

Global Infrastructure Hub Annual Report 2018

Global Infrastructure Hub Ltd

ACN 602 505 064

Annual report for the year ended 30 June 2018

Global Infrastructure Hub Ltd

ABN 46 602 505 064

Annual report - 30 June 2018

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Your directors present their report on the Company for the year ended 30 June 2018.

Directors

Permanent Board

John Fraser	Australia (Chairman)	(appointed 1 April 2015, resigned 8 August 2018)
Philip Gaetjens	Australia (replacement Chairman)	(appointed 8 August 2018)
Robert Milliner	Australia	(appointed 24 December 2014)
Guangyao Zhu	People's Republic of China	(appointed 14 April 2015, resigned 30 November 2017)
Mark Bowman	United Kingdom	(appointed 14 April 2015, reappointed 17 January 2017)
Song In-Chang	Republic of Korea	(appointed 24 February 2016, reappointed 17 January 2017; resigned 12 October 2017)
Marianne Kothé	Germany	(appointed 17 September 2018)
Ludger Schuknecht	Germany	(appointed 9 December 2015, resigned 15 August 2018)
Katherine Sierra	United States of America	(appointed 13 August 2015, reappointed 1 July 2017)
Ariel Sigal	Argentina	(appointed 4 April 2017, resigned 8 January 2018)
Laura Jaitman	Argentina	(appointed 6 February 2018)
Masatsugu Asakawa	Japan	(appointed 1 December 2017)
Kunil Hwang	Republic of Korea	(appointed 12 October 2017)

(Alternate Members of the Permanent Board)

Nigel Ray	Australia	(appointed 17 August 2015)
Matthew Taylor	United Kingdom	(appointed 24 February 2016, reappointed 17 January 2017)
Yoon Kyung Kim	Republic of Korea	(appointed 12 October 2017)
Joerg Stephan	Germany	(appointed 7 April 2016, resigned 1 November 2017)
Kunil Hwang	Republic of Korea	(appointed 17 January 2017, resigned 12 October 2017)
Elke Baumann	Germany	(appointed 17 January 2017)
Marianne Kothé	Germany	(appointed 24 August 2017)
Li Hongxia	People's Republic of China	(appointed 17 January 2017, resigned 30 November 2017)
Lu Jin	People's Republic of China	(appointed 17 January 2017, resigned 30 November 2017)
Takashi Miyahara	Japan	(appointed 6 December 2017)
Kenji Okamura	Japan	(appointed 6 December 2017)
Akihiko Yoshida	Japan	(appointed 6 December 2017)

Background

In November 2014 G20 Leaders agreed to a new initiative to lift quality public and private infrastructure investment (the Global Infrastructure Initiative). This included the establishment of a Global Infrastructure Hub, which will help to implement the G20's multi-year infrastructure agenda.

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

Background (continued)

In 2014, the G20 specifically mandated the GI Hub to:

- Develop a knowledge-sharing network to aggregate and share information on infrastructure projects and financing between governments, international organisations, development banks, national infrastructure institutions and the private sector;
- Address key data gaps that matter to investors;
- Develop effective approaches to implement the voluntary G20 Leading Practices on Promoting and Prioritising Quality Investment, including model documentation covering project identification, preparation and procurement;
- Build the capacity of officials to improve institutional arrangements for infrastructure by sharing best practice approaches; and
- Enhance investment opportunities by developing a consolidated database of infrastructure projects, connected to national and relevant multilateral development bank databases, to help match potential investors with projects.

The GI Hub reports to the G20 and works collaboratively with governments, the private sector, development banks and international organisations.

Mandate and objectives

The work of the GI Hub since 2015 has shown that there are specific areas where it can best leverage partnerships, the connection with the G20, and staff expertise and resources, to drive change in an industry that is extremely resistant to rapid transformation. Those areas are:

- supporting the development and delivery of the G20's infrastructure agenda, which includes the creation of an infrastructure asset class, promotion of quality infrastructure and greater connectivity;
- addressing information asymmetries and promoting collaboration across the global infrastructure agenda; and,
- working with our public and private sector partners, the MDBs and relevant IOs, to help both G20 and non-G20 countries deal with frequently-encountered but challenging infrastructure delivery issues.

Against this background, the GI Hub continues to develop and disseminate pragmatic knowledge products and tools for infrastructure markets. It focuses on collaborating with governments, the private sector and MDB and IO partners to promote the enabling environments that will allow the identification and development of infrastructure projects that are high-quality, resilient, sustainable and needed, in a rapidly-evolving world.

