



Development Victoria



Annual Report
2021-22



In the spirit of reconciliation, Development Victoria respectfully acknowledges the Traditional Custodians of Country throughout Victoria. We recognise their continuing cultural heritage and connection to land, and pay our respects to their Elders, past and present.

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Foreword

During FY22, our team at Development Victoria has exemplified and delivered on our purpose, to reimagine and transform places to enrich people's lives.

This year, we've seen this purpose come to life, both in terms of what we do and how we do it.

Sustainability continues to underpin our work, with Development Victoria's corporate operations once again achieving carbon neutral certification by the Australian Government's Climate Active initiative, our Minimum Standard for Homes integrated in all new projects and future stages across our residential portfolio, and circular economy strategies developed for key projects.

We aim to create affordable homes across our portfolio, giving more people a secure place to call home. In the last year, we sold 184 homes to moderate-income earners in places like Epping, Officer and Sunshine – delivering on our commitment of at least 25% affordable homes. We expanded our focus to support the Victorian Government's Big Housing Build, with Development Victoria participating in the Social Housing Growth Fund to provide secure, affordable and inclusive homes to more Victorians.

As part of an initiative from the Taylors Quarter residential development in Taylors Lakes, Development Victoria also donated much-needed funds to the not-for-profit organisation Homes for Homes, to help increase the supply of social and affordable housing across the state.

Our projects have achieved major milestones, including topping out of Galkangu, Bendigo's new GovHub, the appointment of the head contractor to build the innovative sports centre at Fitzroy Gasworks, and completion of the Melbourne Park Redevelopment and the new \$46 million Sound Stage 6 at Docklands Studios – cementing Victoria's reputation as a global destination for major screen production.

We've also seen works commence on new projects, including a new Convention and Exhibition Centre in Geelong, the redevelopment of Werribee's Open Range Zoo and the transformation of the Melbourne Arts Precinct.

Our pipeline continues to grow, with Development Victoria recently appointed as the Victorian Government lead delivery partner for the 2026 Commonwealth Games. This is an exciting opportunity to help bring the Games to life through the delivery of sporting and athletes' village infrastructure and to create an ongoing legacy to support communities in regional Victoria.

We're proud to see Development Victoria as a place where people can come and be recognised and celebrated for their achievements. This year, the State Library Victoria Redevelopment: Vision 2020 project was recognised in the Property Council of Australia's 2021 Innovation & Excellence Awards, being named both Best Heritage Building and Best Public Building of the year.

Development Victoria's expertise in project management was also recognised in the Australian Institute of Project Management's 2021 Project Management Achievement Awards, with

Luke Osland named Victorian Project Professional of the Year and Pranjal Pawar named Victoria's Future Project Leader of the Year for their work on the State Netball and Hockey Centre Redevelopment.

In the past year, we have achieved our financial targets, grown our team, built on our culture, and created places for Victorians to live, work and enjoy into the future.

We would like to thank the Deputy Premier, the Hon. Jacinta Allan for her support during this year. The connections with the Transport Infrastructure, Suburban Rail Loop and Commonwealth Games Delivery portfolios bring the concept of integrated land use and transport planning to life.

We also thank the Hon. Martin Pakula for his support as former Minister for Business Precincts, and welcome the Hon. Ben Carroll to the Business Precincts portfolio.

We also thank the Development Victoria Board for its strategic insights and commitment, and the passionate Development Victoria team for helping to make Victoria a better place.



Angela Skandarajah
Chief Executive Officer

14 September 2022



Megan Haas
Chairperson

14 September 2022

About Development Victoria

As part of the Victorian Government, our role is to help translate policy into the built-form environment: places where people live, work and thrive.

We aim to create more connected, happier and healthier communities and support government partners to realise their policy objectives – now and for future generations.

Our Policy pillars

Development Victoria is shaping the way Victorians live. We develop and revitalise public buildings and land to create spaces and homes that help make Victoria a great place to live.



Corporate Governance

Development Victoria is a statutory authority governed by a Board of Directors.

Responsible Minister

The Minister for Transport Infrastructure is the Minister with primary responsibility for the *Development Victoria Act 2003* and the Minister for Business Precincts is responsible for the *Docklands Act 1991*.

Treasurer

The Treasurer is responsible for oversight of Development Victoria's finances in accordance with the *Financial Management Act 1994*. This requires the Treasurer to manage and monitor Development Victoria's financial position including its capital structure and operating performance.

Debt finance for projects is approved by the Treasurer on a case-by-case basis, and the organisation's aggregate financial assumptions and forecasts are approved annually by the Treasurer through the Corporate Plan.

Development Victoria Board

The role and function of the Development Victoria Board is established under the *Development Victoria Act 2003*. The Board has responsibility for strategic oversight of the organisation and considers projects presented by management for approval before they are presented to the Minister.

Development Victoria is established as a Public Non-Financial Corporation (PNFC). As a PNFC, the organisation is required to cover its operating and financing costs through its business activities.

Legislation

Development Victoria was established on 1 April 2017 and operates under the *Development Victoria Act 2003*.

The functions of the organisation set out in the Act include:

- carrying out property development and social and economic capital works projects in accordance with government policies and strategies
- providing advisory services
- developing declared projects.

The Act requires Development Victoria to carry out its functions using commercial disciplines.

Development Victoria also has powers under the *Docklands Act 1991*.

