

Global Infrastructure Hub Annual Report 2019

A G20 INITIATIVE

Global Infrastructure Hub Ltd

ACN 602 505 064

Annual report for the year ended 30 June 2019

Global Infrastructure Hub Ltd

ABN 46 602 505 064

Annual report - 30 June 2019

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Your directors present their report on the Company for the year ended 30 June 2019.

Directors

Permanent Board

John Fraser	Australia (Chairman)	(appointed 1 April 2015, resigned 8 August 2018)
Philip Gaetjens	Australia (replacement Chairman)	(appointed 8 August 2018, resigned 31 August 2019)
Robert Milliner	Independent Director	(appointed 24 December 2014, reappointed 1 January 2019)
Laura Jaitman	Argentina	(appointed 6 February 2018, reappointed 1 January 2019)
Marianne Kothé	Germany	(appointed 17 September 2018, resigned 30 November 2018)
Ludger Schuknecht	Germany	(appointed 9 December 2015, resigned 14 August 2018)
Masatsugu Asakawa	Japan	(appointed 1 December 2017, reappointed 1 January 2019, resigned 14 August 2019)
Kunil Hwang	Republic of Korea	(appointed 12 October 2017, resigned 1 December 2018)
Abdulaziz Alrasheed	Saudi Arabia	(appointed 11 April 2019)
Mark Bowman	United Kingdom	Mark Bowman United Kingdom (appointed 14 April 2015, reappointed 17 January 2017, resigned 31 December 2018)
Katherine Sierra	Independent Director	Katherine Sierra United States of America (appointed 13 August 2015, reappointed 1 January 2019)

(Alternate Members of the Permanent Board)

Nigel Ray	Australia	(appointed 17 August 2015, resigned 8 August 2018)
Mathias Mondino	Argentina	(appointed 10 January 2019)
Elke Baumann	Germany	(appointed 17 January 2017, reappointed 17 September 2018, resigned 30 November 2018)
Marianne Kothé	Germany	(appointed 24 August 2017, resigned 14 August 2018)
Takashi Miyahara	Japan	(appointed 6 December 2017, reappointed 1 January 2019, resigned 14 August 2019)
Kenji Okamura	Japan	(appointed 6 December 2017, reappointed 1 January 2019, resigned 14 August 2019)
Akihiko Yoshida	Japan	(appointed 6 December 2017, resigned 29 July 2018)
Toshiyuki Miyoshi	Japan	(appointed 22 August 2018, reappointed 1 January 2019, resigned 14 August 2019)
Munenari Nomura	Japan	(appointed 17 January 2019, resigned 14 August 2019)
Takahiro Tsuda	Japan	(appointed 17 January 2019, resigned 14 August 2019)
Yoon Kyung Kim	Republic of Korea	(appointed 12 October 2017, resigned 1 December 2018)

Directors (continued)

Jae Woo Oh	Republic of Korea	(appointed 12 October 2017, resigned 1 December 2018)
Matthew Taylor	United Kingdom	(appointed 18 October 2018, resigned 1 December 2018)
Veda Poon	United Kingdom	(appointed 24 February 2016, reappointed 17 January 2017, resigned 22 August 2018)
Mark Moseley	Company Secretary	(appointed 9 March 2017, resigned 11 May 2019)
Katharina Surikow	Company Secretary	(appointed 10 May 2019)

Background

In November 2014 G20 Leaders agreed to the Global Infrastructure Initiative, designed to promote quality public and private infrastructure investment. As part of this Initiative, the Global Infrastructure Hub (GI Hub) was established, to help implement the G20's multi-year infrastructure agenda.

The Global Infrastructure Hub Ltd is a not-for-profit company, limited by guarantee, and registered under the *Corporations Act 2001* (Commonwealth). The Members of the Company are the Commonwealth of Australia and the State of New South Wales.

Mandate Renewal, Funding and Managerial Developments

The GI Hub's initial mandate was for four years, ending 31 December 2018. On 22 July 2018, the G20 Finance Ministers and Central Bank Governors renewed the GI Hub's mandate for a further four years, through to 31 December 2022.

In August 2018, the Chairman of the GI Hub's Board of Directors, John Fraser, advised the company of his resignation. Following Mr. Fraser's resignation, the Members appointed Philip Gaetjens as the new Chairman of the Board. Other Board resignations and appointments took place at the time of the transition from Argentina's G20 Presidency to that of Japan in December 2018, as above.

In October 2018, Chris Heathcote stepped down as Chief Executive Officer of the GI Hub, and Mark Moseley, the Chief Operating Officer, was appointed by the Board as the Acting CEO. Subsequently, the Board appointed a new CEO, Marie Lam-Frendo, who took office on 28 January 2019.

In regard to funding, in July 2018 the Australian Government announced a commitment to provide AUD 20 million in funding for the GI Hub for the new mandate period. In September 2018, the Government of Canada announced a commitment to provide CAD 20 million to the GI Hub during the same period, and the GI Hub Board agreed to the establishment of a second office in Toronto. The GI Hub signed formal agreements with both countries in respect of these grants in May 2019 and March 2019 respectively.

Principal activities

During the 2018-19 Financial Year, the GI Hub continued to work on initiatives under the original mandate, as outlined in the Business Plan.

Leading Practices

One of the major workstreams for the organisation throughout this period has been the Leading Practices work. Under this, the GI Hub released a number of new tools and resources:

