priorities:

1. Keeping Victorians safe
2. Building the corrections and youth justice facilities we need
3. New and improved court services
4. Deploying information and communications technology innovations
5. Enhancing public safety.

These priorities relate to the following need identified in the 30-year strategy:

Need 8 Address increasing demand on the justice system.

The entire justice sector has been affected by coronavirus, and court and corrections infrastructure have had to respond quickly so services can still be delivered. Many responses have been technology-led. All personal visits to corrections precincts have been suspended for the duration of the pandemic response to reduce the risk of COVID-19 transmission, except for essential professional visitors. Televisual technology is being used to attend hearings, consult legal counsel and communicate with family. Construction has begun on Victoria's largest maximum-security prison at the Chisholm Road site. When completed, the maximum-security men's prison will hold more than 1,200 beds and comprise eight prisoner communities, each with two 78-bed accommodation units⁴¹.

COVID-19 has changed how justice is administered in courts and tribunals, transforming their application so that the justice system keeps operating. Remote testimony is being conducted using audio-visual technology, including for Magistrates' hearings where the accused is on summons or bail and does not require attendance of the accused, provided their legal representative attends. Victoria's Supreme Court and County Court are also trialling

³⁵ <https://www.vhhsba.vic.gov.au/health/regional-facilities/regional-health-infrastructure-fund>

³⁶ <https://www.vhhsba.vic.gov.au/news/new-mental-health-centre-portland-taking-shape>

³⁷ <https://www.premier.vic.gov.au/works-underway-australias-first-heart-hospital>

³⁸ State of Victoria (Premier of Victoria), 'Fast-Tracked Mental Health Support For Victorians in Need', State of Victoria, 9 August 2020, <https://www.premier.vic.gov.au/fast-tracked-mental-health-support-victorians-need>

³⁹ State of Victoria, 'Home', Royal Commission into Victoria's Mental Health System, 2020, <https://rcvmhs.vic.gov.au/>

⁴⁰ Victorian Auditor-General's Office (VAGO), *Access to Mental Health Services*, VAGO, March 2019, <https://www.audit.vic.gov.au/sites/default/files/2019-03/20190321-Mental-Health-Access.pdf>

⁴¹ <https://www.premier.vic.gov.au/construction-starts-chisholm-road-prison>

4.9 Water sector assessment

virtual courtroom technology after in-person hearings and trials were suspended due to the coronavirus pandemic. The Victorian Civil and Administrative Tribunal received \$5.2 million in funding for IT upgrades to get planning and development dispute hearings running online. VCAT will also look to implementing these IT upgrades so others matters can be heard digitally.^{42,43} This use of technology is encouraging, and can be built upon to introduce permanent and wider dispute resolution technology, aiming at improving access to justice and managing court caseloads.

For emergency services, Bushfire Recovery Victoria was established, a Victorian Government agency working directly with local communities to deliver infrastructure they need.⁴⁴ Community groups across Victoria's bushfire-affected areas will share in up to \$5 million of funding to build or repair local community facilities such as playgrounds, skate parks, pavilions, community gardens and halls. As part of the Community Recovery Package, short-term modular housing is jointly funded by the Victorian and Commonwealth Governments.⁴⁵ The Inspector-General for Emergency Management is currently conducting an inquiry into the 2019-20 Victorian Fire Season.

The *Victorian Infrastructure Plan* sets out three water sector priorities:

1. Extending and using our water grid better
2. Building resilience to climate change
3. Improving the health of waterways and catchments.

These priorities relate to the following needs identified in the 30-year strategy:

Need 14 Manage threats to water security, particularly in regional and rural areas

Need 17 Improve the health of waterways and coastal areas.

In October 2019, the *Victorian Infrastructure Plan: Projects Pipeline Update* included three new investments in the water sector. The largest funding allocation was \$45.8 million for drought assistance, which included grants for on-farm drought infrastructure. Funding was also provided for ongoing management and protection of Melbourne's waterways and for continued delivery of integrated water management projects, as outlined in the *Victorian Budget 2019-20*.

Further investment of \$48.4 million in water projects was announced as part of the Victorian Government's \$2.7 billion Building Works stimulus package. This includes:

- An extra \$10.4 million for phase 2 of the Macalister Irrigation District Modernisation project, to boost productivity and efficiency for irrigators and improve the health of the Gippsland Lakes. The new investment should ensure completion of the project, with additional funding from local irrigators and the Australian Government.
- Support for bushfire recovery efforts through investments to restore waterway and catchment health and replace essential water infrastructure.
- Funding for integrated water management projects to secure water supplies and for environment waterway works.

The Victorian Government, as stated in previous assessments, can reform sector planning to deliver a more efficient and responsive water sector as detailed in Infrastructure Victoria's October 2019 *Reforming Water Sector Governance* report.

⁴² <https://www.itnews.com.au/news/vic-tribunal-deploying-new-tech-to-resolve-disputes-remotely-547324>

⁴³ <https://web.archive.org/web/20200523083926/https://www.premier.vic.gov.au/getting-vcac-moving-remotely-during-coronavirus/>

⁴⁴ <https://www.vic.gov.au/bushfire-recovery-victoria>

⁴⁵ <https://www.premier.vic.gov.au/quality-modular-housing-families-rebuilding-after-fires>

5. Assessment of progress in meeting Victoria's infrastructure needs

In addition to assessing the Victorian Government's priorities, we are required to annually report on progress in meeting Victoria's infrastructure needs. In our 2016-17 annual report, we introduced metrics, indicators and supporting data to help track progress in meeting the infrastructure needs identified in the 30-year strategy. The metrics we have selected provide a sense of whether progress is being made in the delivery of outcomes.

These metrics are unchanged in this year's annual report. The latest data has been included for the 2020 update where available. For some data indicators there is no update due to the listed sources having not been revised or published by the relevant data source producer, in some cases due to COVID-19 disruptions.

The sources for the indicators can be found in Infrastructure Victoria's *References and Sources: Assessment of Progress in Meeting Victoria's Infrastructure Needs*, which can be found at infrastructurevictoria.com.au. Infrastructure-related actions are an important contributor and enabler to positively influence these metrics. In sectors such as education, health, human services and justice, infrastructure assets work with service delivery to achieve outcomes and most meaningful indicators of performance are influenced by a combination of different factors.

Need 1: Address infrastructure demands in areas with high population growth

Metric	Data indicator	Baseline data	2017 update	2018 update	2019 update	2020 update
Ability to improve access to services or increase service capacity for high growth areas	LGAs with high forecast growth: the LGAs likely to be in the top 10% of the State in terms of growth in absolute and in percentage growth rates in the years 2016-2046	Baw Baw Cardinia Casey Greater Geelong Hume	Cardinia Casey Greater Geelong Hume Maribyrnong Melbourne Melton	No update	Casey Greater Geelong Hume Melbourne Melton Moreland	No update
		Mitchell Port Phillip Whittlesea Wyndham	Mitchell Port Phillip Whittlesea Wyndham		Whittlesea Wyndham	
	Reference period	2015	2016		2019	

Need 2: Address infrastructure challenges in areas with low or negative growth

Metric	Data indicator	Baseline data	2017 update	2018 update	2019 update	2020 update
Ability to optimise infrastructure delivery while maintaining or improving service delivery within low growth areas	LGAs with low forecast growth: the LGAs likely to be in the bottom 10% of the State in terms of growth in absolute and in percentage growth rates in the years 2016-2046	Buloke Corangamite Gannawarra	Buloke Corangamite Gannawarra Glenelg Hindmarsh Loddon	No update	Buloke Corangamite Glenelg Hindmarsh	No update
		Hindmarsh Loddon			Northern Grampians Southern Grampians West Wimmera Yarriambiack	
		Southern Grampians West Wimmera Yarriambiack	Southern Grampians West Wimmera Yarriambiack			
	Reference period	2015	2016		2019	

Need 3: Respond to increasing pressures on health infrastructure, particularly due to ageing