Department of Transport

Development Victoria is part of Victoria's transport portfolio, led by the Department of Transport, Victoria.

The vision of the transport portfolio is to deliver an integrated and sustainable transport system that contributes to an inclusive, prosperous, and environmentally responsible state.

Together, entities in the transport portfolio deliver simple, safe, connected journeys, and are working together to shape the transport system so that it meets the needs of the people who use it now and in the future.

While Development Victoria is an independent statutory authority, it is a key contributor of initiatives of the Department of Transport and the transport network, so Victorians can stay connected to jobs, education and each other.

Statutory authority:
Development Victoria

Governing Act:
Development Victoria Act 2003

Incorporated:
1 April 2017

Registered address:
Level 9, 8 Exhibition Street
Melbourne 3000

ABN: 61 868 774 623

Declared projects and Ministerial Directions

One of the key purposes of Development Victoria under the *Development Victoria Act 2003* is to undertake new declared projects and complete existing declared projects.

The following projects are declared projects which were, or are currently being, completed by Development Victoria as at 30 June 2022:

- Ballarat West Employment Zone Development
- Fitzroy Sports Centre
- Kew Residential Services Redevelopment
- Melbourne Park Redevelopment
- Parkville Gardens
- Revitalising Central Dandenong
- State Basketball Centre Redevelopment
- State Netball and Hockey Centre Redevelopment
- Twelve Apostles Precinct Redevelopment

During the reporting period, Development Victoria received no Directions from the Minister under Section 9 of the *Development Victoria Act 2003*.



Year in review

Galkangu



Official building name for Bendigo GovHub - Dja Dja Wurrung word meaning “build together, we make together, make things happen together, more connected to Country.”

Sound Stage 6

New \$46 million stage completed – increased the capacity of Docklands Studios Melbourne by 60%

Works kick-off

Geelong Convention and Exhibition Centre, Werribee Open Range Zoo redevelopment and Melbourne Arts Precinct transformation

State Library Victoria Redevelopment: Vision 2020



Recognised in the Property Council of Australia’s 2021 Innovation & Excellence Awards - Best Heritage Building and Best Public Building of the year

Carbon Neutral

Development Victoria’s corporate operations certified by the Australian Government’s Climate Active initiative

Melbourne Park redevelopment



Reached practical completion - cementing Melbourne and Olympic Parks as an unbeatable sports and events precinct

Escala NewQuay

Construction completed on the new building in Docklands, with 163 apartments and flexible office and commercial spaces by MAB Corporation

Our people recognised

Australian Institute of Project Management’s 2021 Project Management Achievement Awards - Luke Osland named Victorian Project Professional of the Year and Pranjal Pawar named Victoria’s Future Project Leader of the Year

37% of homes sold to moderate-income earners

Giving more Victorians the opportunity to own their home

Fishermans Bend Innovation Precinct



Leonardo Helicopters Maintenance Repair and Overhaul Facility completed

Gender Equality Action Plan

Formally endorsed by the Gender Equality Commission

Fitzroy Gasworks Sport Centre



Built Environs appointed as head contractor to build innovative sports centre.

Homes for Homes

Development Victoria donated \$67,000 to help address homelessness

The Fox: NGV Contemporary



Gallery design competition winner unveiled

Civic infrastructure

Development Victoria manages major projects on behalf of government clients through the whole project lifecycle – from conception and commissioning, through to the delivery of cultural, recreational, and civic facilities that enrich our communities and enhance Victoria’s reputation.



Docklands Studios Melbourne, Sound Stage 6

The new \$46 million, 3,700 square metre Sound Stage 6 at Docklands Studios Melbourne has increased the capacity of Docklands Studios Melbourne by 60% and is helping to attract large-scale international productions.

The sound stage is one of the largest of its kind in the Southern Hemisphere and complements the existing stages and facilities for smaller TV and film projects at the studio. Sound Stage 6 also features a massive 900,000-litre water tank to support a greater range of productions.

Sound Stage 6 reached practical completion in February 2022.

Project objective

Substantially increase and enhance Victoria’s studio capacity, to support a range of production requirements and make the state more attractive for large-scale productions.

Policy objective

Social and economic infrastructure

2021-22 key achievements

- Project reached practical completion in February 2022



Geelong Arts Centre – Stage 3

The Little Malop Street Redevelopment is underway and will significantly expand the capacity of Geelong Arts Centre with multiple new performance venues, an upgraded box office and refurbished back-of-house and administration facilities.

The redevelopment of Geelong Arts Centre will help attract a greater diversity of quality productions from around Australia and internationally, and will provide more performance opportunities for local artists, schools and community groups.

Geelong Arts Centre received an additional \$6.8 million in funding in the Victorian Budget 2021-22.

Project objective

Deliver new and enhanced facilities that will vastly improve visitor and performer experience, with improved creative space for the Geelong community and the capacity to meet the city’s anticipated future growth.

Policy objective

Social and economic infrastructure

2021-22 key achievements

- Savings identified through the collaborative contracting model allowed out of scope items to be reintroduced into the project
- Wadawurrung First Nations artists engaged to undertake 4 major commissioned artworks as part of the project
- Building achieved ‘topping out’ in May 2022
- With a focus on local procurement, the Principal Contractor secured several large local subcontractors to deliver strong Local Jobs First outcomes on behalf of the project including glazing, carpet, joinery and façade architectural panels
- Construction is well underway and expected to reach practical completion by late 2023



Geelong Convention and Exhibition Centre

The Geelong Convention and Exhibition Centre (GCEC) will feature a multi-purpose venue with a 1,000 seat plenary and 3,700 square metres of flexible use spaces, a 200-room upscale hotel, and integrated commercial and residential development on a 1.6 hectare prime waterfront site in Geelong.