In December 2017, the GI Hub put to the G20 Finance Deputies a new four-year Strategic Plan for a renewed organisation. Although it was given broad support by the Deputies, a number of countries suggested there should be greater alignment with the priorities of the G20's newly established Infrastructure Working Group.

GI Hub management worked with the IWG Co-Chairs to ensure that the requirements were met, and the final GI Hub *Strategic Plan 2019 - 2022* was approved by the GI Hub Board in March 2018 and thereafter was presented to the G20 Finance Ministers and Deputies.

The new Strategic Plan contains three strategic priorities:

- (1) *Support the development and delivery of the G20's infrastructure agenda* - enhancing the broader public and private sector infrastructure community's ability to implement the G20's infrastructure priorities.
- (2) *Addressing information asymmetries and promoting collaboration* - by providing clear guidance, data and tools to support transparent procurement and effective project implementation across the infrastructure project lifecycle, and facilitating knowledge sharing across entities and jurisdictions.
- (3) Working with public and private sector partners, including the MDBs and IOs, to identify knowledge and tools that will assist countries as they deal with frequently-encountered but challenging infrastructure delivery issues - *helping to address challenges that are faced in many jurisdictions.*

Key strategy for achieving these objectives

The research and tools that the GI Hub has produced to date have formed the basis for how it organises to deliver against the refreshed strategy. That work helps define those countries that it is best-positioned to help and identify those more systemic issues where it can help bring clarity to move the market forward.

GI Hub activities have been divided into the following work streams, to reflect the Strategic Priorities identified above and the alignment with the G20 agenda.

Data and Knowledge Development

Despite the efforts of many organisations and governments so far, infrastructure remains an industry that is short on quality data. Without a rigorous fact-base, there is a danger that even the insufficient monies being spent on infrastructure will not be spent efficiently and effectively. The GI Hub has sought to help address data gaps by creating reports that help to bring clarity to the challenge faced by countries, supported by a suite of tools to address specific issues at discrete stages of the infrastructure project lifecycle. The next step is to institutionalise these tools and datasets, building teams that can maintain them over time, tracking progress across countries.

Key strategy for achieving these objectives (continued)

Development of Standardised Approaches

G20 members have clearly highlighted the need for greater 'commoditisation' of infrastructure investments for primary investment and later tradability in secondary markets. Formulation of recommended approaches would assist in developing common documentation and instruments - such as standardised securities - that can be widely used. However, the GI Hub does not intend to become a 'standard-setting body'. Instead, the plan will be to help develop common approaches which are of assistance to both G20 and non-G20 countries.

Risk Mitigation and Credit Enhancements

Private investors desire effective, transparent, and consistent risk mitigation facilities to increase investment. There are several existing arrangements for the mitigation of risks in privately-financed infrastructure projects, but they are currently fragmented, and lack consistency and general application. We need replicable tools and better standards for assessing risk levels, and less fragmented and incomplete arrangements for delivering required risk guarantees.

Focused Country Engagements

Although the GI Hub has been quite successful, in the short time since establishment, in developing tools and products that have been well-received by stakeholders, it has only had sporadic interactions to date with countries that want to use those tools and products. Many governments are keen to use the procurement and project implementation tools and feel that hands-on learning - i.e. 'building capacity through doing' - is the best approach.

Knowledge Networking

Organising knowledge network events, where stakeholders can come together to interact, will be a key mechanism for delivering on the GI Hub's priorities. Similarly, continuous updates to the website and resources will ensure it becomes a resource of choice for both public and private sector infrastructure parties.

The use of web-based technologies remains central to the GI Hub's operation, and access to the GI Hub tools and products online is an important consideration in the development of any new initiatives. The GI Hub is continually looking to improve the accessibility and efficiency of the website, and this is important in driving greater reach and engagement.

The ability of the organisation to engage with its stakeholders and contribute new and relevant information to the debates around infrastructure remain a focus for the Board. Strengthening these capabilities will be driven by a growth in the GI Hub communications functions, allowing more effective use of the GI Hub's tools as the basis for an expanded offering to countries.

As a G20 mandated entity the GI Hub recognises the importance of working to support each G20 Presidency. The representation of the G20 'troika' countries (past, present and future hosts) on the Board is an important institutional link between the Board and the G20.

Principal activities

The last 12 months have seen the release of several major initiatives and tools by the GI Hub, as well as a significant increase in our external engagement with public and private sector stakeholders around the world. It continues to deliver against the mandate areas given to it in 2014 by the G20, while remaining responsive to the needs of stakeholders.