Metric	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Increase in efficiency of health services	Average health expenditure per person	\$ nominal	6,189	6,278	6,373	6,581	7,231
		Reference period	2013-14	2014-15	2015-16	2016-17	2017-18
	Percentage of people treated within a clinically appropriate time	Elective surgery patients (%)	88.5	89.6	90.2	90.5	83.7
		Emergency Department patients (%)	74	74	77	70	80.1
		Reference period	Apr-Jun 2016	Apr-Jun 2017	Apr-Jun 2018	Apr-Jun 2019	Apr-Jun 2020
	Average bed days of potentially preventable hospitalisations	Days	4.04	4.10	3.98	3.98	3.89
		Reference period	2014-15	2015-16	2016-17	2017-18	2018-19

Need 4: Enable physical activity and participation

Metric	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Increase in access to infrastructure to encourage physical activity	Percentage of children living in neighbourhoods with good parks, playgrounds and play-spaces	%	88	No update	No update	No update	No update
		Reference period	2015				
	Participation rates in physical activity through an organisation/venue	%	57.0	56.6	60.3	62.2	62.9
		Reference period	Oct 2015 - Sep 2016	2016	2017	2018	2019

Need 5: Provide spaces where communities can come together

Metric	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Improvements in perceived access to and quality of open and community spaces	Percentage of Victorians who feel that their neighbourhood is a pleasant environment (taking into consideration features such as nice streets and open spaces)	%	81	No update	No update	No update	No update
		Reference period	2011-12				
	Percentage of Victorians with access to community services and resources (such as libraries, maternal and child health centres and neighbourhood centres)	%	85	No update	No update	No update	No update
		Reference period	2011-12				

Note: The data measured against Need 5 is sourced from the Victorian Population Health Survey 2011-12, Social Capital Report and is no longer collected. There is an opportunity for government to collect and release this type of data in future.

Need 6: Improve accessibility for people with mobility challenges

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Improvement in user experience of mobility challenged people accessing transport and social services infrastructure	Percentage of Victorians with a disability who have difficulty using public transport	%	33.0	31.5	No update	No update	32.2
		Reference period	2012	2015			2018
Proportion of infrastructure that is accessible for mobility challenged people	Percentage of public transport services that are DDA compliant	Metropolitan buses (%)	75	No update	No update	No update	No update
		Regional buses (%)	49	No update	No update	No update	No update
		Regional coaches (%)	56	No update	No update	No update	No update
		Trams (%)	23	No update	No update	No update	No update
		Metropolitan trains (%)	98	No update	No update	No update	No update
		Regional trains (%)	92	No update	No update	No update	No update
		Reference period	2012				

Note: There have been no further updates to the data measuring accessibility for people with mobility challenges. There is an opportunity for government to collect and report on perceptions of accessibility and compliance with Disability Discrimination Act (DDA) provisions in future.

Need 7: Provide better access to housing for the most vulnerable Victorians

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Reduction in housing stress for lower income households in the rental market	Percentage of all new lettings across the state affordable to lower income households	Victoria (%)	15.3	14.5	12.6	11.5	11.3
		Metropolitan Melbourne (%)	7.4	5.7	4.5	4.9	5.6
		Regional Victoria (%)	54.9	54.3	50.5	44.8	40.3
		Reference period	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020
	Rental Affordability Index	Greater Melbourne	127	127	126	127	128
		Rest of Victoria	121	122	123	124	120
		Reference period	Jun 2015	Dec 2016	Dec 2017	Jun 2018	Jun 2019
Availability of social housing	Social housing dwellings in Victoria	Number of dwellings	85,386	86,266	86,418	86,813	85,626
		Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
Ability to provide homeless people a pathway into housing	Unmet demand for accommodation services	%	31.8	32.9	35.6	38.2	38.3
		Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
	Increase in public and community housing	Gross annual increase in number of dwellings	-386	129	-29	333	728
		Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
	Quality of public housing	Proportion of public housing households with at least four working facilities and no more than two major structural problems (%)	83.1	82.4	No update	82.0	No update
		Reference period	2014	2016		2018	

Need 8: Address expanded demand on the justice system

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Reduction in demand for justice services	Number of prisoners in Victoria's prison system	Total prisoner population	6,520	7,151	7,668	8,104	7,151
		Reference period	Jun 2016	Jun 2017	Jun 2018	Jun 2019	Jun 2020
	Number of unsentenced prisoners in Victoria's prison system	Unsentenced prisoner population	1,883	2,224	2,711	2,967	2,484
		Reference period	Jun 2016	Jun 2017	Jun 2018	Jun 2019	Jun 2020

Need 9: Provide access to high-quality education infrastructure to support lifelong learning

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Increase in overall education asset utilisation	Estimated excess enrolment capacity (as a percentage of total capacity) in Victorian Government Schools	Metro Melbourne	22.8	22.0	21.7	18.8	17.8%
		Growth Areas	21.5	18.0	18.4	15.7	15.3%
		Regional Cities	27.5	33.2	31.9	23.3	23.2%
		Regional Victoria	46.1	45.9	44.9	36.8	36.2%
		Reference period	2015	2017	2018	2019	2020

Need 10: Meet growing demand for access to economic activity in central Melbourne

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Increase in supply or management of demand for transport system capacity to accommodate journeys to and from the central city Improvements in transport performance across the network to access central Melbourne	Metropolitan Trains	Annual train patronage, inner city stations (City Loop, Richmond, North Melbourne and South Yarra) (millions)	85.3	83.7	85.2	No update	88.2
		Reference period	2013-14	2015-16	2016-17		2018-19
		Number of AM Peak train services above benchmark levels of load standard/ congestion, network wide (breaches)	47	51	17	25	19
		Reference period	2015	2016	2017	2018	2019
		Proportion of scheduled metropolitan train services delivered (reliability) (%)	98.8	98.7	98.8	98.8	98.4
		Proportion of metropolitan train services running on time (punctuality) (%)	92.7	92.5	91.8	91.9	91.1
		Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
		Average daily off-peak station entries – inner city stations	331,425	346,343	347,020	No update	347,000
		Reference period	2013-14	2015-16	2016-17		2018-19
		Capacity of trains arriving at Flinders Street before 9am and departing Flinders Street between 4pm - 6.00pm (average weekday) (seated)	Data not available	218,700	219,150	223,650	235,800
		Capacity of trains arriving at Flinders Street before 9am and departing Flinders Street between 4pm - 6.00pm (average weekday) (seated and standing)	Data not available	437,400	438,500	447,300	471,600
		Reference period		2017	2018	2019	2020

Metrics	Data indicators	Baseline data	2017 update	2018 update	2019 update	2020 update
Metropolitan trams	Average daily tram arrival load at CBD cordons at AM peak	37,410	40,151	40,643	40,731	42,954
	Reference period	2015	2016	2017	2018	2019
	Number of AM Peak rolling hour average tram loads above desired standards, network wide (breaches)	15	11	5	8	4
	Reference period	2015	2016	2017	2018	2019
	Proportion of Yarra Tram services Delivered (reliability) (%)	99.1	98.8	98.6	98.5	98.5
	Proportion of Yarra Tram services running on time (punctuality) (%)	83.0	83.7	82.6	81.7	83.1
	Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
Metropolitan bus	Number of bus services operating within the central city on an average weekday	905	989	972	1,007	1,066
	Reference period	2014	2017	2018	2019	2020
	Proportion of scheduled metropolitan bus services delivered (reliability) (%)	99.9	99.9	99.9	99.9	99.8
	Proportion of metropolitan bus services running on time (punctuality) (%)	93.2	78.8	80.5	80.8	82.6
	Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
Metropolitan cycling	Bicycle volumes at selected inner city locations (average weekday volume per site)	1,559	1,485	1,440	1,618	1,440
	Reference period	2015	2016	2017	2018	2019
	Length of bicycle routes in the City of Melbourne municipality (km)	Data not available	Data not available	136	No update	No update
	Reference period	2018				
	Length of Principal Bicycle network (existing) (km)	Data not available	3,685	No update	No update	No update
	Length of Principal Bicycle network (proposed) (km)	Data not available	3,505	No update	No update	No update
	Length of Strategic Cycling Corridor network (existing) (km)	Data not available	1,179	No update	No update	No update
	Length of Strategic Cycling Corridor network (proposed) (km)	Data not available	1,168	No update	No update	No update
	Reference period	2017				
Metropolitan roads	AM peak travel time variability from average for road transport (%)	21	21	No update	No update	No update
	Reference period	2014	2015			