The GCEC will attract the broadest range of conferences, exhibitions, banquets, trade shows and live events to Geelong, and operate in a complementary manner with the Melbourne Convention and Exhibition Centre in increasing the state’s share of these markets.

Through the Geelong City Deal, the Victorian Government is contributing \$261 million to the project, with the Australian Government contributing \$30 million and the City of Greater Geelong contributing \$3 million.

The project is being procured and delivered as a Public Private Partnership (PPP).

Project objective

Position the GCEC as Victoria’s premium regional convention, exhibition and event destination, contribute to the revitalisation of central Geelong, and drive the region’s visitor and knowledge economies.

Policy objective

Social and Economic Infrastructure, Urban Renewal

2021-22 key achievements

- Released the project EOI to the PPP market and received a number of strong responses from well-credentialled consortia
- Undertook significant engagement with Geelong entities, business networks, the Wadawurrung Traditional Owners Aboriginal Corporation and the community, in developing the project scope and functional requirements
- Developed a partnership model with Geelong social enterprises to ensure the project will achieve strong social procurement and employment outcomes



Melbourne Arts Precinct

Development Victoria is the delivery agency for the Melbourne Arts Precinct transformation project, Australia’s largest cultural infrastructure project, on behalf of Melbourne Arts Precinct Corporation.

The \$1.7 billion project will transform Melbourne’s creative precinct into one of the great creative and cultural destinations in the world and a place for all Victorians to enjoy.

The Melbourne Arts Precinct transformation project will deliver:

- The Fox: NGV Contemporary gallery
- significant upgrades to Arts Centre Melbourne’s Theatres Building
- 18,000 square metres of public parkland
- new connections into and through the arts precinct
- improved all-abilities access
- new restaurants and bar spaces.

Project objective

Transform the Melbourne Arts Precinct into one of the great creative and cultural destinations in the world, delivering increased visitation and tourism, enhancing Victoria’s reputation and generating economic benefits for Victoria.

Policy objective

Social and economic infrastructure

2021-22 key achievements

- Principal Contractor appointed for Arts Centre Melbourne early works in May 2022
- Released tenders to the market for Arts Centre Melbourne main works head contractor
- The Fox: NGV Contemporary - design competition completed, and winning design team appointed in March 2022
- Planning gazettal – specific control overlay and incorporated document approved



Melbourne Park Redevelopment
– Stage 3

Development Victoria worked with Sport and Recreation Victoria, Melbourne and Olympic Parks Trust and Tennis Australia to deliver Stage 3 of the Melbourne Park Redevelopment.

This stage included a function and media centre, a new multi-purpose show court and a central logistics hub. Stage 3 works reached practical completion in August 2021, ahead of time and on budget.

Project objective

Ensure the long-term commercial sustainability of the Melbourne Park precinct by extending its operational life and reducing costs, allowing Melbourne and Olympic Parks Trust to continue to support community sport and to improve the efficiency of the precinct to facilitate emerging sporting events.

Policy objective

Social and economic infrastructure

2021-22 key achievements

- Project reached practical completion in August 2021, which included the handover of CENTREPIECE, the new function and media centre, and the Show Court Arena precinct logistic hub
- The new facilities supported a highly successful 2022 Australian Open



State Basketball Centre

The \$132 million upgrade of the State Basketball Centre in Wantirna South will create one of Australia’s leading basketball facilities and support the continued growth of basketball and gymnastics at local and elite levels.

The upgrade will provide 12 new indoor community courts, new administration and gymnastic facilities, comprehensive training facilities for high-performance basketball and an outdoor town square space, inclusive of new food and beverage options.

Development Victoria is delivering this project on behalf of the Victorian Government and Knox City Council.

Project objective

Establish the State Basketball Centre as a leading facility for basketball in Australia, and support athlete development and pathways, high-performance programs, and the continued growth of basketball and gymnastics at local and elite levels.

Policy objective

Social and economic infrastructure

2021-22 key achievements

- Design and construction contract awarded in August 2021
- Significant design and value management undertaken to respond to economic and sector challenges, to ensure project can still deliver on objectives within budget
- Early procurement of steel ensured project was protected from current cost escalation pressures in the marketplace
- Redesign of the main steel structure and the roof allowed for local trade engagement, which exemplifies the project’s ability to meet the Local Jobs First policy
- Community art project with Mullum Mullum Indigenous Gathering Place to create a community art project on the construction hoarding



Twelve Apostles

Funded by the Geelong City Deal, the \$108.15 million Twelve Apostles Precinct Redevelopment will deliver infrastructure projects in the Shipwreck Coast region.

The project includes the Shipwreck Coast priority projects that will be delivered in 2 phases: coastal and main works, and the Private Sector Business Enablement Fund, which is delivered by Regional Development Victoria.

The Twelve Apostles Precinct will change how visitors experience the region. It will provide safer and easier access to nature’s greatest attractions, while protecting the environment and cultural history at this spectacular location.

The Twelve Apostles Precinct Redevelopment will grow the region’s reputation as a remarkable world-class destination, while enhancing the hinterland and protecting the national, coastal marine parks.