In terms of governance, changes in the composition of the Board of Directors have occurred as the Presidency of the G20 moved from Germany to Argentina, and Japan was designated as the holder of the 2019 Presidency. Similarly, while some staff have left, including several of the inaugural team, the GI Hub has also welcomed a number of new faces and are continuing to build to provide key skill sets.

Principal activities (continued)

For the Executive, the focus of 2017/18 was engaging with G20 stakeholders to ensure support for the renewal of the GI Hub and its new Strategic Plan 2019 - 2022. This saw both the CEO and COO spend a significant amount of time meeting with governments, and a much greater engagement with the G20 through attendance at the Finance Deputies' and Ministers' meetings. Board and management were also pleased to see the Argentine G20 Presidency establish the Infrastructure Working Group and the GI Hub has been fortunate to be able to work very closely with its members to help deliver on the objectives of that Group.

Management have also invested significant time in consolidating and building relationships with the MDBs and other IOs. Through partnerships on conferences and events, joint research projects or initiatives, or direct stakeholder engagement on the Strategic Plan, the GI Hub now has much broader and deeper links, and will continue to work with the likes of the EIB, the OECD, the World Bank and the WEF on several exciting new initiatives in the coming year.

Organisational

Over the last twelve months the GI Hub has been operating at largely full capacity against its originally budgeted headcount. Some staff changes have been made, with the organisation continuing 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. The organisation has also increased its headcount, with new appointments at Senior Director, Manager, and Advisor levels, as well as new secondees joining from donor governments.

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.

The GI Hub operates in a competitive global market, and without initiatives to maintain staff engagement and provide meaningful development opportunities it risks losing high-performing staff. To that end, Management have reviewed and updated the training and development policies, in line with standard practices for organisations of a similar nature. Recognising that the size and structure of the organisation provides a limited opportunity for career growth for some staff, the organisation is striving to provide opportunities for staff to develop and expand their skills through either formal qualifications, a Learning Series, or other training.

Management have also undertaken employee engagement studies and are revising the performance management and KPI setting processes that drive high-performing teams. Although the Board recognises the organisation faces challenges recruiting into Australia due to the lengthy and complex visa requirements, Management continues to aim to increase the diversity of the staff across all measures.

From an operational perspective, the GI Hub continues to update and improve the website and **Knowledge Platform**, allowing its tools to be fully integrated and more accessible for users. Increasing the focus on external engagement saw the successful recruitment of a full Communications and Engagement Team who will work across all aspects of the business and help drive the growth of the GI Hub's brand and reach into key markets, through both digital and traditional communications channels.

None of the project-related or strategic objectives can be achieved without also investing in corporate operations and structures to ensure they provide the support the varied and rapidly moving teams need and allow the organisation to make the best use of resources. Therefore, Management have proposed investing in several critical operational processes and systems upgrades, and a review of a number of service provision contracts. Some work has already been undertaken in these areas, but more is envisaged for 2018/19. This includes further updates to our CRM system to improve operations and allow better engagement with audiences. This is a valuable tool that the communications and engagement team can leverage to tailor messaging to audiences, and that the project teams can use to provide feedback on initiatives or opportunities for growth.

Principal activities (continued)

Operational

The mandate received from G20 Leaders on 16 November 2014 remains the central point of reference for the Board in overseeing delivery of the GI Hub's work program. During the past 12 months, the GI Hub finalised several major deliverables and made progress across all strategic priorities identified in the 2017-18 Business Plan.

Deliverables

2017/18 was a successful 12 months during which the business was focussed on consolidating the achievements made through the initial product and tool launches and continuing to build up the suite of tools and resources. The organisation was also able to significantly increase its outreach and direct engagement with public and private sector stakeholders through a range of events and greater emphasis on strategic digital communications.

The GI Hub has been represented at numerous meetings across more than 50 countries, with representatives from all sides of the infrastructure sector, and at all levels. Staff and Management have presented keynote and other speeches at, or participated in panel discussions during, a range of conferences, workshops, forums and other events across Asia, Europe, the Americas and Africa. The GI Hub is continuing its engagement with other international fora such as ASEAN and APEC, providing advice and input on infrastructure and connectivity issues where applicable.

The GI Hub's tools and products have been very well-received. The launches of ***InfraCompass*** and the ***Global Infrastructure Outlook*** have provided a strong foundation from which the team are working with countries to better understand their infrastructure need and help drive reforms that will allow those needs to be more efficiently addressed. Both tools continue to be actively used by both public and private sector, with the IMF recently noting that it now relies on the ***Outlook*** data for its own analysis of the global economy, and Slovakia using ***InfraCompass*** to help guide its domestic reform agenda. Shortly prior to the end of the 2017/18 financial year, both tools were updated with additional data for the Compact with Africa countries. Over the next twelve months The GI Hub will continue to invest in further updates to the datasets and the tools themselves to improve useability and maintain their place as industry-leading resources.