Need 11: Improve access to middle and outer metropolitan major employment centres

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Increase in supply or management of demand for transport system capacity to accommodate journeys to and from middle and	Metropolitan Trains	Annual train patronage, non-inner city stations (millions)	129.7	140.4	140.3	No update	143.4
		Reference period	2013-14	2015-16	2016-17		2018-19
		Proportion of scheduled metropolitan train services delivered (reliability) (%)	98.8	98.7	98.8	98.8	98.4
		Proportion of metropolitan train services running on time (punctuality) (%)	92.7	92.5	91.8	91.9	91.1
		Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
		Metropolitan activity centre average weekday PM peak station entries	15,952	18,045	18,760	No update	18,826
		Reference period	2013-14	2015-16	2016-17		2018-19
	Metropolitan trams	Proportion of Yarra Tram services Delivered (reliability) (%)	99.1	98.8	98.6	98.5	98.5
		Proportion of Yarra Tram services running on time (punctuality) (%)	83.0	83.7	82.6	81.7	83.1
		Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
Metropolitan bus	Annual bus patronage (millions)	124.0	122.5	118.0	117.8	121.8	
	Reference period	2014-15	2015-16	2016-17	2017-18	2018-19	
	Proportion of scheduled metropolitan bus services delivered (reliability) (%)	99.9	99.9	99.9	99.9	99.8	
	Proportion of metropolitan bus services running on time (punctuality) (%)	93.2	78.8	80.5	80.8	82.6	
	Reference period	2014-15	2015-16	2016-17	2017-18	2018-19	
Metropolitan cycling	Length of Principal Bicycle network (existing) (km)	Data not available	3,685	No update	No update	No update	
	Length of Principal Bicycle network (proposed) (km)	Data not available	3,505	No update	No update	No update	
	Length of Strategic Cycling Corridor network (existing) (km)	Data not available	1,179	No update	No update	No update	
	Length of Strategic Cycling Corridor network (proposed) (km)	Data not available	1,168	No update	No update	No update	
	Reference period	2017					
Metropolitan roads	AM peak travel time variability from average for road transport (%)	21	21	No update	No update	No update	
	Reference period	2014	2015				

Need 12: Improve access to jobs and services for people in regional and rural areas

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Increase in supply or management of demand for transport system capacity to accommodate journeys to and from major employment centres and service centres in rural and regional areas Improvements in transport performance across the network to access to jobs and services in rural and regional areas	Regional Trains	Number of seats on trains arriving in Melbourne before 9am and departing Melbourne between 4pm and 6pm (average weekday)	26,080	29,171	29,942	31,233	31,125 (Jun'20) 31,032 (Feb'20) – pre-COVID
		Average utilisation of train service capacity arriving in Melbourne before 9am and departing Melbourne between 4pm and 6pm (average weekday) (%)	91	93	95	102	22% (Jun'20) 106% (Feb'20) – pre-COVID
		Reference period	Jun 2016	Jun 2017	Jun 2018	May 2019 ^a	Feb & Jun 2020
		Proportion of scheduled regional train services delivered (reliability) (%)	98.6	96.6	97.8	97.0	96.4
		Proportion of regional train services running on time (punctuality) (%)	89.7	86.6	85.6	83.9	86.8
		Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
		Total annual boardings (millions)	16.3	17.9	19.5	21.04	16.9
		Reference period	2015-16	2016-17	2017-18	2018-19	2019-20
	Regional coach	Total annual boardings (millions)	1.40	1.37	1.32	1.32	1.03
		Reference period	2015-16	2016-17	2017-18	2018-19	2019-20
	Regional bus	Proportion of scheduled regional bus services delivered (reliability) (%)	99.0	99.9	99.9	100	99.9
		Proportion of regional bus services running on time (punctuality) (%)	95.1	94.8	94.6	94.1	93.3
		Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
	Regional roads	Percentage of rural road length failing roughness pavement condition standard	3.8	4.0	4.4	No update	No update
		Percentage of rural road length failing rutting pavement condition standard	2.0	2.2	2.2	No update	No update
		Percentage of rural road length failing cracking pavement condition standard	1.5	3.7	6.7	No update	No update
		Reference period	2016	2017	2018		
Improvements in ICT connectivity in rural and regional areas	Regional ICT	Percentage of households outside Greater Melbourne with internet connection %	57	61	No update	No update	No update
		Reference period	2011	2016			
		Number of mobile blackspots in Victoria	2,461	No update	No update	No update	No update
	NBN connectivity	Reference period	2016				
		Brownfields activations (number of premises)	155,338	416,816	746,106	1,143,654	1,610,464
		Greenfields activations (number of premises)	56,970	80,724	110,342	142,303	182,370
		Satellite activations (number of premises)	5,802	11,524	14,113	14,902	16,204
		Wireless activations (number of premises)	36,077	55,815	69,099	80,506	90,199
		Total activations (number of premises)	254,187	564,879	939,660	1,381,365	1,899,237
		Total ready for service (millions of premises)	0.6	1.3	1.6	2.5	3.5
		Reference period	28 July 2016	27 July 2017	26 July 2018	25 July 2019	23 July 2020

a. May 2019 was largely unaffected by construction-related planned disruptions

Need 13: Improve the efficiency of freight supply chains

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Reduction in cost of the total freight task (origin to destination)	Average interstate freight train speed, Melbourne - Brisbane corridor	Brisbane to Melbourne (km/h)	58	59	58	60	58
		Melbourne to Brisbane (km/h)	62	62	61	62	62
		Reference period	2015	2016	2017	2018	2019
	Average intermodal freight train dwell time as a proportion of schedule travel times, Melbourne - Brisbane corridor	Brisbane to Melbourne (%)	15	11	15	14	13
		Melbourne to Brisbane (%)	14	11	12	13	10
		Reference period	2015	2016	2017	2018	2019
	Port of Melbourne capacity	Average TEUs per ship hour at berth	74.4	75.9	76.0	75.9	83.1
		Total TEUs	1,255.1	1,283.6	1,328.9	1,477.6	1,451.7
		Reference period	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2017	Jul-Dec 2017	Jan-Jun 2019
	Melbourne airport scheduled international air freight	Inbound (tonnage)	132,051	122,639	141,727	146,932	132,116
		Outbound (tonnage)	140,816	163,999	171,687	178,519	180,959
		Total (tonnage)	272,867	286,638	313,413	325,452	313,073
		Reference period	2014-15	2015-16	2016-17	2017-18	2018-19

Need 14: Manage threats to water security, particularly in regional and rural areas

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Reduction in vulnerability of water supply systems to water shortages, that is, supply is sufficient to meet minimum levels of service agreed with water users	Available water taken for consumptive purposes	(%)	21	26	31	11	33
		Reference period	2013-14	2014-15	2015-16	2016-17	2018-19
	Victorian towns on water restrictions	Number	1	0	35	1	6
		Reference period	2014	2015	Jan-Jun 2016	2016-17	2018-19
	Increase in the efficiency of irrigation delivery systems	Volume of water in Victorian dams					
Gigalitres (GL)			5,414	8,536	7,909	5,767	6,491
Increase in total water available for non-urban water users							
		Reference period	1 July 2016	4 July 2017	2 July 2018	5 July 2019	1 July 2020