Project objective

Delivering sustainable tourism infrastructure projects for the Shipwreck Coast and the Twelve Apostles Precinct, to strengthen the region as a leading tourist destination and ensure benefits flow to local communities.

Policy objective

Social and economic infrastructure

2021-22 key achievements

- Engaged Head Design Consultant for coastal works



Precincts

Development Victoria leads the long-term urban renewal of key Victorian places into thriving precincts of scale, bringing economic and social growth to the state.



Docklands

Docklands is one of the largest government-led urban renewal projects in Australia. The precinct is home to more than 17,500 residents and 73,000 workers and has sustained a significant number of construction jobs over the past 20 years.

Project objective

Urban renewal in Docklands to revitalise a once industrial area to deliver housing, jobs, and community spaces, and reconnect the Melbourne CBD with the waterfront.

Policy objectives

- Urban renewal
- Economic development

2021-22 key achievements

- Construction completed on the Escala NewQuay building, with 163 apartments and flexible office and commercial spaces by MAB Corporation
- GFM commenced construction of 675 build-to-rent apartments, in a two-tower complex at 685 La Trobe Street in the Stadium precinct
- Construction commenced by Ashe Morgan and Nesuto Australia on a 211-room serviced apartment building in the Waterfront City precinct
- Planning approval received by Mirvac for a new 191 premium apartment building at 118-122 Lorimer Street in the Yarra’s Edge precinct

- Community consultation undertaken by MAB Corporation on a new mixed-use precinct at 396 Docklands Drive in NewQuay
- Shed 21 at Bolte Precinct West recognised for its historic significance. Development Victoria has been drawing people to Shed 21 with Padel tennis courts, the City of Melbourne’s Fishermans Bend Gateway Hub, waterways operation activities and other public events
- Development Victoria supported community social infrastructure with interim funding for Docklands Neighbourhood House and the Holi festival
- Development Victoria sponsored activation activities across Docklands, including the Melbourne Renegades Super Clinic, New Year’s Eve Drone Show, The Playground, Firelight Festival, Melbourne’s Australian Grand Prix ‘Live Fast Festival’ and filming in support of Docklands Studio productions
- Development Victoria supported public art projects including the ‘Wild About Babies’ sculpture exhibition along Yarra’s Edge, the relocation of the Dame Nellie Melba statue from Docklands to her former home at the Coombe Yarra Valley Estate, and the feature lighting at 1000 LaTrobe Street, programmed to respond to travel time on the rail network
- Commenced removal of the unsafe western tip of Central Pier from the water
- Agreed terms with the City of Melbourne for the lease of land on Harbour Esplanade to support the installation of a new ferry terminal building



Fishermans Bend Innovation Precinct

The Fishermans Bend Innovation Precinct will be established on the 32-hectare former General Motors Holden (GMH) site, which was purchased by Development Victoria on behalf of the Victorian Government in 2017.

This is a nationally significant catalyst project for innovation and economic recovery in Melbourne and Victoria. It will provide a home for the next generation of Australia’s advanced manufacturing, engineering, and design excellence, including the University of Melbourne’s new School of Engineering campus.

It is envisaged that the precinct could accommodate up to 30,000 jobs and a campus population of 20,000 by 2050.

The Innovation Precinct is at the heart of the Fishermans Bend Employment Precinct, recognised as a strategically important employment and innovation cluster. Development Victoria is leading the site planning and development activities to facilitate future development opportunities.

The Victorian Government announced an investment of \$179.4 million in the Victorian Budget 2021-22 to deliver the first stage of the

Fishermans Bend Innovation Precinct development.

Project objective

Development of the Innovation Precinct as an internationally renowned centre of innovation in advanced manufacturing, engineering and design and a catalyst for development in the Fishermans Bend Employment Precinct.

Policy objectives

- Urban renewal
- Economic development

2021-22 key achievements

- Completion of Leonardo Helicopters Maintenance Repair and Overhaul Facility in August 2021
- Commencement of design for Fishermans Bend Innovation Precinct Stage 1 works



Revitalising Central Dandenong

This long-term project is rejuvenating Dandenong’s city centre. Development Victoria is working with the City of Greater Dandenong and other stakeholders to create a vibrant precinct that provides commercial, residential, retail, and community services, as well as public open spaces.

Project objective

Raise the profile of Dandenong and position the city as a destination of choice to live, work and visit, accommodate forecast population growth, stimulate economic development and private sector investment, and enhance livability.

Policy objectives

- Urban renewal
- Economic development
- Housing
- Social and economic infrastructure

2021-22 key achievements

- Capital Alliance prepared a master plan for Precincts 11-15, key catalyst sites that will support an application to the Department of Environment, Land, Water and Planning for a Development Plan Overlay and associated Planning Scheme amendment. Over a 20-year period this will:
 - deliver a new Little India precinct
 - inject \$600 million into the Dandenong economy during development
 - create 2,600 construction jobs, and 5,000 ongoing jobs when completed
 - deliver 470 new homes 2,500 square metres of community space and new commercial and retail spaces
 - deliver social enterprise initiatives and improve public safety and amenity
 - transform central Dandenong into a vibrant and thriving destination.
- Development Victoria, in partnership with the City of Greater Dandenong, entered into an agreement with the Melbourne City Football Club to activate the multi-purpose sports courts in Dandenong



Fitzroy Gasworks

The former Fitzroy Gasworks site is an important part of Fitzroy North’s industrial and social heritage.