- The PPP Contract Management tool (<https://managingppp.gihub.org/>), July 2018
 - This tool provides practical guidance to government officials responsible for managing public-private partnership (PPP) projects after projects have reached financial close. It focuses on the government's role in PPP contract management during the construction and operation phases of infrastructure projects and is based on an analysis of projects that reached financial close between 2005 and 2015. The tool presents lessons learned from contract management procedures in both developed markets and emerging economies and includes a series of case studies, as well as statistical information on the frequency of events such as disputes, renegotiations and terminations. The tool provides specific guidance on the establishment and training of contract management teams; day-to-day contract management issues; and how to handle major events that frequently occur during the lifespan of major infrastructure projects.
 - The release of the tool was supported by regional workshops for government officials, and more recently arrangement have been made with the China PPP Centre to translate the tool into Chinese, and with the Inter-American Development Bank to translate it into Spanish.
- The reference tool on National Processes Facilitating Project Preparation (<https://www.gihub.org/project-preparation/>), January 2019
 - This tool complements the work done by the G20's Infrastructure Working Group and presents a detailed analysis of successful project preparation practices in 15 countries, in both developed and emerging markets. At the time of its release, the tool was welcomed by key entities engaged in the G20's efforts in this area, including the Government of the United Kingdom and the European Bank for Reconstruction and Development.
- The reference tool on Inclusive Infrastructure and Social Equity (<https://www.gihub.org/resources/publications/reference-tool-on-inclusive-infrastructure-and-social-equity/>), April 2019
 - This tool is designed to help governments maximise socially inclusive outcomes and address inequality issues in the planning, design and implementation of major infrastructure projects. The tool provides practical guidance in six Action Areas:
 - stakeholder identification, engagement and empowerment;
 - governance and capacity building;
 - policy, regulation and standards;
 - project planning, development and delivery;
 - private sector roles and participation; and
 - affordability and optimising finance.
 - During the course of developing the tool, well-attended regional workshops were held in Uganda and Argentina.
- The guidance note on National Infrastructure Banks and Similar Financing Facilities (<https://www.gihub.org/nibs>), June 2019
 - This guidance note assists governments interested in establishing, or reforming, a national infrastructure bank or similar financing facility. It identifies lessons learned from an examination of a variety of such institutions in 11 different countries and identifies some of the unique roles that such institutions can occupy and play in support of government objectives and policies in infrastructure development.

Principal activities (continued)

Data Gaps

The second workstream for the GI Hub was Data Gaps, under which the GI Hub released the 2019 version of its Global Infrastructure Investor Survey Report (<https://www.gihub.org/resources/publications/global-infrastructure-hub-investor-survey-report-2019>), the third iteration of a global analysis of infrastructure investor attitudes. This work was undertaken in collaboration with the EDHEC Infrastructure Institute of Singapore.

The 2019 survey was based on information provided by more than 315 leading infrastructure investors, representing approximately USD 10 trillion of assets under management. The results showed an increase in the percentage of investors believing that Environmental, Social and Governance (ESG) factors are important considerations in infrastructure investments. In addition, the survey showed a slight increase in the number of institutional investors participating in emerging market infrastructure projects, albeit with some levelling in enthusiasm for future investments in such markets - primarily due to concerns over interest-rate normalization and foreign exchange risks.

Country Engagements

During 2018-19, the GI Hub also worked closely with a number of governments to provide targeted assistance in respect of infrastructure program development issues.

For example, in Mexico, the team prepared a detailed analysis of the Mexican data contained in the GI Hub's *InfraCompass* report (<https://infracompass.gihub.org/>). In Vietnam, the team worked with the government on the development of a national project pipeline database. In Brazil, the work was focused on attracting private investment in specific sectors, including the development of new port facilities.

Knowledge Network

In July 2018 the *Africa Infrastructure Fellowship Program* (AIFP) was announced at an event hosted by the Government of France. The AIFP is a partnership between the public and private sectors, which will provide public sector infrastructure practitioners with tailored training and capacity building to better plan, prioritise and deliver infrastructure and improve the lives of more citizens. The program contains four main elements:

- a two-week intensive academic course;
- PPP certification, legal workshops and an introduction to practical government capacity-building tools;
- internships and practical work experience with private sector firms; and
- an ongoing network of infrastructure practitioners.

During 2018-19, MoUs were signed with a number of participating African governments, and it is expected that the first cohort of AIFP Fellows will enter the program during 2019-20.

In addition, the 2018-19 financial year saw the launch of the GI Hub's new Infrastructure Knowledge Exchange (<https://www.gihub.org/infrastructure-knowledge-exchange/>), a global digital library of resources on infrastructure development, containing knowledge products created by the GI Hub, multilateral development banks, international organisations, governments, academic institutions and other entities.

Finally, in response to a specific request from Japan's G20 Presidency, the GI Hub created the *Database of Resources and Facilities for Quality Infrastructure Investment* (<https://www.gihub.org/quality-infrastructure-database>). This database provides a listing of over 450 knowledge products and financing facilities directly related to quality infrastructure, including links to the relevant webpages for the resources and facilities. During 2019-20, the GI Hub will continuously update this list, as additional quality infrastructure investment resources and facilities become available.

Principal activities (continued)

Organisational

Although it is still a small organisation, the GI Hub has grown substantially from its initial core of 11 staff and remains committed to providing a safe, inclusive and stimulating workplace for its people. Over the past twelve months some staffing changes have been made, as the organisation continues to identify and address important skills gaps. Management have invested in important processes to support business operations and ensure staff remain healthy, engaged and safe.

Following the appointment of the new CEO in January 2019, a review of the activities and operations of the business was undertaken. The result of this was a new Business Plan for 2019 - 2022, presented to, and approved by the Board in June 2019.

As part of the new plan, work has commenced on the establishment of the Toronto office, to support the Sydney headquarters and provide closer engagement with the GI Hub's major partners in the MDBs and the private sector.

Assessing impact and success

The GI Hub has in the past assessed its impact by reporting mainly on inputs and outputs. Going forward, the GI Hub's assessment of impact and success will focus more rigorously on outcomes and impact, using specific metrics.

Going forward, management and the Board have worked to create this framework and implementation commenced with the new financial year. While specific metrics vary across different tools being developed, key metrics that will be monitored and assessed by the Board include usage of the GI Hub created tools and resources by private and public sectors, media coverage of the GI Hub and its tools, recognition of GI Hub data, findings, and initiatives among influential infrastructure practitioners and the degree of engagement with the GI Hub by G20 and non-G20 countries.

In evaluating these metrics an overarching consideration for the Board will be whether knowledge sharing, capacity building and collaboration between governments, the private sector and MDBs is being improved, and whether gaps in market data, or indeed market failures, are being addressed by the GI Hub's work. It is important to the Board that the GI Hub does not duplicate existing efforts by other entities, but rather acts as a hub and facilitator of knowledge sharing.

The Board is also focused on ensuring that the GI Hub remain relevant to G20 Finance Ministers and Central Bank Governors. It will be important for the GI Hub to make further contributions to support progress against emerging priorities for the G20, consistent with its mandate and with the priorities of each G20 President.

Risk Management

The GI Hub's risk management framework is designed to ensure the GI Hub as an organisation can deliver on its mandate, while complying with relevant Australian corporate legal, financial and reporting requirements.