Need 15: Manage pressures on landfill and waste recovery facilities

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Improvements in waste generation and/or reuse/ recycling per capita	Waste per capita in Victoria	Tonnes per person	2.0	2.1	2.1	2.1	2.2
		Reference period	2013-14	2014-15	2015-16	2016-17	2017-18
	Victorian resource recovery rate	Percentage (%)	66	67	67	67	69
		Reference period	2013-14	2014-15	2015-16	2016-17	2017-18
Ability to addresses forecast future demand for waste infrastructure	Total projected waste generation	Millions of tonnes	20.6 in 2043-44	No update	20 in 2046	20 in 2046	No update
		Reference period	2015		2018	2019	

Need 16: Help preserve natural environments and minimise biodiversity loss

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Increase in the volume and quality of Victoria's preserved natural habitat	Number of threatened species in Victoria	Plants	359	399	376	No update	381
		Vertebrate fauna	180	195	196	No update	194
		Invertebrate fauna	72	72	73	No update	73
		Reference period	Feb 2014	Mar 2017	Apr 2018		November 2019
Reduction in indigenous biodiversity losses	Total area of protected land	Millions of hectares	4.0	3.9	No update	No update	4.0
		Reference period	2014	2016			2018

Need 17: Improve the health of waterways and coastal areas

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Increase of waterways in good or excellent	Proportion of river length in good/excellent condition	Percentage (%)	23	No update	No update	No update	No update
		Reference period	2010				
	Proportion of weekly quality samples suitable for swimming	Percentage (%)	88	97	97	97	No update
		Reference period	2012-13	2015-16	2016-17	2017-18	
Improvements in coastal water quality	Proportion of Port Philip Bay and surrounding catchments in Very Good or Good condition	Percentage (%)	40	35	37.8	35.2	No update
		Reference period	2014-15	2015-16	2016-17	2017-18	

Need 18: Transition to low carbon energy supply and use

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Reduction in Victoria's greenhouse gas emissions	Level of Victoria's electricity generated by emission intensity of technology	Generation using low emissions technology (GWh)	8,769	8,186	8,257	8,984	11,145
		Generation using high emissions technology (GWh)	44,124	48,493	46,305	43,703	36,199
		Total generation (GWh)	52,892	56,679	54,562	52,688	47,345
		Reference period	2013-14	2014-15	2015-16	2016-17	2017-18
	Percentage of Victoria's electricity generated by emission intensity of technology	Low emissions (%)	17	14	15	17	24
		High emissions (%)	83	86	85	83	76
		Reference period	2013-14	2014-15	2015-16	2016-17	2017-18

Need 19: Improve the resilience of critical infrastructure

Metrics	Data indicators		Baseline data	2017 update	2018 update	2019 update	2020 update
Increase in the resilience of critical infrastructure to disruptions	Level of annual energy consumption produced by sources not vulnerable to weather fluctuations	Gigawatt hours (GWh)	48,250	51,556	48,945	47,057	40,731
		Reference period	2013-14	2014-15	2015-16	2016-17	2017-18
Increase in the resilience of critical infrastructure to climate change	Proportion of annual energy consumption produced by sources not vulnerable to weather fluctuations ^b	Percentage (%)	91	90	90	89	86
		Reference period	2013-14	2014-15	2015-16	2016-17	2017-18
	Interconnector capability	Basslink (%)	No data available	100	100	100	No update
		Heywood - Vic. To SA (%)	No data available	92.3	92.3	92.3	No update
		Reference period		2016-17	2017-18	2018-19	
Victorian electricity generation as a proportion of total capacity at time of peak demand	Generation (MW)	No data available	9,221	8,673	8,327	No update	
		Capacity (MW)	No data available	10,229	9,473	9,017	No update
		Proportion (%)	No data available	90.1	91.6	92.3	No update
		Reference period		2016-17	2017-18	2018-19	
Proportion of electricity generated from renewable sources at time of peak demand	Percentage (%)	No data available	26.0	29.1	31.3	No update	
		Wind (MW)	No data available	561	431	354	No update
		Solar (MW)	No data available	No data available	No data available	156	No update
		Hydro (MW)	No data available	1,837	2,089	2,097	No update
		Reference period		2016-17	2017-18	2018-19	

b. Electricity sources not vulnerable to weather fluctuations have been defined as black coal, brown coal, natural gas, oil products and biomass. Wind, Hydro and Solar PV sources are defined as being vulnerable to weather fluctuations.

Metrics	Data indicators	Baseline data	2017 update	2018 update	2019 update	2020 update
Proportion that rooftop solar reduces demand on the network at time of peak demand	Percentage (%)	No data available	6.7	6.0	2.4^c	No update
	Rooftop solar (MW)	No data available	604	589	229^c	No update
	Reference period		2016-17	2017-18	2018-19	
Statewide notable incidents (incidents which resulted in system security violation or loss of customer load or generation)	Number of incidents	2	6	1	3	No update
	Reference period	2015-16	2016-17	2017-18	2018-19	
Statewide weekly household water consumption	Kilolitres per household (kl)	159	167	157	160	164
	Reference period	2015-16	2016-17	2017-18	2018-19	2018-19
Estimated number of weeks' water consumption held in dams - Melbourne	Gigalitres (Gl)	147	157	145	115	147
	Reference period	1 July 2016	1 July 2017	1 July 2018	1 July 2019	1 July 2020
Water supply interruptions	Interruptions per 100km of water main	36.2	35.8	37.5	38.0	36.1
	Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
Length of State water grid	Kilometres (km)	46,878	47,383	48,105	48,881	49,901
	Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
Metropolitan train service reliability	Proportion of scheduled services delivered (%)	98.8	98.7	98.8	98.8	98.4
	Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
Metropolitan tram service reliability	Proportion of scheduled services delivered (%)	99.1	98.8	98.6	98.5	98.5
	Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
Metropolitan bus service reliability	Proportion of scheduled services delivered (%)	99.9	99.9	99.9	99.9	99.8
	Reference period	2014-15	2015-16	2016-17	2017-18	2018-19
Average annual sustained time off electricity supply per customer	Central Business District (min)	No data available	9	5	14.3	8.6
	Urban (min)	No data available	87	50	59.5	70.6
	Short rural (min)	No data available	336	138	187.6	251.4
	Long rural (min)	No data available	380	284	328.4	536.7
	Whole network (min)	No data available	173	96	117.8	163.7
	Reference period		2016	2017	2018	2019

c. In 2018-19, AEMO's maximum demand snapshot occurred at 6pm, accounting for the lower penetration of rooftop solar at this time.



Financial Statements

for the year ended 30 June 2020

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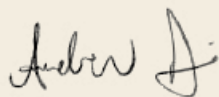
Accountable Officer's and Chief Financial Officer's declaration

The attached financial statements for Infrastructure Victoria have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, cash flow statement, statement of changes in equity and notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2020 and financial position of Infrastructure Victoria as at 30 June 2020.

At the time of signing, we are not aware of any circumstance, which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 4th September 2020.



Andrew Davis
Chief Financial Officer

Melbourne
4th September 2020



Michel Masson
Chief Executive Officer

Melbourne
4th September 2020

Independent Auditor's Report

To the Board of Infrastructure Victoria

Opinion	I have audited the financial report of Infrastructure Victoria which comprises the: • balance sheet as at 30 June 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • Accountable Officer's and Chief Financial Officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of Infrastructure Victoria as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.
Basis for opinion	I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report. My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of Infrastructure Victoria in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of Infrastructure Victoria is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing Infrastructure Victoria's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.