The GI Hub's other flagship product, the ***Global Project Pipeline*** continues to go from strength to strength with a new team and an immense outreach effort. There are now over 300 projects from more than 30 countries, and over 3000 active users around the world. Excitingly, the team are now working with countries to use the Pipeline to showcase projects directly to investors, the first of which took place in May 2018 with a roadshow of Brazilian state and federal governments meeting investors in the UK. In the coming year, the GI Hub will keep the focus on this tool, continuing to improve the user interface, add automation where possible and continue to grow the coverage of products, countries and users.

One of the major successes of 2017/18 was the release of the ***PPP Risk Allocation Tool***. Launched in mid-2017, the tool is a series of detailed, annotated risk allocation matrices for a number of sample infrastructure PPP transactions across several sectors. The tool allows users to determine the most appropriate allocation of risks in PPP contracts, depending on the nature of the project and the type of market in which it is being developed. The GI Hub had great success in delivering a series of practical, regional workshops, to give practitioners 'hands-on' training on the tool and its use and will continue to hold further sessions throughout the coming year. These will be in combination with the soon-to-be-released Leading Practices tools on ***Contract Management after Financial Close*** and on ***Inclusive Infrastructure and Social Equity***.

2017/18 was a year of growth, delivery and engagement for the GI Hub, setting solid foundations for the next stage of the organisation as it moves into delivering the new Strategic Plan 2019 - 2022 and continuing to grow its reach and impact

Over the next twelve months and beyond, it will work closely with existing partners, and look to build new strategic partnerships in areas where it can support governments and the private sector to achieve change. The research and data offering will continue to grow, and this will further cement the GI Hub's place as a centre of infrastructure excellence and knowledge. The organisation's externally facing activities will continue to build networks and facilitate the sharing of knowledge and best-practices across jurisdictions, and between public and private sectors.

Principal activities (continued)

The record of achievement against the 2014 mandate is clear, and the Board looks forward to the organisation taking on the challenge of new priorities and objectives moving into 2019.

Assessing impact and success

While specific metrics will 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 remedied 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 Finance Ministers and Governors, consistent with its mandate and with the priorities of each G20 President. Representation of the G20 'troika' countries on the Board is central in providing those linkages, and helping cement relationships.

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, 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.

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 \$1,052,153 (2017: deficit of \$1,020,917).

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

On 22 July 2018 the G20 Finance Ministers and Central Bank Governors confirmed the renewal of the GI Hub's mandate for a further four years, to December 2022. This provides a basis for fundraising activities and provides certainty and clarity of purpose for the organisation for the next four years. In addition, the then Australian Treasurer Scott Morrison publicly announced that Australia would continue to provide funding to the GI Hub to the value of AUD 20 million over four years.

Management have since commenced discussions with other existing and potential funding partners to secure the funding required for the organisation's operations post-July 2019.

Canadian Funding Proposal and ancillary GI Hub office in Toronto

On 21 September 2018 the GI Hub Board voted to accept in-principle an offer from the Canadian Government to provide funding to the GI Hub in the order of CAD 20 million over four years, including a proposal for the establishment of a Toronto office of the GI Hub.

Negotiations are ongoing with the Government of Canada, and a final decision will be taken by the Board following a process of due diligence and consideration.

Chief Executive Officer changes

On 30 July 2018 the Chair of the GI Hub advised the CEO, Mr Chris Heathcote that his contract would not be extended beyond 31 December 2018. The Board is undertaking an international search for a new CEO for the Company, and expects to make an announcement towards the end of 2018. The new CEO is expected to commence the role in early 2019.

The Board has thanked Mr Heathcote for his services to the Company, and wishes him well in his next endeavours.

Board changes

On 8 August 2018 the GI Hub Chairman, Mr. John Fraser, advised the Company of his resignation as Chairman and as a Director of the Company. At this time the terms of Mr. Fraser's Alternate, Mr. Nigel Ray, also expired. Australia has subsequently nominated Mr. Philip Gaetjens, Secretary to the Treasury, as Australia's Director to the GI Hub, which has been approved by the Company's Members. Per Section 8.2 of the Company Constitution, the Australian Government has also nominated Mr. Gaetjens as replacement Chair, which has also been agreed to by the Company's Members.