The site is bordered by Queens Parade, Smith Street, Alexandra Parade and George Street and sits within an established community close to sustainable transport options.

Delivered by Development Victoria, Fitzroy Gasworks is set to become a vibrant new neighbourhood in the heart of Melbourne. The vision for the site is to create an urban village that includes diverse, social and affordable housing options, a senior high school, sports centre and public open spaces.

This mixed-use development will set a new benchmark for urban renewal – delivering outcomes for people, the environment and Melbourne.

Project objective

Renewal of the former Fitzroy Gasworks site into a new urban village.

Policy objectives

- Housing
- Urban renewal
- Social and economic infrastructure

2021-22 key achievements

- Development Plan submitted to the Minister for Planning
- Remediation works completed
- The Department of Education and Training and Victorian School Building Authority completed construction of a new senior high school, Wurun Senior Campus, adjacent to Development Victoria’s future residential and mixed-use development, in January 2022 ready for the new school year



Fitzroy Sports Centre

As part of the broader Fitzroy Gasworks precinct, Development Victoria is delivering Australia’s first vertically constructed multi-use indoor sports centre.

The project is a partnership between the Department of Transport and the Department of Jobs, Precincts and Regions (Sport and Recreation Victoria), with Development Victoria as the delivery agency and Yarra City Council as a funding partner and operator.

The sports centre will provide much-needed new facilities for a range of local sports clubs, including basketball, netball, volleyball and futsal, in the heart of Fitzroy.

The new sports centre will be designed and constructed to integrate with the Wurun Senior Campus’s 2 indoor sports courts to enable shared use and create a six-court facility outside of school hours.

Project objective

Contribute to the Victorian Government’s vision for the Fitzroy Gasworks Precinct and help to address the shortage of indoor sports facilities within Melbourne’s inner northern region, particularly in the City of Yarra.

Policy objective

- Social and economic infrastructure

2021-22 key achievements

- Design and construct contract awarded

Property Development

Through its property development activities, Development Victoria is responsible for the development of surplus and underutilised government land to deliver and promote housing diversity, social and affordable housing, economic development, and mixed-use projects.



Alfie

The Alfie residential project at Altona North is delivering 127 new homes in Melbourne’s west, with over 10% sold as affordable housing through the HomesVic Shared Equity scheme to eligible purchasers. The project includes a linear park in the centre of the site and a diverse range of 2 and 3 storey homes.

Project objective

Deliver diverse and affordable housing for a growing community.

Policy objectives

Policy objectives

Housing

Urban renewal

2021-22 key achievements

- Settlements completed for Stage 1 (45 homes) and Stage 2 (37 homes)
- Stages 1 and 2 of the central park completed
- 45 homes in Stage 3 under construction, with completion expected in early-2023



Aurora

Located in the Epping/Wollert area, 21 km north of the Melbourne CBD, the original Aurora project area was 614 hectares.

Development Victoria delivered approximately 2,000 residential lots between 2005 and 2016 and divested approximately 400 ha of land to Lendlease in 2014.

Development Victoria retains 4 strategic sites – 2 medium-density sites adjacent to the Northern Town Centre, the Southern Town Centre site, and an employment area adjacent to the Hume Freeway that are earmarked for development over the coming years.

Project objective

Create a sustainable mixed-use community with diverse housing options, a variety of economic development opportunities, and a wide range of community facilities.

Policy objectives

Housing

Economic development

Urban renewal

Social and economic infrastructure

2021-22 key achievements

- Delivery of \$1.6 million Edgars Creek Central Park
- Commenced construction of \$6 million Edgars Road infrastructure project in November 2021
- Commenced landscape works within the public transport corridor
- Sold 57 properties at Habitas, including 9 to a social housing provider, 15 to moderate-income earners and 17 to first home buyers
- Significant progress achieved on authority approvals and appointment of a civil contractor for Habitas
- Commenced procurement of builder partners for a further townhouse site in the Northern Town Centre (approximately 120 homes) and the Business Park residential site (approximately 80 homes)
- A revised delivery strategy for Aurora Business Park, supporting future local job creation and affordable housing
- Permit application for the Business Park industrial subdivision lodged with Whittlesea City Council
- Completion of traffic signalisation of intersection of Eaststone Avenue and Edgars Road



Ballarat GovHub

Development Victoria led the development of a new government office precinct on the Civic Hall site in Ballarat’s CBD, in partnership with Regional Development Victoria, Department of Treasury and Finance and Ballarat City Council. The Ballarat GovHub will accommodate up to 1,000 government employees and help to revitalise Ballarat’s CBD and stimulate economic growth.

The project achieved practical completion in April 2021, with various Victorian Government tenants occupying the building thereafter.

Project objective

Encourage regional economic growth, support employment and revitalise Ballarat’s CBD.

Policy objective

Economic development

2021-22 key achievements

- Management of the defects and liability period with substantive conclusion thereof in May 2022.
- Sector recognition, including:
 - Commercial Regional Builder of the Year – 2022 MBAV South West Regional Building Award (winner)
 - Best Government Project – 2021 PMAA Victorian Winner (winner)
 - Team of the Year – 2022 PCA/KONE People in Property Awards (nominated)
 - Best Commercial Architecture Project – 2022 Victorian Architecture Awards (nominated)
 - Sustainable Architecture Award – 2022 Victorian Architecture Awards (commended)



Galkangu – Bendigo GovHub

Delivery of Galkangu comprises the construction and fit-out of a new building to centralise the delivery of a range of government services and accommodate up to 1,000 council and Victorian Government workers.