Auditor's responsibilities for the audit of the financial report	As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Infrastructure Victoria's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Infrastructure Victoria's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Infrastructure Victoria to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
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MELBOURNE
8 September 2020


 Timothy Maxfield
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2020

		2020	2019
	Notes	\$	\$
Continuing operations			
Income from transactions			
Grants	2.2	10,056,029	10,123,596
Total income from transactions		10,056,029	10,123,596
Expenses from transactions			
Employee benefits	3.2.1	6,611,167	5,574,007
Depreciation	4.2	404,522	73,394
Interest expenses	3.1	80,309	1,440
Capital asset charge	3.1	9,900	-
Other operating expenses	3.3	3,022,348	4,474,754
Total expenses from transactions		10,128,246	10,123,596
Net result from transactions (net operating balance)		(72,217)	-
Other economic flows included in net result			
Net gain/(loss) on disposal of non-financial assets		(3,453)	-
Net gain/(loss) from the revaluation of leave liabilities		(12,725)	(35,438)
Total other economic flows included in net result		(16,178)	(35,438)
Net result		(88,395)	(35,438)
Comprehensive result		(88,395)	(35,438)

The accompanying notes form part of these financial statements.

Balance sheet

As at 30 June 2020

		2020	2019
	Notes	\$	\$
Assets			
Financial assets			
Receivables	5.1	1,424,425	2,168,772
Total financial assets		1,424,425	2,168,772
Non-financial assets			
Property, plant and equipment	4.1	2,857,032	163,860
Prepayments	5.4	64,491	86,573
Total non-financial assets		2,921,523	250,433
Total assets		4,345,948	2,419,205
Liabilities			
Employee benefits	3.2.2	1,211,743	956,635
Payables	5.2	275,796	1,314,318
Other provisions	5.5	98,667	98,667
Borrowings	6.1	2,844,359	39,821
Deferred lease incentive	5.3	22,951	28,938
Total liabilities		4,453,516	2,438,378
Net assets		(107,568)	(19,173)
Equity			
Accumulated surplus		(107,568)	(19,173)
Net worth		(107,568)	(19,173)

The accompanying notes form part of these financial statements.

Cash flow statement

For the financial year ended 30 June 2020

		2020	2019
	Notes	\$	\$
Cash flows from operating activities			
Receipts			
Receipts from government		11,099,155	9,606,892
Receipts from other entities		-	-
Total receipts		11,099,155	9,606,892
Payments			
Payments to suppliers and employees		(10,712,338)	(9,567,875)
Capital asset charge paid		(9,900)	-
Interest and other finance costs paid		(80,309)	(1,440)
Total payments		(10,802,547)	(9,569,315)
Net cash flows from/(used in) operating activities	6.2	296,608	37,576
Cash flows from investing activities			
Payments for property, plant and equipment		-	(29,936)
Net cash flows from/(used in) investing activities		-	(29,936)
Cash flows from financing activities			
Proceeds from disposal of motor vehicles		32,045	-
Repayment of finance leases		(328,654)	(7,640)
Net cash flows from/(used in) financing activities		(296,608)	(7,640)
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		-	-
Cash and cash equivalents at the end of the year		-	-

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the financial year ended 30 June 2020

	Accumulated surplus	Total
	\$	\$
Balance at 1 July 2018	16,265	16,265
Net result for the year	(35,438)	(35,438)
Balance at 30 June 2019	(19,173)	(19,173)
Net result for the year	(88,395)	(88,395)
Balance at 30 June 2020	(107,568)	(107,568)

The accompanying notes form part of these financial statements.

1. About this report

Infrastructure Victoria was established by the *Infrastructure Victoria Act 2015* and commenced operations on 1 October 2015.

The principal address is:

Infrastructure Victoria
Level 33
140 William Street
Melbourne VIC 3000

A description of the nature of Infrastructure Victoria's operations and its principal services are included in the **"Report of Operations"** of the Annual Report which does not form part of these financial statements.

Basis of preparation

These financial statements are prepared in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and therefore, do not form part of the income and expenses of Infrastructure Victoria.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes to which they relate.

These financial statements cover Infrastructure Victoria as an individual reporting entity and include all its controlled activities.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

Compliance information

These general-purpose financial statements have been prepared on a going concern basis in accordance with the *Financial Management Act 1994* and applicable (AASs) including Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance, reliability and the substance of the underlying transactions or other events.

Other accounting policies

Significant and other accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements.

2. Funding of our services

INTRODUCTION

Infrastructure Victoria is an independent advisory body, which is funded by Parliamentary appropriations for the provision of outputs. These appropriations are received by the Department of Premier and Cabinet and the Department of Treasury and Finance and provided to Infrastructure Victoria in the form of grants.

STRUCTURE

2.1 Income that funds the delivery of our services
2.2 Grants

2.1 Income that funds the delivery of our services

		2020	2019
	Notes	\$	\$
Grants	2.2	10,056,029	10,123,596
Total income		10,056,029	10,123,596

2.2 Grants

	2020	2019
	\$	\$
Grants from the Department of Treasury and Finance	2,002,565	-
Grants from the Department of Premier and Cabinet	8,053,465	10,123,596
Total grants	10,056,029	10,123,596

Income from grants (other than contribution by owners) is recognised when Infrastructure Victoria obtains control over the grant. Infrastructure Victoria has determined that these grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider) and are enforceable with sufficiently specific performance obligations, they are accounted for as revenue from contracts with customers in accordance with AASB 15.

Infrastructure Victoria do not have any grants other than grants received from the Department of Premier and Cabinet (DPC) and the Department of Treasury and Finance (DTF). These grants are recognised under the accounting standard AASB 1004 when Infrastructure Victoria has delivered the services and DPC has transferred the grant.

Previous accounting policy for 30 June 2019

Income from grants (other than contribution by owners) is recognised when Infrastructure Victoria obtains control over the contribution. Where grants are reciprocal (i.e. equal value is given back by Infrastructure Victoria to the provider), Infrastructure Victoria is deemed to have assumed control when performance obligations under the terms of the grant are met. Non-reciprocal grants are recognised as income when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

3. Cost of delivering our services

INTRODUCTION

This section provides an account of the expenses incurred by Infrastructure Victoria in delivering its services.

The funds that enable the provision of the services were disclosed in Note 2.

STRUCTURE

- 3.1 Expenses incurred in the delivery of services
- 3.2 Employee benefits
- 3.3 Other operating expenses

3.1 Expenses incurred in the delivery of services

		2020	2019
	Notes	\$	\$
Employee benefits	3.2.1	6,611,167	5,574,007
Interest expenses		80,309	-
Capital asset charge		9,900	-
Other operating expenses	3.3	3,022,348	4,474,754
Total operating expenses		9,723,724	10,048,762

Interest expenses in 2020 relates to notional interest cost in leases recognised under AASB16 leases. For Infrastructure Victoria this relates to their accommodation lease relating to Williams Street Office facility.

3.2 Employee benefits

3.2.1 Employee benefits in the comprehensive operating statement

	2020	2019
	\$	\$
Salaries and wages, annual leave and long service leave	6,138,804	5,150,538
Defined contribution superannuation expense	472,363	423,469
Total employee benefits expenses	6,611,167	5,574,007

Employee benefits comprise all costs related to employment including salaries and wages, superannuation, leave entitlements, redundancy payments, fringe benefits tax and WorkCover premiums paid and payable.

3.2.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2020	2019
	\$	\$
Current provisions:		
Annual leave	512,205	402,467
Long service leave	406,010	289,326
Total current provisions	918,215	691,794
Non current provisions		
Long service leave	293,528	264,841
Total non-current provisions	293,528	264,841
Total employee benefits ^(a)	1,211,743	956,635

Notes: (a) The 2020 increase in employee benefits is mainly due to a reduction in staff leave taken during the COVID-19 pandemic period.

Current provisions: The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as Infrastructure Victoria does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Unconditional Long Service Leave (LSL) is disclosed as a current liability even where Infrastructure Victoria does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed as a component of the provision for employee benefits where the employment to which they relate has occurred.