The Business Plan for 1 July 2017 - 30 June 2018 contains comprehensive reporting on management of individual risks associated with projects and initiatives.

The Board's risk management oversight of the GI Hub is driven through quarterly meetings of the Audit and Risk Committee. This committee consists of the GI Hub's two independent directors, with a standing invitation issued to the CEO and COO from GI Hub management and relevant partners from PwC (who provide outsourced accounting and finance services) and KPMG (independent auditor).

Generally speaking the risk mitigation strategies developed and applied are proving effective for the types of risks and risk likelihoods are generally seen by GI Hub management as low to medium. Notable exceptions include delivery/execution and data availability for major projects, as well as stakeholder support. These remain of critical importance and will be closely monitored by the Board. Changes to internal review and reporting processes, as well as staffing changes, will provide the GI Hub management and the Audit and Risk Committee with more and more timely financial metrics to help manage risks in that area.

Principal activities (continued)

In order to mitigate risks around capacity building, stakeholder support and uptake, the GI Hub continues to undertake extensive engagement with potential users of key tools, from both the public and private sector, in order to encourage strong stakeholder support. MDBs in particular remain a key stakeholder group and one with whom the Board prioritises close consultation and engagement in order to ensure complementarity among products and tools, and to avoid duplication.

Dividends

As a not-for-profit company, the Company does not pay dividends.

Review of operations

The surplus from ordinary activities amounted to \$4,143,218 (2018: surplus of \$1,052,153).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Event since the end of the financial year

Board changes

On 29 August 2018 the GI Hub Chairman, Philip Gaetjens, advised the Company of his resignation as Chairman and as a Director of the Company, effective 2 September 2019. The Board have agreed that Robert Milliner, Independent Director, will act as interim Chairman, until the appointment of a replacement for Mr. Gaetjens.

On 14 August 2019 Masatsugu Asakawa advised the Company of his resignation as a Director of the Company. At this time the terms of Mr. Asakawa's Alternates also expired. The Government of Japan has indicated that it intends to nominate a replacement Director, however at the time of publication this had not been confirmed.

In June 2019 the GI Hub Board approved changes to its structure, which will take effect in late 2019. This includes a move to a smaller 'operational' Board, comprising the Independent Directors, the major funding partners (Australia and Canada) and the past G20 President country representing the Presidency Troika (Argentina, to be followed by Japan as of 1 December 2019).

These changes also resulted in the creation of a Strategic Council, and the Terms of Reference for that Body. All G20 Finance Deputies were invited to participate in the Strategic Council, and the composition is currently being finalised. The first meeting will be held in October 2019, in the margins of the World Bank and IMF Annual Meetings in Washington D.C.

Operational

In August 2019, the GI Hub was formally registered as a company at the Federal level in Canada. Registration under the laws of the Province of Ontario is currently underway.

In parallel, the GI Hub has begun to source office space in Toronto, and substantial recruitment is underway to build the team. This began with the appointment of an Acting Chief Economist, Neil Saravanamuttoo, who joins the organisation from the Ministry of Finance of the Government of Canada. Recruitment is ongoing for a permanent appointment to the role. In addition, an office manager, an Economist and a Data Scientist have also been appointed to that office, with further recruitment in train for a Partnership Manager.

In the Sydney office, an Acting Head of External Relations has been appointed, Katharina Surikow, and a Chief Transformation Officer, Robert Coffey, combining the roles of Chief Operating Officer and Chief Content Officer, both of which are being actively recruited for. Further new hires have been made in finance, HR and communications, and recruitment is underway for staff across economist, data, digital, partnerships and policy roles.

Information on directors

Mr John Fraser - Chairman

Mr Fraser was appointed Secretary to the Treasury effective 15 January 2015. In this capacity, John is a member of the Board of the Reserve Bank of Australia; a member of the Australian Council of Financial Regulators and Chair of the G20 Global Infrastructure Hub. He was Chair of the Victorian Funds Management Corporation from 2009 to 2015.

Based in London, John was Chairman and CEO of UBS Global Asset Management from late 2001 to 2013. During this time, John was also a member of the UBS Group Executive Board and Chairman of UBS Saudi Arabia as well as Chairman of various subsidiaries and joint ventures for UBS Global Asset Management. In 2014, John remained as Chairman of UBS Global Asset Management and Chairman of UBS Saudi Arabia.

Prior to joining UBS and its predecessor organisations in 1993, John served for over twenty years with the Australian Treasury, including appointment as Deputy Secretary (Economic) from 1990 to 1993 and postings at the International Monetary Fund (1978-1980) and as Minister (Economic) at the Australian Embassy in Washington DC (1985-1988).

In 1996, John was a member of the Australian Government's Audit Commission into public sector finances. John was also a Board member of the Australian Stock Exchange and a member of their Audit Committee (1997-2003).

John graduated from Monash University, Melbourne, in 1972 with a first-class honours degree in economics and was awarded an honorary Doctorate of Laws by the University in 2013. John was appointed an honorary Professor at Durham University, United Kingdom, from 2016-19. John received a Centenary medal from the Commonwealth Government in 2001 for service to Australian society through business and economics.

Mr Philip Gaetjens - Chairman

Mr. Gaetjens was appointed Secretary to the Treasury with effect from 1 August 2018.

Prior to his appointment as Treasury Secretary, Mr. Gaetjens was Chief of Staff to Treasurer the Hon Scott Morrison MP.

Mr. Gaetjens has more than 40 years' experience in Commonwealth and State public sectors. He began as an Assistant Research Officer in the Bureau of Transport Economics in 1977 and progressed through the Department of Transport in its various incarnations working on land transport, aviation, telecommunications and government business enterprise reforms. Mr. Gaetjens was then seconded to the Department of Prime Minister and Cabinet before becoming a Senior Adviser in the Infrastructure Branch in 1993. During this time his principal responsibilities included electricity reform including the creation of the National Electricity Market.

In 1994 he was the Parliamentary Liaison Officer in the Australian Senate, assisting the Manager of Government Business programming legislation in that chamber.

Mr. Gaetjens joined the South Australian Department of Treasury and Finance as Assistant Under Treasurer (State Enterprises) in 1995. He was charged with shaping a microeconomic reform agenda, including improving the governance and performance of State utilities. As Acting Deputy Under Treasurer in 1996, he managed the 1996-97 State Budget and oversaw three branches as well as playing a key role in structurally separating the State's electricity utility.