On 15 August 2018 Mr. Ludger Schuknecht advised the Company of his resignation as a Director of the Company. At this time the terms of Mr. Schuknecht's Alternates, Ms Elke Baumann and Ms. Marianne Kothé, both also expired. On the 17 September 2018, Ms. Marianne Kothé was appointed as a Director of the Company, representing the German Federal Ministry of Finance, with Ms. Elke Baumann appointed as her Alternate Director.

Event since the end of the financial year (continued)

GI Hub Sydney office lease arrangement

The current GI Hub office rental agreement at 68 Pitt Street, Sydney, is due to expire 31 December 2018. The GI Hub Board has approved the current lease to be varied on not materially different terms, but with an increased rental reflecting the current market conditions in the Sydney commercial office rental market. The Board expects the new lease arrangement to be finalised by the end of October 2018, and has approved the terms of the renewal of the lease after a review by a sub-committee of the Board on current market conditions, other comparable properties in the Sydney area, and the rental offer of the Pitt Street office.

Except from those mentioned above, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

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 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 Board of the Foundation for Young Australians 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 and Special Adviser to Germany B20 2017.

Information on directors (continued)

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 Guangyao Zhu - Director

Guangyao Zhu is Vice Minister for the Ministry of Finance (MOF) of the People's Republic of China. He has been in this role since May 2010. Prior to this Mr Zhu was the Assistant Minister, MOF, from 2007 to 2010 and the Director General of International Affairs Department at MOF from 2005-2008 and 1998-2001. From 2001 to 2004 Mr Zhu served as an Executive Director of the World Bank Group.

Mr Zhu has also previously held a number of executive positions at the Ministry of Finance and the World Bank, including the Deputy Director General of Treasury Bond and Finance Department (1997- 1998) and Alternative Executive Director (Representing China) of the World Bank Group.

Mr Zhu holds a Bachelor of Economics from Beijing Technology and Business University (1982), as well as a Master of Economics from the Research Institute for Fiscal Science, MOF (1985).

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.

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 Song In-Chang - Director

Song In-Chang was Deputy Minister, International Affairs at the Ministry of Strategy and Finance of Korea (MOSF) from February 2016 to September 2017.

Prior to this Mr. Song was Director General of a number of offices within the Ministry of Strategy and Finance (2014-2016).

Mr. Song held a series of roles within the Ministry of Finance and Economy and MOSF from 2001- 2010, including Director of International Economic Affairs Division and Director of the Financial Hub Cooperation Division. From 2005-2007 he was also the Director, Secretary to the President for Human Resource Management.

Information on directors (continued)

Mr. Song was the Director for Korea, Australia, New Zealand and Egypt at the European Bank for Reconstruction and Development from 2010-2013, based in London.

Mr. Song has a B.A. Economics from Seoul National University (1986), an M.A. Economics, Graduate School of Public Administration, Seoul National University (1988), M.A. Economics, London School of Economics and Political Science (1997), and a Ph.D., Economics, University of York (2000).

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 Ariel Sigal - Director

Ariel Sigal is Chief of Cabinet of the Treasury Ministry. Prior to his current position, Mr. Sigal was a member of the Board of Banco Macro, Argentina's most valuable Argentine bank by market cap and an advisor to hedge funds on Latin America and global macro risks.

Ariel Sigal is a former Managing Director and Chairman of Latin America for Deutsche Bank. Before joining Deutsche Bank, Mr. Sigal was Head of the Latin America Structuring and Derivatives Marketing group at JP Morgan, New York and he has also worked for JP Morgan, Buenos Aires, Citibank, N.A. and Price Waterhouse.

Mr. Sigal is a former board member of the Brazilian American and the Colombian American Chambers of Commerce. Among his philanthropic activities, Mr. Sigal is a member of the executive board and former President of the Board of Tzedaka Foundation, a member of the board of Fundacion arteBA, a leading local arts foundation and a member of the board of Boca Social, the philanthropic arm of Argentina's largest sports club.

Information on directors (continued)

Born in Buenos Aires, Argentina, Mr. Sigal earned his CPA from the Universidad de Buenos Aires and received his Masters degree in Finance at CEMA, Argentina.

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).

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 Univerisdad 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.

Information on directors (continued)

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).