Non-Current provisions: Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

Infrastructure Victoria does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

3.3 Other operating expenses

	2020	2019
	\$	\$
Purchase of services	2,071,211	2,673,256
Supplies and services	650,527	868,467
Operating lease rentals ^(a)	-	457,038
Low-value lease expenses	39,284	-
Information technology costs	146,566	372,081
Occupancy costs	114,760	103,912
Total other operating expenses	3,022,348	4,474,754

Notes: (a) With transition to AASB16 Leases, accommodation leases are accounted for as a “right of use asset/lease liability” in the balance sheet and are no longer expensed as lease rentals in the Operating Statement.

Other operating expenses represent the day-to-day running costs incurred in delivering the services of Infrastructure Victoria.

Operating lease payments up until 30 June 2019 (including contingent rentals) are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

Since 1 July 2019 all leases (except below) are accounted under AASB 16 Lease Accounting Standard in the Office’s balance sheet.

- Short-term leases – leases with a term less than 12 months; (there are none in 2019-2020) or
- Low value leases – leases with the underlying asset’s fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

4. Key assets available to support output delivery

INTRODUCTION

Infrastructure Victoria controls property, plant and equipment in fulfilling its objectives and conducting its activities. These assets represent the key resources that Infrastructure Victoria uses for the delivery of these activities.

STRUCTURE

- 4.1 Property, plant and equipment
- 4.2 Asset depreciation

4.1 Property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Right-of-use buildings	3,095,214	-	(371,574)	-	2,723,640	-
Leasehold improvements	304,323	304,323	(205,626)	(180,007)	98,697	124,316
Leased motor vehicles	37,977	51,580	(3,283)	(12,036)	34,695	39,544
Net carrying amount	3,437,514	355,903	(580,483)	(192,043)	2,857,032	163,860

Leasehold Improvements – Initial Recognition

The cost of leasehold improvements is capitalised as an asset and depreciated over the expected term of the lease or the estimated useful life of the improvements, whichever is the shorter.

Leasehold Improvements – Subsequent Measurement

In reporting periods subsequent to initial recognition, leasehold improvements are valued using the historical cost method. Historical cost is used as a close proxy to the current replacement cost due to its short useful life.

Right-of-use asset acquired by lessees (Under AASB 16 Leases from 1 July 2019) – Initial Recognition

Infrastructure Victoria recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use asset – Subsequent measurement

Infrastructure Victoria subsequently depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Motor vehicles (including Motor vehicles under leases)

Vehicles are valued using the current replacement cost method. Infrastructure Victoria acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition use and disposal in the market is managed by experienced fleet managers in VicFleet who set relevant depreciation rates during the life of the asset to reflect the use of the vehicles.

Impairment

Property, plant and equipment are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is considered to be an impairment and is written off as an 'other economic flow', except to the extent that it can be offset to an asset revaluation surplus amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of current replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

4.1(a) Reconciliation of movements in carrying amounts of property, plant and equipment

	Right of use buildings	Leasehold improvements	Leased motor vehicles	Total
	\$	\$	\$	\$
2020				
Carrying amount at the start of the year	-	124,316	39,544	163,861
Recognition of right-of-use assets on initial application of AASB 16	3,095,214	-	-	3,095,214
Additions	-	-	37,977	37,977
Disposals	-	-	(35,498)	(35,498)
Depreciation expenses	(371,574)	(25,619)	(7,329)	(404,522)
Carrying amount at the end of the year	2,723,640	98,697	34,695	2,857,032
2019				
Carrying amount at the start of the year	-	61,356	46,528	107,884
Additions	-	128,603	768	129,371
Depreciation expenses	-	(65,643)	(7,751)	(73,394)
Carrying amount at the end of the year	-	124,316	39,544	163,861

4.2 Asset depreciation

	2020	2019
	\$	\$
Right-of-use buildings	371,574	-
Leasehold improvements	25,619	65,643
Leased motor vehicles	7,329	7,751
Total depreciation	404,522	73,394

Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, to its useful life. Depreciation begins when the asset is first available for use in the location and condition necessary for it to be capable of operating in the manner intended by the entity.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term.

The estimated useful lives, residual values and depreciation method are reviewed at least annually. Typical estimated useful lives applicable for the different classes are included in the table below:

Useful life of assets

Asset class	Useful life (years)
Leasehold improvements	5-40
Leased motor vehicles	2-3

5. Other assets and liabilities

INTRODUCTION

This section sets out those assets and liabilities that arose from Infrastructure Victoria's operations.

STRUCTURE

- 5.1 Receivables
- 5.2 Payables
- 5.3 Deferred lease incentive
- 5.4 Prepayments
- 5.5 Other provisions

5.1 Receivables

	2020	2019
	\$	\$
Statutory		
Amounts owing from Victorian Government	1,420,772	2,063,831
GST recoverable	3,653	104,941
Total receivables	1,424,425	2,168,772
Represented by:		
Current receivables	1,160,328	1,903,931
Non-current receivables	264,097	264,841

Statutory receivables do not arise from contracts and are not classified as financial instruments. They are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment and are not classified as financial instruments.

5.2 Payables

	2020	2019
	\$	\$
Contractual		
Creditors and accruals	249,807	1,293,269
Statutory		
Amounts payable to other government agencies	25,989	21,049
Total payables	275,796	1,314,318
Represented by:		
Current payables	275,796	1,314,318

Contractual payables are classified as financial instruments and measured at amortised cost. Creditors and accruals represent liabilities for goods and services provided to Infrastructure Victoria prior to the end of the financial year that are unpaid.

Statutory payables are recognised and measured similarly to contractual payables but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

5.3 Deferred lease incentive

	2020	2019
	\$	\$
Current	5,987	5,987
Non-current	16,964	22,951
Total deferred lease incentive	22,951	28,938

The lease incentive relates to Infrastructure Victoria's William Street, Melbourne, office facilities. The total lease incentive is being amortised annually over the term of the lease that expires at the end of April 2024.

5.4 Prepayments

	2020	2019
	\$	\$
Prepayments	64,491	86,573
Total prepayments	64,491	86,573

Prepayments represent payments in advance for receipt of goods or services made in one accounting period covering a term extending beyond that period.

5.5 Other provisions

	2020	2019
	\$	\$
Make-good provision	98,667	98,667
Total other provisions	98,667	98,667

The make-good provision is recognised in accordance with the agreement over the leased premises when Infrastructure Victoria is required to remove any leasehold improvements from the leased premises and restore the premises to its original condition at the end of the lease term. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation, after considering the risks and uncertainties surrounding the restoration costs.

6. Financing our operations

INTRODUCTION

This section provides information on the sources of finance utilised during Infrastructure Victoria's operations, along with interest expenses and other information related to financing activities.

STRUCTURE

- 6.1 Borrowings
- 6.2 Reconciliation of the net result for the period to cash flow from operating activities
- 6.3 Commitments for expenditure

6.1 Borrowings

	2020	2019
	\$	\$
Secured		
Current lease liabilities	312,289	7,744
Non-current lease liabilities	2,532,070	32,077
Total Borrowings	2,844,359	39,821

Leases recognised under the AASB16 lease accounting standard are initially measured at the present value of the lease payments unpaid at the commencement date, discounted using an interest rate implicit in the lease if that rate is readily determinable or the Departments incremental borrowing rate.

Interest expenses include costs incurred in connection with the borrowing of funds or the notional interest cost in the accommodation lease recognised under the AASB16 lease accounting standard. Interest expense is recognised in the period in which they are incurred.

Please refer to note 6.1 (c) for a more detailed disclosure note on the Infrastructure Victoria's transition to AASB16 Leases from 1 July 2019.

6.1 (a) Right-of-use Assets

Right-of-use assets are presented in note 4.1(a).

6.1 (b) Amounts recognised in the Statement of Comprehensive Statement

The following amounts are recognised in the Statement of Comprehensive Operating Statement relating to leases:

	2020
	\$
Interest expense on lease liabilities	80,309
Low-value lease expenses	39,284
Total amount recognised in the statement of comprehensive statement	119,593

6.1 (c) Amounts recognised in the Statement of Cashflows

The following amounts are recognised in the Statement of Cashflows for the year ending 30 June 2020 relating to leases.