Between 1997 and 2007, Mr. Gaetjens was Chief of Staff to Treasurer the Hon Peter Costello MP, including a period in a dedicated Tax Unit to oversee the introduction and legislative passage of A New Tax System, in which the GST and other tax reforms were implemented.

Mr. Gaetjens commenced 2008 as Chief Adviser, Competition and Consumer Policy Division in the Treasury. His focus was on competition policy and infrastructure issues, including membership of a cross-Government committee of officials on the National Broadband Network and supporting the Treasury Secretary as a member of the Broadband Panel of Experts.

Information on directors (continued)

In August 2008, he commenced an overseas posting as the inaugural Director of the Asia-Pacific Economic Cooperation (APEC) Policy Support Unit in Singapore. The Unit was established to provide the APEC Secretariat and member economies with policy and research capability to further champion free and open trade and investment as well as the promotion and acceleration of regional economic integration.

After returning to Australia late in 2010, Mr. Gaetjens returned to the Treasury in February 2011 as Secretary of the GST Distribution Review.

In August 2011, Mr. Gaetjens was appointed to the position of Secretary of the New South Wales Treasury after an international search exercise and a merit selection process. While there, Mr. Gaetjens was also a member of the advisory board of the NSW Commission of Audit (Schott Review), Secretaries Board, Chair of NSW Treasury Corporation and a board member of Infrastructure NSW.

Mr. Gaetjens holds a Graduate Diploma in Accounting from the University of Canberra and a Bachelor of Arts (Honours) from Flinders University.

Mr Robert Milliner - Director

Robert Milliner is an independent director of AusNet Services Ltd., an independent director of the Global Infrastructure Hub Ltd (a G20 initiative), Chairman of the Australian Payments Council and a member of the APEC Business Advisory Council.

He is also a Senior Adviser at UBS and a Senior Adviser to the Secretary General of the International Chamber of Commerce.

He was the B20 Sherpa for Australia for 2014, a member of the Steering Committee for Turkey B20 2015, Senior Adviser to China B20 2016, Special Adviser to Germany B20 2017 and Senior Director B20 Saudi Arabia 2020.

From 2004-2011 he was Chief Executive Partner of Australia's pre-eminent international law firm Mallesons Stephen Jaques (now King & Wood Mallesons). In his role as Chief Executive he led the merger of Mallesons and King & Wood (a PRC firm), which was a world first. He was a partner of Mallesons for 28 years and specialized in mergers & acquisitions, infrastructure and was recognized as one of the world's leading energy lawyers.

Robert is an Honorary Member of the Business Council of Australia and member of the Economic Policy and Competitiveness and Energy and Climate Change Committees; he was a director of the Business Council 2005-2011.

He has a Bachelor of Commerce and Bachelor of Laws (Hons) from the University of Queensland and a Master of Business Administration from the University of Western Australia and has attended the Advanced Management Program at Harvard Business School.

Mr Mark Bowman - Director

Mark Bowman is Director General, International Finance at HM Treasury with responsibility for advancing the UK's economic and financial interests internationally and in the European Union. He leads HM Treasury's work with foreign finance ministries, central banks and international institutions; and is the UK's Finance Deputy at the G7 and G20, and represents the UK in the EU's Economic and Financial Committee. Mark is also a member of the Treasury's Executive Management Board.

Mark re-joined the Treasury in November 2013 from the Department for International Development (DFID) where he spent two years as Director General, Humanitarian, Security and International Finance which included oversight of DFID's humanitarian programmes, its work in the Middle East region and relations with the World Bank.

Information on directors (continued)

Immediately prior to joining DFID, Mark was Director, Strategy, Planning and Budget at HM Treasury and a member of the Executive Management Board. Mark initially joined the Treasury in 1995 as an economist and has done a number of jobs including Principal Private Secretary to the Chancellor of the Exchequer (2001 to 2004), Director International Finance (2006 to 2008) and Director Budget and Tax (2008-10). He started his career as an Overseas Development Institute Fellow working in the Mozambican Ministry of Planning and Finance.

Mr Ludger Schuknecht - Director

Ludger Schuknecht is Chief Economist and G20 Deputy of the German Federal Ministry of Finance. He heads the Economics and International Economy Directorate General, advising the Minister on fiscal and economic policy issues in the domestic and international sphere.

He was formerly Senior Adviser in the Directorate General Economics of the European Central Bank, where he contributed to the preparation of monetary policy decision-making and ECB positions in European policy coordination. This was after developing the ECB's fiscal analysis framework and previous assignments at the World Trade Organization and the International Monetary Fund.

His recent research focuses on public expenditure policies and reform, European integration and the analysis of economic boom-bust episodes. He wrote "Public Spending in the 20th Century: A Global Perspective" together with Vito Tanzi.

Ms Katherine Sierra - Director

Katherine Sierra is a non-resident Senior Fellow of Global Economy and Development at The Brookings Institution.

Previously Ms Sierra held senior leadership positions at the World Bank, including Vice President for Sustainable Development (2007-2010); Vice President, Infrastructure (2004-2007); Vice President, Human Resources (2001-2004); and Vice President for Operational Core Services (1999-2000).

Ms Sierra is a member of the External Advisory Council for the Ingersoll Rand Center for Energy Efficiency, and is on the Sustainability Advisory Committee for the FMC Corporation. She is the Chair of the Gold Medal Jury for the World Environment Center's Corporate Sustainability Leadership Award. She co-chaired an external task force which addressed issues of Gender Based Violence in World Bank Investment Projects, and is currently co-chair of the Oxfam Independent Commission addressing Sexual Misconduct and Culture Change at that organization.

Ms Sierra has a Bachelor of Arts (Anthropology and Hispanic Civilization), University of California Santa Barbara (1976), a Masters in City and Regional Planning from the Graduate School of Design at Harvard University (1978) and has also completed the General Managers Program at the Harvard Business School (1998).

Mr Kunil Hwang - Director

Kunil Hwang was appointed as Deputy Minister for International Affairs at the Ministry of Strategy and Finance in September 2017. He played a crucial role particularly in receiving and maintaining a record-high sovereign credit rating. He is also in charge of maintaining stability of the foreign exchange market, strengthening international cooperation, and reforming foreign exchange regulations.