Meetings of directors

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2018, and the numbers of meetings attended by each director were:

	Full meetings of directors	
	A	B
John Fraser	6	6
Robert Milliner	6	6
Guangyao Zhu	1	2
Mark Bowman	-	6
Son In-Chang	-	1
Ludger Schuknecht	-	6
Katherine Sierra	6	6
Ariel Sigal	-	3
Laura Jaitman	2	3
Masatsugu Asakawa	-	4
Kunil Hwang	1	5
Philip Gaetjens		

A = Number of meetings attended

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 2018, the number of members was 2 (2017: 2 members).

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, the Global Infrastructure Hub Ltd paid a premium of \$27,702 (2017: \$27,694) 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 16.

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



Philip Gaetjens
Director

Sydney
22 October 2018

**Addendum to Global Infrastructure Hub Ltd (GI Hub) Annual Report FY 18 from 1st July 2017 -
30th June 2018 for the purpose of Commonwealth Grant Agreement No. 37001917**

This Addendum to the GI Hub Annual Report for dates from 1st July 2017 - 30th June 2018 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 2017 to 30th June 2018:

Atkins
Boheem Design Pty Limited
Brennan IT Pty Limited and Brennan Voice & Data Pty Limited
Charter Hall Real Estate Management
Cvents
Corporate Traveller NSW GROUPS
CRISIL
DTC (Benestar)
Edelman Pty Limited
EDHEC Infrastructure Institute Singapore, part of
EDHEC Asia Pacific
Foxtel
Nucleo Pty Ltd
Northquest SPV 14 Pty Limited
Oxford Economics Australia Pty Ltd
PwC Australia
Rork Projects
International Bank for Reconstruction and Development,
part of the World Bank Group
IJ Global trading as Euromoney Trading Ltd
ICare
KPMG Australia
Konica Minolta Business Solutions Australia Pty Limited
Kay Scott Consulting Limited
Kindred Digital Pty Ltd
LG Software Solutions Pty Ltd
Meltwater
Melbourne IT AWS
Norton Rose Fulbright Australia
Superfluid
Tofi
Tigerspike Pty Ltd
Turner & Townsend Infrastructure, a business unit of
Turner & Townsend Cost Management Pty Ltd
World Bank Group, IBRD
X Central Pty Ltd



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 of Global Infrastructure Hub Ltd for the financial year ended 30 June 2018 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

Kristen Peterson
Partner
Sydney
22 October 2018

Global Infrastructure Hub Ltd ACN 602 505 064

Annual report - 30 June 2018

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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 22 October 2018. 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 2018

	Notes	2018 \$	2017 \$
Revenue from continuing operations	3	13,754,654	10,356,249
Employee benefits expense		(5,129,268)	(5,127,107)
Depreciation and amortisation expense	4	(974,509)	(541,773)
Marketing expense		(591,402)	(204,134)
Property expense		(429,863)	(403,981)
Travel expense		(1,828,135)	(1,103,514)
Professional fees		(2,221,379)	(3,232,198)
Events and conference expense		(426,252)	(18,120)
Other expenses		(1,360,699)	(1,020,253)
Net finance income	4	259,006	273,914
Surplus/(deficit) for the year		<u>1,052,153</u>	<u>(1,020,917)</u>
Other comprehensive income			
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year		<u>1,052,153</u>	<u>(1,020,917)</u>
Surplus/(deficit) is attributable to:			
Members of Global Infrastructure Hub Ltd		<u>1,052,153</u>	<u>(1,020,917)</u>
Total comprehensive income/(loss) for the year is attributable to:			
Members of Global Infrastructure Hub Ltd		<u>1,052,153</u>	<u>(1,020,917)</u>

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 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	10,039,459	8,883,978
Trade and other receivables	6	3,771,754	383,153
Total current assets		<u>13,811,213</u>	<u>9,267,131</u>
Non-current assets			
Property, plant and equipment	7	267,472	646,028
Intangible assets	8	1,313,799	565,702
Total non-current assets		<u>1,581,271</u>	<u>1,211,730</u>
Total assets		<u>15,392,484</u>	<u>10,478,861</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	649,042	399,440
Deferred revenue	10	3,400,000	-
Employee benefit obligations	11	648,756	436,888
Total current liabilities		<u>4,697,798</u>	<u>836,328</u>
Non-current liabilities			
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>4,697,798</u>	<u>836,328</u>
Net assets		<u>10,694,686</u>	<u>9,642,533</u>
EQUITY			
Retained surplus	12	10,694,686	9,642,533
Total equity		<u>10,694,686</u>	<u>9,642,533</u>

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 2018

	Retained surplus \$	Total equity \$
Balance at 1 July 2016	10,663,450	10,663,450
Surplus/(deficit) for the year	(1,020,917)	(1,020,917)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,020,917)	(1,020,917)
Balance at 30 June 2017	9,642,533	9,642,533
Balance at 1 July 2017	9,642,533	9,642,533
Surplus/(deficit) 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