	2020
	\$
Interest expense on lease liabilities	80,309
Low-value lease expenses	39,284
Lease liability payments	328,654
Total cash outflow for leases	448,246

Leases

From 1 July 2019, Infrastructure Victoria considers whether contracts contain leases. A lease is defined as a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition Infrastructure Victoria assesses whether the contract meets three key evaluations:

- Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Infrastructure Victoria and for which the supplier does not have substantive substitution rights;
- Whether Infrastructure Victoria has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Infrastructure Victoria has the right to direct the use of the identified asset throughout the period of use; and
- Whether Infrastructure Victoria has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to all contracts from 1 July 2019.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Infrastructure Victoria incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

Infrastructure Victoria has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Presentation of right-of-use assets and lease liabilities

Infrastructure Victoria presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

Recognition and measurement of leases (under AASB 117 until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

Infrastructure Victoria determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where Infrastructure Victoria as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases.

Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease.

The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in Infrastructure Victoria's balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

6.2 Reconciliation of the net result for the period to cash flow from operating activities

	2020	2019
	\$	\$
Net result for the period	(88,395)	(35,438)
Non-cash movements		
Depreciation	404,522	73,394
Make-good cost of new lease	-	(98,667)
Net (gain)/loss on disposal of non-financial assets	3,453	-
Movements in assets and liabilities		
(Increase)/decrease in receivables	744,347	(437,560)
(Increase)/decrease in prepayments	22,082	25,773
(Decrease)/Increase in payables	(1,038,522)	613,842
(Decrease)/Increase in provisions	255,109	89,727
(Decrease)/Increase in lease incentive	(5,987)	(132,652)
(Decrease)/Increase in make good provision	-	(60,843)
Net cash flows from/(used in) operating activities	296,608	37,577

6.3 Commitments for expenditure

	Less than one year	1-5 years	Greater than 5 years	Total
Nominal amounts	\$	\$	\$	\$
2020				
Other commitments payable	76,785	23,458	-	100,244
Total commitments (inclusive of GST)	76,785	23,458	-	100,244
<i>Less GST recoverable</i>	(6,980)	(2,133)	-	(9,113)
Total commitments (exclusive of GST)	69,805	21,326	-	91,130
2019				
Operating and lease commitments payable	465,560	1,547,980	-	2,013,540
Total commitments (inclusive of GST)	465,560	1,547,980	-	2,013,540
<i>Less GST recoverable</i>	(42,324)	(140,725)	-	(183,049)
Total commitments (exclusive of GST)	423,237	1,407,254	-	1,830,491

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate, additional relevant information such as, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

7. Risks, contingencies and valuation judgements

INTRODUCTION

Infrastructure Victoria is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied.

STRUCTURE

- 7.1 Financial instruments specific disclosures
- 7.2 Contingent assets and contingent liabilities

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements between entities that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Infrastructure Victoria's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables do not meet the definition of financial instruments as they do not arise under contract. Infrastructure Victoria's statutory receivables are disclosed in note 5.1.

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised costs. These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Categories of financial liabilities

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs.

Financial instrument liabilities measured at amortised cost include all of Infrastructure Victoria's contractual payable and lease liabilities.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Offsetting financial instruments

Financial instrument assets and liabilities are offset, and the net amount presented in the balance sheet when, and only when, Infrastructure Victoria has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

7.1.1 Categorisation of financial instruments

			2020	2019
			\$	\$
Financial assets	Note	Category		
Receivables*	5.1	Financial assets at amortised cost	-	-
			-	-
Financial liabilities	Note	Category		
Payables	5.2	Financial liabilities at amortised cost	249,807	1,293,269
Lease Liabilities	6.1	Financial liabilities at amortised cost	2,844,359	39,821
			3,094,166	1,333,090

Note: * Receivables disclosed exclude statutory receivables (i.e. amounts receivable from government departments and GST recoverable).

7.1.2 Financial risk management objectives and policies

Infrastructure Victoria's financial risk management program seeks to manage the risks arising from volatility in financial instruments.

Infrastructure Victoria's main financial risks include credit risk, liquidity risk and market risk. Infrastructure Victoria manages these financial risks in accordance with its financial risk management policy.

Credit risk

Credit risk arises from the financial assets of Infrastructure Victoria, which comprise trade and other receivables. Infrastructure Victoria's exposure to credit risk arises from the potential default of counterparties on their contractual obligations resulting in financial loss to Infrastructure Victoria. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Infrastructure Victoria's financial assets is minimal because the main debtor is the Victorian Government.

Liquidity risk

Liquidity risk arises when Infrastructure Victoria is unable to meet its financial obligations as they fall due. Infrastructure Victoria operates under the Victorian Government's fair payments policy of settling financial obligations within 30 days and, in the event of a dispute, makes payments within 30 days from the date of resolution.

Infrastructure Victoria's exposure to liquidity risk is deemed insignificant based on the current assessment of risk. Maximum exposure to liquidity risk is the carrying amount of financial liabilities. Infrastructure Victoria manages its liquidity risk by maintaining an adequate level of uncommitted funds that can be used at short notice to meet its short-term obligations.

Market risk

Infrastructure Victoria has no exposure to interest rate, foreign currency or other price risks. Interest rates on Infrastructure Victoria's lease liabilities are fixed.

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

There were no contingent assets based on the above definitions relating to Infrastructure Victoria as at 30 June 2020 (30 June 2019: Nil).

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

There were no contingent liabilities based on the above definitions relating to Infrastructure Victoria as at 30 June 2020 (30 June 2019: Nil).

8. Other Disclosures

INTRODUCTION

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

STRUCTURE

- 8.1 Subsequent events
- 8.2 Changes in accounting policies
- 8.3 Australian Accounting Standards issued but not yet effective
- 8.4 Responsible persons
- 8.5 Remuneration of executives
- 8.6 Related parties
- 8.7 Remuneration of auditors
- 8.8 Restructuring of administrative arrangements

8.1 Subsequent events

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of Infrastructure Victoria.

8.2 Changes in accounting policies

8.2.1 Leases

This note explains the impact of the adoption of AASB 16 *Leases* on Infrastructure Victoria's financial statements.

Infrastructure Victoria has applied AASB 16 with a date of initial application of 1 July 2019.

Infrastructure Victoria has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, Infrastructure Victoria determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 *Determining whether an arrangement contains a Lease*. Under AASB 16, Infrastructure Victoria assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

On transition to AASB 16, Infrastructure Victoria has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

As a lessee, Infrastructure Victoria previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Infrastructure Victoria. Under AASB 16, Infrastructure Victoria recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low-value leases.

On adoption of AASB 16, Infrastructure Victoria recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using Infrastructure Victoria incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Infrastructure Victoria has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Impacts on financial statements

On transition to AASB 16, Infrastructure Victoria recognised \$3.09 million of right-of-use assets relating to accommodation leases.

Transition impact on financial statements

This note explains the impact of the adoption AASB16 Lease accounting standards for the first time, from 1 July 2019:

The impact on the comprehensive operating statement and balance sheet has been summarised in the following tables.

Impact on balance sheet due to the adoption of AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards at 1 July 2019:

	Notes	Before new accounting standards	Impact of new accounting standards	After new accounting standards Opening 1 July 2019
Balance sheet		\$	\$	\$
Total financial assets		-	-	-
Total non-financial assets	4.1	163,860	3,095,214	3,259,074
Total assets		163,860	3,095,214	3,259,074
Payables and contract liabilities		-	-	-
Borrowings	6.1	39,821	3,095,214	3,135,035
Other liabilities		-	-	-
Total Liabilities		39,821	3,095,214	3,135,035
Accumulated surplus/(deficit)		-	-	-
Physical revaluation surplus		-	-	-
Other items in equity		-	-	-
Total equity		-	-	-

8.3 Australian Accounting Standards (AASs) issued but not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2019-20 reporting period. These accounting standards have not been applied to this Financial Statements. The Infrastructure Victoria is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material.