Galkangu will create 100 new Victorian Government jobs across various departments and agencies, 25 of which have been allocated to the Victorian Labour Hire Licensing Authority and 30 to the Portable Long Service Authority.

Project objective

Encourage regional economic growth, support employment and strengthen Bendigo’s Civic Precinct.

Policy objectives

Economic development

Urban renewal

2021-22 key achievements

- Official building name announced – Galkangu – a Dja Dja Wurrung word meaning “build together, we make together, make things happen together, more connected to Country”. This name was chosen after extensive consultation with the Dja Dja Wurrung Clans Aboriginal Corporation (DJAARA), and Dja Dja Wurrung Elders
- Building façade design unveiled, which features artwork inspired by Dja Dja Wurrung shields and connection to Country
- 100% design completed
- Building top-out achieved in June 2022



Ballarat West Employment Zone

The Ballarat West Employment Zone (BWEZ) is a \$30 million joint initiative between the Victorian Government and the City of Ballarat to support the region’s economic growth over the next 20 years. Development Victoria is delivering BWEZ in collaboration with Regional Development Victoria and the City of Ballarat.

The project is a staged development using 440 hectares of surplus Crown Land in Ballarat West to supply serviced and accessible industrial land to support high-employing industrial businesses critical to jobs in Ballarat.

The project comprises 4 stages of industrial and commercial land, the design and delivery of an Intermodal Freight Terminal to be owned and operated by VicTrack, delivery of a 92-lot residential subdivision, a 5 hectare mixed-use site, delivery of areas for open space, and critical road infrastructure.

Project objective

Economic development and jobs for a growing regional community.

Policy objectives

Economic development

Housing

2021-22 key achievements

- Planted 2,324 indigenous trees
- Developed and sold 37 hectares of industrial land, creating 365 jobs
- Sold and delivered the Acacia Estate, an 18-hectare residential precinct comprising 92 lots
- Reinvested \$9 million of net development profit from Acacia into the Ballarat Intermodal Freight Facility project
- Planning permit granted and tender awarded to establish the subdivision pattern for the Ballarat Intermodal Freight Hub
- Supported Victorian Government priorities by facilitating Foodbank and George Weston Foods coming to BWEZ
- Submitted Stage 2 permit application comprising 23 lot industrial subdivision and formalisation of 5 hectare open space





Cairnlea

Development Victoria is leading the development of the final stage of Cairnlea – a 41 hectares site that sits along Cairnlea Drive and Ballarat Road.

The project will create a new residential neighbourhood, with a diverse range of affordable housing options, a vibrant mixed-use area, and an abundance of open space areas for the whole community to enjoy.

Project objective

Regenerate the site to deliver more affordable housing opportunities and a network of open spaces that are complemented by a variety of neighbourhood services.

Policy objectives

- Housing
- Urban renewal
- Economic development

2021-22 key achievements

- Public exhibition phase and Government Land Standing Advisory Committee hearing process completed for the proposed Planning Scheme Amendment for the site
- Request for Proposal process commenced to source a contractor for remediation works at the site



Coomoora, Springvale South

Development Victoria is transforming unused surplus land in Springvale South into a welcoming residential community.

Coomoora will include a mix of 16 land-only lots and 47 townhouses, as well as significant open space for the broader community to enjoy.

The site was previously owned by the Department of Education and Training and declared as surplus land in 2016 after the merger of several local schools to form Keysborough Secondary College. It is located next to Keysborough Primary School.

Project objective

The development offers a diverse range of housing, so people will have greater choice in both size and price within close proximity to existing jobs, services and transport.

Policy objective

- Housing

2021-22 key achievements

- Obtained subdivision and built form planning permits
- Commenced subdivision civil construction works on site



Knoxfield

Development Victoria is creating a vibrant new neighbourhood in Knoxfield, with diverse housing and open spaces for the community to enjoy.

Development Victoria is revitalising the site, previously a horticultural research facility, to deliver much-needed housing, open space, and a mixed-use zone that could include retail and other services for the community. The project includes a new vibrant and functioning wetland system on the site, to protect and enhance the natural habitat, including that of the endangered Blue-billed Duck, and provide safe access for the community.

Sustainability is a key focus for the project, including targeting a 6-Star Green Star Community rating and participating in the Green Star for Homes pilot.

Following extensive development work and community consultation, permit applications have been lodged with Knox City Council for the first stages of the residential subdivision and proposed wetlands. Subject to a range of approvals, sales and construction are planned to commence in early to mid-2023.

Project objective

The site will deliver a diverse range of housing options close to jobs, services and transport. Housing will primarily be medium-density townhouses with a range of 1 to 4 bedrooms.

It will also offer mixed-use development opportunities to benefit local residents, businesses and the wider community.

Policy objectives

- Housing
- Urban renewal
- Social and economic infrastructure

2021-22 key achievements

- Obtained planning permits for the temporary road opening for the sales office and the associated signage
- Planning applications for Stages 1 and 2 subdivision and the wetlands progressed, with multiple rounds of Requests for Information responded to and public advertising concluded
- Master plan further refined, and next subdivision permit application prepared for lodgment with the council
- Ongoing proactive engagement with the community



LUMA, Sunshine North

The LUMA residential development in Sunshine North will deliver approximately 300 townhouses, with a mix of 1, 2, 3 and 4 bedroom homes to suit a range of budgets, lifestyles and needs.