Before assuming his current position, he served as Chief Secretary to Deputy Prime Minister & Minister of Strategy and Finance (2014-2016), Director General for International Finance Bureau (2016-2017) and Planning and Coordination Office (2013-2014), Director General at the Presidential Office (The Blue House) for Economic Affairs (2008-2010), Director for Economic Cooperation Bureau (2007-2007), Director for International Finance Bureau (2004-2006), Director and Deputy Director for International Finance Bureau, Economic Policy Bureau and Planning & Budget Bureau (1988-2001).

Besides the Ministry, Mr. Hwang worked as Minister Counsellor for Economic Affairs at the Embassy of the Republic of Korea in the U.S. (2010-2013) and Economist in the Chief Economist Office at the European Bank of Reconstruction and Development (EBRD) located in London, U.K. (2001-2004).

Information on directors (continued)

Mr. Hwang earned his M.A in Economics from the University of Oregon in the U.S. and MA in Economic Policy-Making from Seoul National University in Korea. He received his BA in Economics from Yonsei University. He is married with two children.

Dr Laura Jaitman - Director

Since 2017, Laura has been the G20 Finance Deputy in the Ministry of Treasury, Argentina. In this role, Laura leads the G20 Finance Deputies under Argentina's G20 Presidency. Laura is responsible for the direction of work across a broad range of topics including the global economy, international financial architecture, financial regulation and international taxation. Laura also has carriage of advancing the Presidency's priorities of the future of work and infrastructure.

Before joining the Ministry of Treasury, Laura was a Research Economist at the Inter-American Development Bank, where she led research projects in developing and developed countries. She produced papers in the fields of development economics, crime and justice, and political economy. Laura developed the research agenda on crime and violence for the Bank.

As an Economist at the Inter-American Development Bank, Laura designed and coordinated the Research Agenda of the Citizen Security and Justice Sector, and led the implementation of research projects on crime, violence and conflict in more than 10 countries, and coordinated regional projects on data generation.

Laura was also formerly a Consultant at the World Bank, the Inter-American Development Bank, J-PAL and MIT. She is the author of numerous books and articles in peer-reviewed academic journals on political economy, development, and crime economics.

Laura has a PhD in Economics and a MPhil in Economics, both from the University College London. She completed her MSc in Economics at the Universidad de San Andrés, Buenos Aires and her BSc in Economics at the Universidad de Buenos Aires where she graduated with a Distinction Magna Cum Laude.

Mr Masatsugu Asakawa - Director

Mr. Asakawa is Vice Minister of Finance for International Affairs and responsible for all international policies of the Japanese Ministry of Finance (MOF) since July 2015.

Since he joined the ministry in 1981, he has held many senior positions, including Director-General of the International Bureau, Deputy Vice Minister for Policy Planning and Co-ordination. He also served as Executive Assistant to the Prime Minister (2008-09), and Deputy Prime Minister and Finance Minister (2012-13). He was also Head for Technical Assistance Management Unit, Fiscal Affairs Department at the IMF, and Executive Assistant to the President of Asian Development Bank.

In addition, he held several positions at the Committee on Fiscal Affairs (CFA), OECD, including Co-Chair for Board for Co-operation with Non-OECD Economies, Co-Chair for Forum on Harmful Tax Practices, Member of the Advisory Board, and Chair for CFA (2011-2016).

Mr. Abdulaziz Alrasheed - Director.

Mr. Abdulaziz M. Alrasheed has been a member of the Board of Directors since March 2019. Mr. Abdulaziz M. Alrasheed currently holds the position of Assistant Minister for International Financial Affairs and Macro-Fiscal Policy at the Ministry of Finance of Saudi Arabia.

Mr. Abdulaziz M. Alrasheed has important public sector experience, having held various positions with the national administration of Saudi Arabia. Previously, Mr. Abdulaziz M. Alrasheed served as Deputy Minister for Economic Affairs (2017-2018), Assistant Deputy Minister for Economic Policies (2016-2017) and General Director of the Executive President's Office (2014-2016).

Meetings of directors

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2019, and the numbers of meetings attended by each director were:

Meetings of directors (continued)

	Full meetings of directors	
	A	B
John Fraser	1	1
Philip Gaetjens	5	5
Robert Milliner	6	6
Laura Jaitman	2	6
Marianne Kothé	0	2
Ludger Schuknecht	0	1
Masatsugu Asakawa	0	6
Kunil Hwang	0	3
Abdulaziz Alrasheed	1	2
Mark Bowman	3	3
Katherine Sierra	6	6

A = Number of meetings in 2018-19 attended by the director

B = Number of meetings in 2017-18 held during the time the director held office

Members guarantee

The Company is incorporated under the *Corporations Act 2001* and is an Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10. As at 30 June 2019, the number of members was 2 (2018: 2 members).

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, the Global Infrastructure Hub Ltd paid a premium of \$30,500 (2018: \$27,702) to insure the director's and secretaries of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

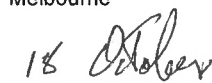
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

This report is made in accordance with a resolution of directors.



Robert Milliner
Director

Melbourne



2019

**Addendum to Global Infrastructure Hub Ltd (GI Hub) Annual Report FY 18 from 1st July 2018 -
30th June 2019 for the purpose of Commonwealth Grant Agreement No. 37001917**

This Addendum to the GI Hub Annual Report for dates from 1st July 2018 - 30th June 2019 sets out details of contractors/subcontractors used by the GI Hub during this period. This Addendum is for the distinct purpose of paragraph b) of Section E. of the Commonwealth Grant Agreement between the Commonwealth, represented by the Department of the Treasury (the Treasury) and the Global Infrastructure Hub Ltd, dated 26 June 2015, Grant Agreement number 37001917.