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 2018

	2018	2017
Notes	\$	\$
Cash flows from operating activities		
Receipts from government grants (inclusive of goods and services tax)	13,754,654	10,356,249
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(11,503,277)</u>	<u>(11,048,177)</u>
Net cash inflow/(outflow) from operating activities	17 <u>2,251,377</u>	<u>(691,928)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(84,545)	(18,193)
Payments for intangible assets	<u>(1,259,505)</u>	<u>(666,300)</u>
Net cash outflow from investing activities	<u>(1,344,050)</u>	<u>(684,493)</u>
Cash flows from financing activities		
Interest and finance charges paid	(6,407)	(4,584)
Interest received	<u>254,561</u>	<u>283,011</u>
Net cash inflow from financing activities	<u>248,154</u>	<u>278,427</u>
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the financial year	1,155,481	(1,097,994)
	<u>8,883,978</u>	<u>9,981,972</u>
Cash and cash equivalents at end of year	5 <u>10,039,459</u>	<u>8,883,978</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 2017:

- AASB 2016-1 *Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses*
- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107, and*
- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle*.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	AASB 9 <i>Financial Instruments</i>
Nature of change	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	The Company's assessment of the impact of this new standard is that it will either not apply or if it does apply, it will not impact materially the financial report.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

Mandatory application date/ Date of adoption by Company	<p>Must be applied for financial years commencing on or after 1 January 2018.</p> <p>Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting years beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.</p> <p>The Company does not intend to adopt AASB 9 before its mandatory date.</p>
Title of standard	AASB 15 Revenue from Contracts with Customers
Nature of change	<p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p>
Impact	The Company's assessment of the impact of this new standard is that it will either not apply or if it does apply, it will not impact materially the financial report.
Mandatory application date/ Date of adoption by Company	<p>Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption.</p> <p>Expected date of adoption by the Company: Financial year ending 30 June 2019.</p>
Title of standard	AASB 16 Leases
Nature of change	<p>AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.</p> <p>The accounting for lessors will not significantly change.</p>
Impact	<p>The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments of \$271,627.00, see note 15. However, the Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.</p> <p>Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.</p>
Mandatory application date/ Date of adoption by Company	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1 Summary of significant accounting policies (continued)

(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.

(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 provision for impairment. 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.

1 Summary of significant accounting policies (continued)

(h) Trade receivables (continued)

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:

- 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.

1 Summary of significant accounting policies (continued)

(j) Intangible assets (continued)

(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.

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 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.

3 Revenue

	2018	2017
	\$	\$
From continuing operations		
Government grants (a)	13,754,654	10,356,249
	13,754,654	10,356,249

(a) Government Grants

Government grants were received during the year as follows:

	2018	2017
	\$	\$
Australia	6,800,000	6,800,000
United Kingdom	1,642,782	-
Saudi Arabia	1,250,285	1,326,760
Republic of Korea	693,085	649,576
Mexico	644,993	329,123
People's Republic of China	311,350	333,393
New Zealand	224,392	241,476
Indonesia	633,766	675,921
Germany	1,554,001	-
	13,754,654	10,356,249

4 Expenses

	2018	2017
	\$	\$
<i>Depreciation</i>		
Computer hardware	63,822	19,235
Furniture fixtures and fittings	368,996	340,318
Other property, plant and equipment	30,283	30,283
Total depreciation	463,101	389,836
 <i>Amortisation</i>		
Website development costs	61,076	20,461
Computer software	450,332	131,476
Total amortisation	511,408	151,937
 Total depreciation and amortisation	974,509	541,773
 <i>Net finance (income)/expenses</i>		
Interest received	(265,413)	(278,498)
Interest and finance charges paid	6,407	4,584
	(259,006)	(273,914)

5 Cash and cash equivalents

	2018	2017
	\$	\$
Current assets		
Cash at bank and in hand	1,539,459	2,108,057
Deposits at call	8,500,000	6,775,921
	10,039,459	8,883,978

6 Trade and other receivables

	2018		2017			
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
Trade receivables	3,426,440	-	3,426,440	-	-	-
Other receivables	136,888	-	136,888	218,584	-	218,584
Prepayments	208,426	-	208,426	164,569	-	164,569
	3,771,754	-	3,771,754	383,153	-	383,153