The site is ideally located close to amenities, public transport and major road arterials.

Project objective

Deliver a development built around a well-connected community, with a diverse range of housing options and quality open-space amenities.

Policy objectives

Housing

Urban renewal

2021-22 key achievements

- Stage 1 civil subdivision contract awarded to BMD Urban, and works commenced
- Stage 1 houses sold out
- Stage 2 planning permit issued by Brimbank City Council



Officer Town Centre

Development Victoria owns 14 hectares of land in the future major activity centre of Officer. The redeveloped Officer Town Centre will provide a range of shops, services and housing for the local community.

Significant infrastructure has been completed, including a grade-separated rail underpass, main street, signalised intersections and the Cardinia Shire Council offices and Civic Centre.

Project objective

Create a commercial centre for the surrounding residential population and support the creation of job opportunities in Melbourne’s southeast.

Policy objectives

Economic development

Housing

2021-22 key achievements

- Completion of market-based EOI process for part of Officer Town Centre
- Commencement of negotiations for the sale of the community land within the town centre



Olio, Officer

Olio is a 6.8 hectare site in the heart of Officer, less than 500 metres from the Officer train station. Once complete, Olio will comprise approximately 235 townhouses, a local park and pedestrian connections throughout the site.

All homes at Olio are priced as affordable for moderate-income earners, and the introduction of Development Victoria’s new ‘Priority Access’ initiative has ensured that this affordable housing gets into the hands of those who need it most. Priority Access provides moderate-income earners with the opportunity to buy affordable homes before they’re made available to the open market.

Development Victoria is partnering with builder Sienna Homes to deliver the first 4 stages of the project comprising 93 double-storey townhouses.

Project objective

Deliver diverse and affordable housing for a growing community.

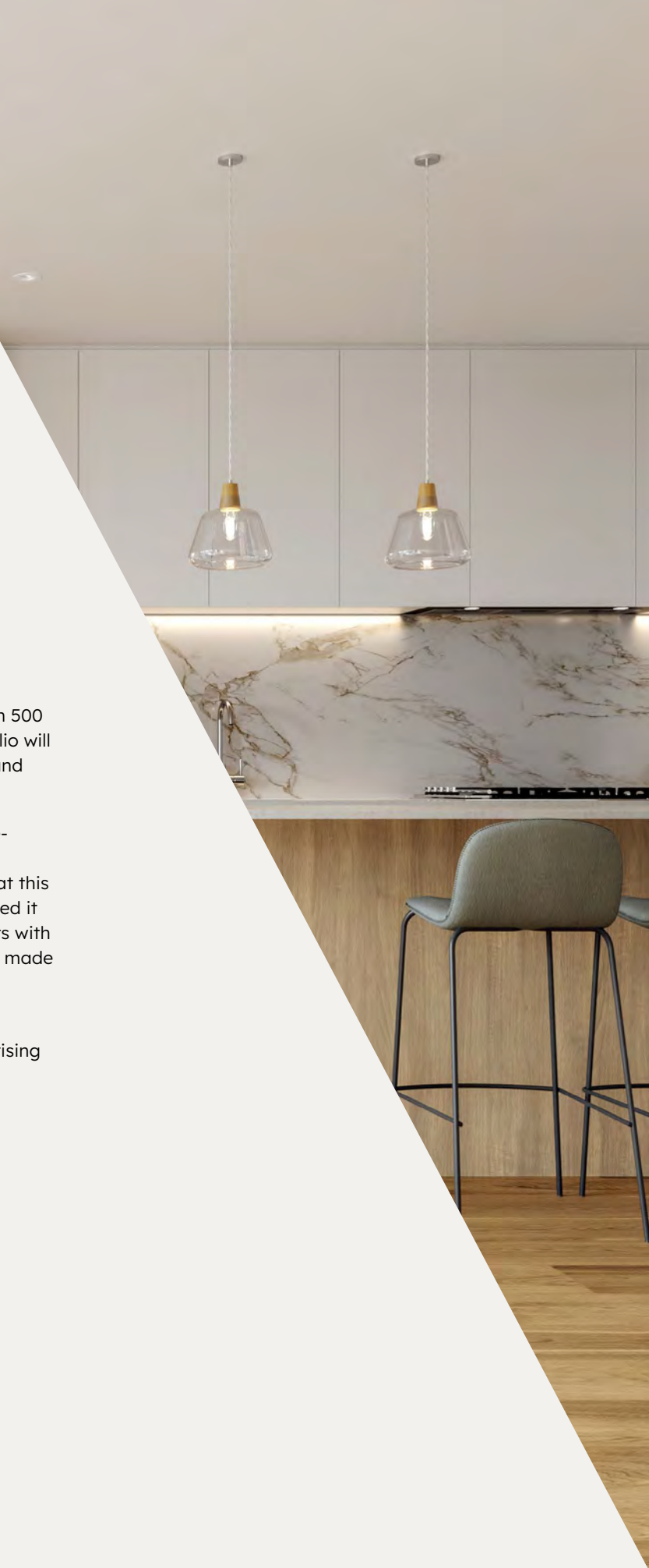
Policy objectives

Housing

Urban renewal

2021-22 key achievements

- Construction completed for Stages 1 and 2
- Titles registered for Stage 1
- Settlements completed for all 26 lots in Stage 1
- 18 sales to eligible moderate-income earners





Parkville Gardens

Parkville Gardens is the redevelopment of the 20 hectare site of the former Royal Park Hospital into a high-quality residential precinct. When fully developed, it will include approximately 1,650 homes – including standalone houses, townhouses and apartments - together with an aged-care facility.