This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting policies, Changes in Accounting Estimates and Errors. It applies to reporting periods beginning on or after 1 January 2020 with earlier application permitted. Infrastructure Victoria has not earlier adopted the Standard.

The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.

Infrastructure Victoria is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current. This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued ED 301 Classification of Liabilities as Current or Non-Current – Deferral of Effective Date with the intention to defer the application by one year to periods beginning on or after 1 January 2023. Infrastructure Victoria will not early adopt the Standard.

Infrastructure Victoria is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on Infrastructure Victoria's reporting.

- AASB 17 Insurance Contracts.
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business.
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.
- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entity.

8.4 Responsible persons

The persons who held the positions of Minister and Accountable Officer in Infrastructure Victoria (from 1 July 2019 to 30 June 2020) were:

Position	Name	
Special Minister of State	The Hon Gavin Jennings MLC	(1 July 2019 to 23 March 2020)
Treasurer	The Hon Tim Pallas MP	(23 March 2020 to 30 June 2020)
Chief Executive Officer	Michel Masson	

Remuneration received or receivable by the Accountable Officer, in connection with the management of Infrastructure Victoria during the reporting period, was in the range: \$540,000-\$549,999, (\$530,000-\$539,999 for 2018-19).

8.5 Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include employer contributions for members of both defined benefit and defined contribution superannuation plans.

Other long-term benefits include long service leave, other long-service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

	2020	2019
Remuneration of executives officers	\$	\$
Short-term employee benefits	726,587	824,237
Post-employment benefits	220,034	75,660
Other long-term benefits	82,283	39,145
Termination benefits	132,500	-
Total remuneration	1,161,404	939,042
Total number of executives ⁽ⁱ⁾	6	5
Total annualised employee equivalents ⁽ⁱⁱ⁾	2.8	4.0

Notes:

- (i) The total number of executive officers includes persons who meet the definition of key management personnel of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.4).
- (ii) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for the reporting period.

8.6 Related parties

Infrastructure Victoria is a wholly owned and controlled entity of the State of Victoria. Related Parties of Infrastructure Victoria include:

- all key management personnel and their close family members;
- all cabinet Ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of State consolidated financial statements.

Significant transactions with government-related entities

Infrastructure Victoria received grants from the Department of Premier and Cabinet \$8.0 million (2019: \$10.1 million) and Department of Treasury and Finance of \$2.0 million (2019 \$NIL).

The Key Management Personnel (KMP) of Infrastructure Victoria includes the Portfolio Minister being the Hon Gavin Jennings MLC and the Hon Tim Pallas MP and members of the Senior Executive Team, which includes:

Key management personnel	Role at Infrastructure Victoria
James Miller	Chair, Board
Maria Wilton	Deputy Chair, Board
Chris Eccles	Board Member
John Bradley	Board Member
Margaret Gardner	Board Member
Ann Sherry	Board Member
David Martine	Board Member
Michel Masson	Chief Executive Officer
Jonathan Spear	Deputy Chief Executive, Chief Operating Officer & General Counsel

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported in the financial report of Department of Parliamentary Services.

The compensation details below also exclude the departments' secretaries who are also board members of Infrastructure Victoria; these are reported in the financial report of each respective department.

	2020	2019
Compensation of KMPs	\$	\$
Short-term employee benefits	1,113,123	935,629
Post-employment benefits	62,866	41,063
Other long-term benefits	125,966	28,488
Total	1,301,955	1,005,180

Transactions with KMPs and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Infrastructure Victoria, there were no related party transactions that involved KMPs and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

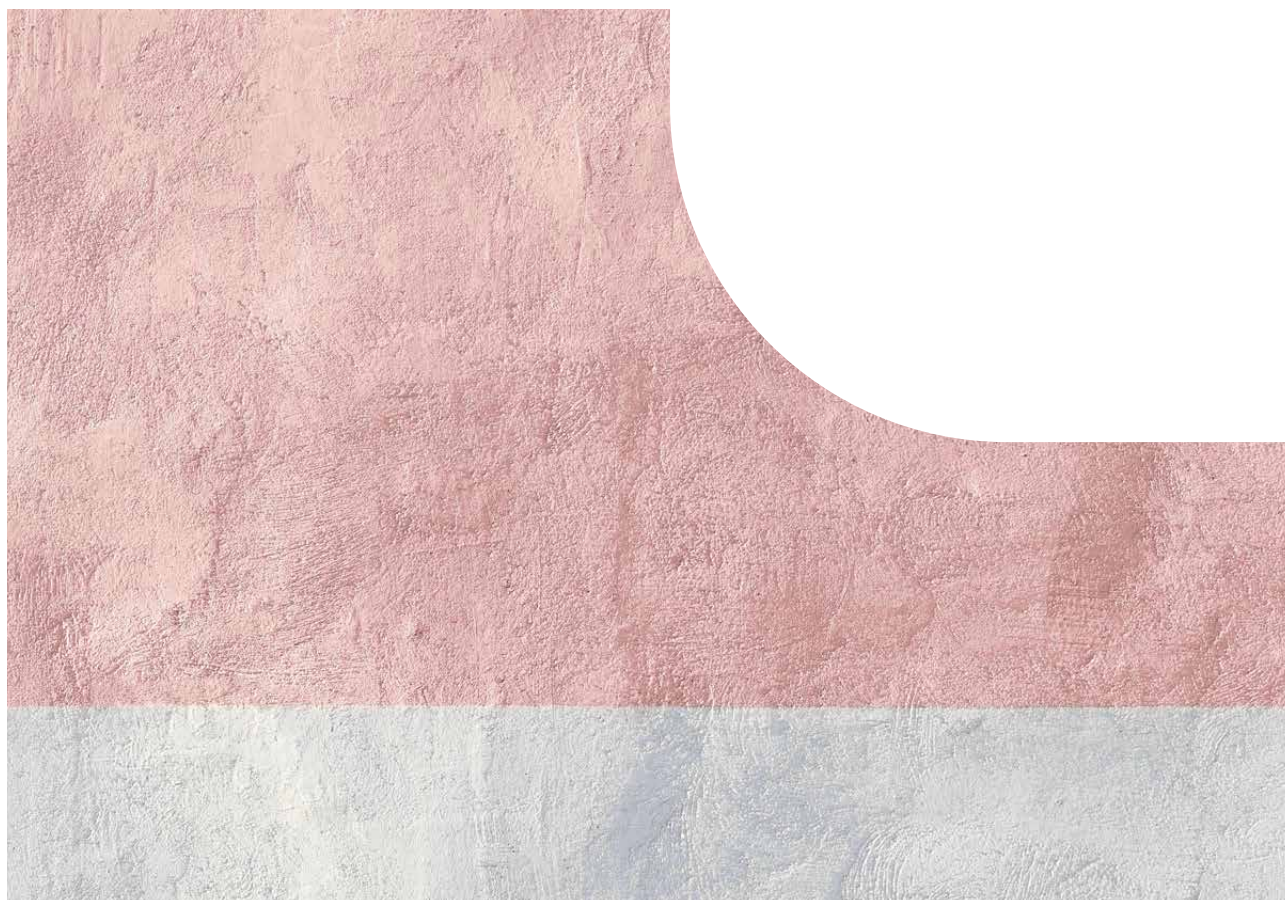
8.7 Remuneration of auditors

	2020	2019
	\$	\$
Audit fees paid or payable to the Victorian Auditor-General's Office		
Audit of the Annual Financial Statements	16,700	16,200
Total	16,700	16,200

The Victorian Auditor-General's Office provided no other direct services to Infrastructure Victoria.

8.8 Restructuring of administrative arrangements

Due to Machinery of Government (MoG) changes, the portfolio department of the Infrastructure Victoria was transferred from the Department of Premier and Cabinet (DPC), to the Department of Treasury and Finance (DTF) effective 1 May 2020.





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