7 Property, plant and equipment

	Computer hardware	Furniture fixtures and fittings	Other property, plant and equipment	Total
	\$	\$	\$	\$
At 1 July 2016				
Cost	140,534	1,143,720	105,990	1,390,244
Accumulated depreciation	(58,893)	(283,397)	(30,283)	(372,573)
Net book amount	81,641	860,323	75,707	1,017,671
Year ended 30 June 2017				
Opening net book amount	81,641	860,323	75,707	1,017,671
Additions	18,193	-	-	18,193
Depreciation charge	(19,235)	(340,318)	(30,283)	(389,836)
Closing net book amount	80,599	520,005	45,424	646,028
At 30 June 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	80,599	520,005	45,424	646,028
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	41,125	211,206	15,141	267,472
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

8 Intangible assets

	Intangibles under development \$	Website development costs \$	Computer software \$	Total \$
At 1 July 2016				
Cost	-	61,015	-	61,015
Accumulated amortisation	-	(9,676)	-	(9,676)
Net book amount	-	51,339	-	51,339
Year ended 30 June 2017				
Opening net book amount	-	51,339	-	51,339
Additions	-	-	666,300	666,300
Amortisation charge	-	(20,461)	(131,476)	(151,937)
Closing net book amount	-	30,878	534,824	565,702
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 and impairment	-	(91,213)	(581,808)	(673,021)
Net book amount	823,119	107,953	382,727	1,313,799

9 Trade and other payables

	Current \$	2018 Non- current \$	Total \$	Current \$	2017 Non- current \$	Total \$
Trade payables	144,426	-	144,426	147,411	-	147,411
Accrued expenses	412,173	-	412,173	213,646	-	213,646
Payroll tax and other statutory liabilities	4,416	-	4,416	-	-	-
Other payables	88,027	-	88,027	38,383	-	38,383
	649,042	-	649,042	399,440	-	399,440

10 Deferred revenue

	2018			2017		
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
Government grants	3,400,000	-	3,400,000	-	-	-
	<u>3,400,000</u>	<u>-</u>	<u>3,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

11 Employee benefit obligations

	2018			2017		
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
Leave obligations (a)	565,918	-	565,918	370,218	-	370,218
Superannuation payable	82,838	-	82,838	66,670	-	66,670
	<u>648,756</u>	<u>-</u>	<u>648,756</u>	<u>436,888</u>	<u>-</u>	<u>436,888</u>

(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 \$565,918 (2017: \$370,218) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

12 Retained surplus

Movements in retained surplus were as follows:

	2018	2017
	\$	\$
Balance 1 July	9,642,533	10,663,450
Net surplus/(deficit) for the year	1,052,153	(1,020,917)
Balance 30 June	<u>10,694,686</u>	<u>9,642,533</u>

13 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

	2018	2017
	\$	\$
<i>Audit and other assurance services</i>		
Audit and review of financial statements	33,000	30,000
Total remuneration for audit and other assurance services	33,000	30,000

(ii) Other services

<i>Other services</i>		
Consulting services	163,417	969,250
Total remuneration for other services	163,417	969,250

Total remuneration of KPMG Australia	196,417	999,250
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14 Contingent liabilities and contingent assets

The Company had no contingent liabilities or assets at 30 June 2018 (2017: Nil).

15 Commitments

(a) Lease commitments: company as lessee

(i) Non-cancellable operating leases

	2018	2017
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	271,627	360,454
Later than one year but not later than five years	-	188,915
	271,627	549,369

(ii) Rental expense relating to operating leases

Minimum lease payments	-	436,133
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16 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.

17 Cash flow information

Reconciliation of surplus (deficit) for the year to net cash inflow/(outflow) from operating activities

	2018	2017
	\$	\$
Surplus/(deficit) for the year	1,052,153	(1,020,917)
Depreciation and amortisation	974,509	541,773
Interest and finance charges paid	6,407	4,584
Interest received	(254,561)	(283,011)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(3,388,601)	(153,263)
Increase in trade and other payables	249,602	55,435
Increase in deferred income	3,400,000	-
Increase in employee benefit obligations	211,868	163,471
Net cash inflow/(outflow) from operating activities	<u>2,251,377</u>	<u>(691,928)</u>

**Global Infrastructure Hub Ltd
Directors' declaration
30 June 2018**

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 17 to 34 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 2018 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.



Philip Gaetjens
Director

Sydney
22 October 2018



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 2018 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 Act 2001*.

The Financial Report comprises:

- Balance sheet as at 30 June 2018;
- 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; and
- 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 is appropriate to meet 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. 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 and 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/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Kristen Peterson
Partner
Sydney
22 October 2018