Contractors/Subcontractors of the Grantee (GI Hub) for the period 1st July 2018 to 30th June 2019:

Allen and Overy LLP
Atkins Design Engineering Consultants Pte Ltd
AUSTRALIAN OPCO PTY LTD
BLUEFIN RESOURCES PTY. LIMITED
Boston Consulting Group
BRENNAN IT PTY LIMITED
BRENNAN VOICE AND DATA
Cambridge Economic Policy Associates Limited
Charlie Whitting
Chrisppics Plus Pte Ltd
COINAGE PTY LTD
Control Risks East Africa
Corporate Traveller
COX PURTELL STAFFING SERVICES PTY. LIMITED
CRISIL Risk & Infrastructure Solutions Limited
CTC.COM.AU PTY. LTD.
Dice Mark Media
EDHEC
English Connection
Euromoney Trading Limited
FleishmanHillard Fishburn
Foster Infrastructure Pty Ltd
Horizon Print Management
Hume Brophy Communications London
INTERNATIONAL SOS (AUSTRALASIA) PTY. LTD.
Kablamo Pty
Korn Ferry (AU) Pty Ltd
KPMG
LGSS
LOTUS PEOPLE PTY LTD
MELTWATER AUSTRALIA PTY LIMITED
MOTT MACDONALD AUSTRALIA PTY LTD
NORTON ROSE AUSTRALIA
NUCLEO PTY LTD
PEI Media Group
Preqin
PricewaterhouseCoopers
RUBICOR PROFESSIONAL PTY LTD
The People and Culture Partners
The Trustee for CLICKS RECRUIT (AUSTRALIA) UNIT
TRUST
TOFI PTY LTD
Turner & Townsend



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Global Infrastructure Hub Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Kevin Leighton
Partner
Sydney
18 October 2019

Global Infrastructure Hub Ltd ACN 602 505 064

Annual report - 30 June 2019

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These financial statements are the financial statements of Global Infrastructure Hub Ltd as an individual entity. The financial statements are presented in Australian dollars (\$).

Global Infrastructure Hub Ltd is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Global Infrastructure Hub Ltd
Level 23
68 Pitt Street
Sydney NSW 2000

A description of the nature of the entity's operations and its principal activities is included in the directors' report on page 1, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on _____ 2019. The directors have the power to amend and reissue the financial statements.

Global Infrastructure Hub Ltd
Statement of comprehensive income
For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from continuing operations	4	15,792,540	13,754,654
Employee benefits expense		(4,611,629)	(5,129,268)
Depreciation and amortisation expense	5	(970,857)	(974,509)
Marketing expense		(284,041)	(591,402)
Property expense		(502,009)	(429,863)
Travel expense		(1,037,369)	(1,828,135)
Professional fees		(2,819,634)	(2,221,379)
Events and conference expense		(140,778)	(426,252)
Other expenses		(1,486,922)	(1,360,699)
Net finance income	5	203,917	259,006
Surplus for the year		4,143,218	1,052,153
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		4,143,218	1,052,153
Surplus is attributable to:			
Members of Global Infrastructure Hub Ltd		4,143,218	1,052,153
Total comprehensive income for the year is attributable to:			
Members of Global Infrastructure Hub Ltd		4,143,218	1,052,153

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Global Infrastructure Hub Ltd
Balance sheet
As at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	13,748,464	10,039,459
Trade and other receivables	7	271,331	3,771,754
Total current assets		14,019,795	13,811,213
Non-current assets			
Property, plant and equipment	8	66,963	267,472
Intangible assets	9	1,609,413	1,313,799
Total non-current assets		1,676,376	1,581,271
Total assets		15,696,171	15,392,484
LIABILITIES			
Current liabilities			
Trade and other payables	10	499,945	649,042
Deferred revenue	11	-	3,400,000
Employee benefit obligations	12	358,322	648,756
Total current liabilities		858,267	4,697,798
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		858,267	4,697,798
Net assets		14,837,904	10,694,686
EQUITY			
Retained surplus	13	14,837,904	10,694,686
Total equity		14,837,904	10,694,686

The above balance sheet should be read in conjunction with the accompanying notes.

Global Infrastructure Hub Ltd
Statement of changes in equity
For the year ended 30 June 2019

	Retained surplus \$	Total equity \$
Balance at 1 July 2017	9,642,533	9,642,533
Surplus for the year	1,052,153	1,052,153
Other comprehensive income	-	-
Total comprehensive income for the year	1,052,153	1,052,153
Balance at 30 June 2018	10,694,686	10,694,686
Balance at 1 July 2018	10,694,686	10,694,686
Surplus for the year	4,143,218	4,143,218
Other comprehensive income	-	-
Total comprehensive income for the year	4,143,218	4,143,218
Balance at 30 June 2019	14,837,904	14,837,904

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Global Infrastructure Hub Ltd
Statement of cash flows
For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from government grants (inclusive of goods and services tax)		15,792,540	13,754,654
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(11,235,037)</u>	<u>(11,503,277)</u>
Net cash inflow from operating activities	18	<u>4,557,503</u>	<u>2,251,377</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(68,713)	(84,545)
Payments for intangible assets		<u>(997,249)</u>	<u>(1,259,505)</u>
Net cash outflow from investing activities		<u>(1,065,962)</u>	<u>(1,344,050)</u>
Cash flows from financing activities			
Interest and finance charges paid		(6,463)	(6,407)
Interest received		<u>223,927</u>	<u>254,561</u>
Net cash inflow from financing activities		<u>217,464</u>	<u>248,154</u>
Net increase in cash and cash equivalents		3,709,005	1,155,481
Cash and cash equivalents at the beginning of the financial year		<u>10,039,459</u>	<u>8,883,978</u>
Cash and cash equivalents at end of year	6	<u>13,748,464</u>	<u>10,039,459</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

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1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Global Infrastructure Hub Ltd ('the GI Hub').

(a) Basis of preparation

(i) Special purpose financial report

In the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports.

The special purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The special purpose financial statements include only the disclosure requirements of the following AASBs and those disclosures considered necessary by the directors to meet the needs of members:

AASB 101 *Presentation of Financial Statements*

AASB 107 *Statement of Cash Flows*

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

AASB 1048 *Interpretation and Application of Standards*

AASB 1054 *Australian Additional Disclosures*.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis.

(iii) New and amended standards adopted by the company

The Company has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2018:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2016-5 *Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions*
- AASB 2017-1 *Amendments to Australian Accounting Standards - Transfers to Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- Interpretation 22 *Foreign Currency Transactions and Advance Consideration*.

The Company also elected to adopt the following two amendments early:

- AASB 2018-1 *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*.

The Company had to change its accounting policies and make certain retrospective adjustments following the adoption of AASB 9 and AASB 15. This is disclosed in note 2. The other amendments listed above did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) *New standards and interpretations not yet adopted*

Title of standard	AASB 16 Leases
Nature of change	AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard will result in almost all leases being recognised on the balance sheet of lessees, as the distinction between operating and finance leases is removed. The only exceptions are short-term and low-value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised at the commencement of lease.
Impact on financial statements	The Company enters into lease agreements as lessee for some commercial tenancies and IT equipment; these are currently disclosed as operating lease commitments in note 16. Management has assessed the effects of applying the new standard on Company's financial statements and on transition date at 1 July 2019 it expects to recognise a right of use asset and lease liability of approximately \$1.7m to \$1.9m. No tax implications are expected to arise on these balances as the Company is not subject to tax.
Mandatory application date/ Date of adoption by Company	The new standard is mandatory for financial years commencing on or after 1 January 2019 and accordingly GI Hub will adopt this standard for the year ending 30 June 2020, and is expected to apply the simplified approach and comparatives will not be restated.

(b) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars (\$), which is the GI Hub's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

(c) Grant income

Grants received from countries which have made financial commitment to the GI Hub are recognised on a cash basis, at the fair value in the year to which they are referable where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Income tax

The Company is a not-for-profit entity and is not subject to income tax.

1 Summary of significant accounting policies (continued)

(f) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter of the lease term as follows:

1 Summary of significant accounting policies (continued)

(i) Property, plant and equipment (continued)

- | | |
|-----------------------------------|-------------|
| - Computer hardware | 3 - 4 years |
| - Furniture fixtures and fittings | 3 years |
| - Other plant and equipment | 3 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(j) Intangible assets

(i) Website development costs

Website development costs are capitalised only if the costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, costs are recognised in profit or loss as incurred. Subsequent to initial recognition, website development costs are measured at cost less accumulated amortisation and any accumulated impairment losses.

Furthermore the website will host several tools being developed by the GI Hub in accordance with their mandate the first of which has been developed. The website currently hosts a searchable database containing a library of information relevant to stakeholders on global infrastructure.

(ii) Amortisation methods and useful lives

The group amortises intangible assets with a limited useful life using the straight-line method over the shorter of the life of the GI Hub or the following periods:

- | | |
|---------------------|---------|
| • Website | 3 years |
| • Computer software | 3 years |

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

1 Summary of significant accounting policies (continued)

(m) Goods and Services Tax (GST) (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2 Changes in accounting policies

This note explains the impact of the adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* on the Company's financial statements.

(a) AASB 9 Financial Instruments

Effective 1 January 2018, the Company adopted AASB9 *Financial Instruments* which addresses classification and measurement of financial assets and includes an expected credit losses model on impairment that replaces the incurred losses model under AASB 139. For trade receivables the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Upon assessments of the new standard, the Company determined that no retrospective adjustment was required for the prior period and there is no significant impact on the current period. Financial assets held by the Company relate primarily to receivables held at amortised cost.

(b) AASB 15 Revenue from Contracts with Customers

Effective 1 January 2018, the Company adopted AASB 15 *Revenue from Contracts with Customers*, using the simplified transition method. There was no significant adjustment to opening retained earnings at 1 January 2018 and there was no significant impact to reported revenues in either the current and or prior periods.

3 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

(a) Significant estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

4 Revenue

	2019 \$	2018 \$
From continuing operations		
Government grants (a)	15,792,540	13,754,654
	<u>15,792,540</u>	<u>13,754,654</u>

(a) Government Grants

Government grants were received during the year as follows:

	2019 \$	2018 \$
Australia	5,900,000	6,800,000
United Kingdom	1,761,789	1,642,782
Saudi Arabia	1,385,205	1,250,285
Republic of Korea	675,062	693,085
Mexico	-	644,993
People's Republic of China	339,852	311,350
New Zealand	237,483	224,392
Indonesia	-	633,766
Germany	-	1,554,001
Singapore	220,000	-
Canada	5,273,149	-
	<u>15,792,540</u>	<u>13,754,654</u>

(b) Disaggregation of revenue from contracts with customers

The Company derives all of its revenues from the transfer of goods and services at a point in time.

5 Expenses

	2019 \$	2018 \$
<i>Depreciation</i>		
Computer hardware	42,815	63,822
Furniture fixtures and fittings	211,266	368,996
Other property, plant and equipment	15,141	30,283
Total depreciation	<u>269,222</u>	<u>463,101</u>
<i>Amortisation</i>		
Website and tool development costs	268,564	61,076
Computer software	433,071	450,332
Total amortisation	<u>701,635</u>	<u>511,408</u>

5 Expenses (continued)

Total depreciation and amortisation	970,857	974,509
<i>Net finance (income)/expenses</i>		
Interest received	(210,380)	(265,413)
Interest and finance charges paid	6,463	6,407
	<u>(203,917)</u>	<u>(259,006)</u>

6 Cash and cash equivalents

	2019 \$	2018 \$
Current assets		
Cash at bank and in hand	7,198,464	1,539,459
Deposits at call	6,550,000	8,500,000
	<u>13,748,464</u>	<u>10,039,459</u>

7 Trade and other receivables

	Current \$	2019 Non- current \$	Total \$	Current \$	2018 Non- current \$	Total \$
Trade receivables	14,765	-	14,765	3,426,440	-	3,426,440
Other receivables	181,624	-	181,624	136,888	-	136,888
Prepayments	74,942	-	74,942	208,426	-	208,426
	<u>271,331</u>	<u>-</u>	<u>271,331</u>	<u>3,771,754</u>	<u>-</u>	<u>3,771,754</u>

8 Property, plant and equipment

	Computer hardware \$	Furniture fixtures and fittings \$	Other property, plant and equipment \$	Total \$
At 1 July 2017				
Cost	158,693	1,143,720	105,990	1,408,403
Accumulated depreciation	(78,094)	(623,715)	(60,566)	(762,375)
Net book amount	<u>80,599</u>	<u>520,005</u>	<u>45,424</u>	<u>646,028</u>
Year ended 30 June 2018				
Opening net book amount	80,599	520,005	45,424	646,028
Additions	24,348	60,197	-	84,545
Depreciation charge	(63,822)	(368,996)	(30,283)	(463,101)
Closing net book amount	<u>41,125</u>	<u>211,206</u>	<u>15,141</u>	<u>267,472</u>

8 Property, plant and equipment (continued)

	Computer hardware \$	Furniture fixtures and fittings \$	Other property, plant and equipment \$	Total \$
At 30 June 2018				
Cost	183,041	1,203,917	105,990	1,492,948
Accumulated depreciation	(141,916)	(992,711)	(90,849)	(1,225,476)
Net book amount	41,125	211,206	15,141	267,472
Year ended 30 June 2019				
Opening net book amount	41,125	211,206	15,141	267,472
Additions	68,409	304	-	68,713
Depreciation charge	(42,815)	(211,266)	(15,141)	(269,222)
Closing net book amount	66,719	244	-	66,963
At 30 June 2019				
Cost	251,450	1,204,221	105,990	1,561,661
Accumulated depreciation	(184,731)	(1,203,977)	(105,990)	(1,494,698)
Net book amount	66,719	244	-	66,963

9 Intangible assets

	Intangibles under development \$	Website and tool development costs \$	Computer software \$	Total \$
At 1 July 2017				
Cost	-	61,015	666,300	727,315
Accumulated amortisation	-	(30,137)	(131,476)	(161,613)
Net book amount	-	30,878	534,824	565,702
Year ended 30 June 2018				
Opening net book amount	-	30,878	534,824	565,702
Additions	860,399	138,151	260,955	1,259,505
Transfers	(37,280)	-	37,280	-
Amortisation charge	-	(61,076)	(450,332)	(511,408)
Closing net book amount	823,119	107,953	382,727	1,313,799
At 30 June 2018				
Cost	823,119	199,166	964,535	1,986,820
Accumulated amortisation	-	(91,213)	(581,808)	(673,021)
Net book amount	823,119	107,953	382,727	1,313,799
Year ended 30 June 2019				
Opening net book amount	823,119	107,953	382,727	1,313,799
Additions	799,330	66,806	131,113	997,249
Transfers	(1,073,722)	1,056,950	16,772	-
Amortisation charge	-	(268,564)	(433,071)	(701,635)
Closing net book amount	548,727	963,145	97,541	1,609,413
At 30 June 2019				
Cost	548,727	1,322,922	1,112,420	2,984,069
Accumulated amortisation and impairment	-	(359,777)	(1,014,879)	(1,374,656)
Net book amount	548,727	963,145	97,541	1,609,413

10 Trade and other payables

	2019			2018		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Trade payables	88,092	-	88,092	144,426	-	144,426
Accrued expenses	348,397	-	348,397	412,173	-	412,173
Payroll tax and other statutory liabilities	-	-	-	4,416	-	4,416
Other payables	63,456	-	63,456	88,027	-	88,027
	499,945	-	499,945	649,042	-	649,042

11 Deferred revenue

	Current \$	2019 Non- current \$	Total \$	Current \$	2018 Non- current \$	Total \$
Government grants	-	-	-	3,400,000	-	3,400,000
	-	-	-	3,400,000	-	3,400,000

12 Employee benefit obligations

	Current \$	2019 Non- current \$	Total \$	Current \$	2018 Non- current \$	Total \$
Leave obligations (a)	244,283	-	244,283	565,918	-	565,918
Superannuation payable	114,039	-	114,039	82,838	-	82,838
	358,322	-	358,322	648,756	-	648,756

(a) Leave obligations

The leave obligations cover the Company's liability for annual leave.

The current portion of this liability includes all of the accrued annual leave and personal/carers leave. The entire amount of the provision of \$244,283 (2018: \$565,918) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

13 Retained surplus

Movements in retained surplus were as follows:

	2019 \$	2018 \$
Balance 1 July	10,694,686	9,642,533
Net surplus for the year	4,143,218	1,052,153
Balance 30 June	14,837,904	10,694,686

14 Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor of the entity, its related practices and non-related audit firms:

(a) KPMG

(i) Audit and other assurance services

	2019 \$	2018 \$
<i>Audit and other assurance services</i>		
Audit and review of financial statements	35,000	33,000
Total remuneration for audit and other assurance services	<u>35,000</u>	<u>33,000</u>

(ii) Other services

<i>Other services</i>		
Consulting services	157,040	163,417
Total remuneration for other services	<u>157,040</u>	<u>163,417</u>

Total remuneration of KPMG Australia	<u>192,040</u>	<u>196,417</u>
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15 Contingent liabilities and contingent assets

The Company had no contingent liabilities or assets at 30 June 2019 (2018: Nil).

16 Commitments

(a) Lease commitments: company as lessee

(i) Non-cancellable operating leases

	2019 \$	2018 \$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	562,033	271,627
Later than one year but not later than five years	1,458,229	-
	<u>2,020,262</u>	<u>271,627</u>

(ii) Rental expense relating to operating leases

Minimum lease payments	-	-
Contingent rentals	-	-
Sub-leases	-	-
Total rental expense relating to operating leases	<u>-</u>	<u>-</u>

17 Events occurring after the reporting period

The Company is expected to enter into a new lease arrangement with a non-related party at comparatively higher rent than currently incurred. The increase is considered to be in-line with market conditions. The terms and conditions of the new agreement are consistent with those currently in place.

The Board has agreed in-principle to an offer from the Canadian Government to provide funding in the order of CAD 20 million over four years, including a proposal for the establishment of an office in Toronto, Canada.

18 Cash flow information

Reconciliation of surplus for the year to net cash inflow from operating activities

	2019 \$	2018 \$
Surplus for the year	4,143,218	1,052,153
Depreciation and amortisation	970,857	974,509
Interest and finance charges paid	6,463	6,407
Interest received	(223,927)	(254,561)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	3,560,221	(3,388,601)
(Decrease)/increase in trade and other payables	(208,895)	249,602
(Decrease)/increase in deferred income	(3,400,000)	3,400,000
(Decrease)/increase in employee benefit obligations	(290,434)	211,868
Net cash inflow from operating activities	<u>4,557,503</u>	<u>2,251,377</u>


As stated in note 1(a) to the financial statements, in the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet *Corporations Act 2001* requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 1.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 15 to 32 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Robert Milliner
Director

Melbourne
18 October 2019



Independent Auditor's Report

To the shareholders of Global Infrastructure Hub Ltd

Opinion

We have audited the **Financial Report** of Global Infrastructure Hub Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* to the extent described in Note 1 and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2019
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 1 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling Directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the shareholders of Global Infrastructure Hub Ltd and should not be used by parties other than the shareholders of Global Infrastructure Hub Ltd. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the shareholders of Global Infrastructure Hub Ltd or for any purpose other than that for which it was prepared.



Other Information

Other Information is financial and non-financial information in Global Infrastructure Hub Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the Financial Report is appropriate to meet the requirements of the *Corporations Act 2001* and the needs of the shareholders.
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Kevin Leighton
Partner
Sydney

18 October 2019