Development Victoria, Frasers Property Group and Citta Property Group are delivering the project, which includes 20% social housing owned and operated by a registered social housing body.

Project objective

Renewal of a large inner-city site into a high-quality, socially diverse residential precinct.

Policy objectives

Housing

Urban renewal

2021-22 key achievements

- Commencement of construction of Stage 9 apartment tower, comprising 151 social housing apartments



Riverwalk, Werribee

Development Victoria’s Riverwalk project is transforming 197 hectares of land on the former Werribee treatment plant site in Melbourne’s west.

Once completed, Riverwalk will feature 2,260 homes for approximately 7,300 new residents, with open space, a 1.4 hectare village park, basketball court, water play areas, bike trails, playground and BBQ facilities.

Project objective

Create a sustainable mixed-use community with diverse housing options and a wide range of community facilities.

Policy objectives

Economic development

Housing

Urban renewal

Social and economic infrastructure

2021-22 key achievements

- Civil construction completed on Stage 23B
- Civil construction underway on Stages 29 – 35 (428 lots)
- Statement of Compliance achieved on Stage 30
- Construction underway on Farm Road upgrade and intersection works
- Settlement of 24 lots in Stage 23B
- Settlement of Riverwalk Town Centre site in June 2022
- Planning permit approval of 176 residential lots in Permit Area 11

- Resubmission of Development Plan Amendment
- Submission of residential subdivision application for final permit area (Permit Area 10) - 326 residential lots
- Structural design approval of Permit Area 6 acoustic wall plans



Development Victoria's Board of Directors

Megan Haas (Chairperson)

Megan joined the Board of Development Victoria in early 2019 and was appointed Chairperson on 1 September 2021.

Megan brings a unique perspective to Development Victoria with her 30+ years working with organisations across international borders and industries including pharmaceutical, gaming, retail, manufacturing, government, media, financial services and communications. Megan's core competencies are centred around governance, technology, cyber risk and operational processes.

Megan has a portfolio of Non-Executive Director Boards and roles including Tesseract Ltd where she also Chairs the Risk & Audit Committee, member of the Audit and Risk Committee of Note Printing Australia, a wholly owned subsidiary of the Reserve Bank of Australia, RMIT Council member and Chair of the Audit & Risk Committee.

Graeme Parton (Deputy Chairperson)

Graeme Parton is a highly experienced property and development adviser with over 40 years' experience.

Graeme has worked in high-rise commercial and mixed-use projects, major precinct developments, publicly listed companies and development/property trust and funds management organisations in Australia. Graeme has provided advice to local, state and federal governments, major corporations and superannuation funds, and private family businesses on property investment, development and portfolio structuring and was formally an independent director of both not-for-profit and for-profit organisations.

Having retired from his position as Partner and Director at Charter Keck Cramer, Graeme now owns Aequis Advisory Pty Ltd, a strategic property consultancy. He is currently Chairperson of RMIT's School of Property, Construction and Project Management Advisory Board, independent Chairperson of Kinetica Studio (formerly David Lock Associates), an independent Advisory Board Member of the City of Melbourne entity, Homes Melbourne, an independent director of the Melbourne Anglican Diocesan Corporation Limited, a Council Member of the 53rd Anglican Diocese of Melbourne

(the governing body) and Advisor to the Archbishop. Graeme is also a graduate of the Australian Institute of Company Directors.

Lou Farinotti

Lou Farinotti is a senior partner of the national law firm Holding Redlich and has been practising as a property lawyer for over 40 years.

Lou was, until recently, Holding Redlich's Victoria managing partner for over 20 years. In his practice, Lou has acted on behalf of a number of Australia's biggest property owners and developers as well as Councils, Governments and individuals. He has dealt with all facets of property law, from structuring, acquisitions, planning, sustainability, environmental, taxes and duties, leasing, disposal and succession.

Over the years, Lou has acted for several of Melbourne's major property developers in over 100 major apartment and property projects. Lou headed up Holding Redlich's China/Asia initiative for several years, which has provided Lou with valuable experience and an understanding of Chinese and Asian business attitudes and culture. Lou is also the current President of the Italian Chamber of Commerce for Victoria, Tasmania and South Australia.

Natalie MacDonald

Natalie MacDonald is Chief Executive Officer of the Country Fire Authority. Prior to appointment to this role in February 2021, Natalie was Vice-President (Strategy & Development) at La Trobe University. In her 8 years in this role, Natalie focused on forward strategy of the University and the transformation of its campuses to create economic growth, community value and high-quality research, teaching and student life environments.

Natalie has extensive experience in public administration, governance and the delivery of services including government services, information services, building and design, accommodation, maintenance, facilities management and procurement services and the delivery of services across wide geographical areas. She is currently serving on the Victorian Building Authority Board and has served and is serving on a number of Commonwealth and state bodies.

Jacqui Walters

Jacqui Walters is an experienced Senior Executive and non-executive Director who has worked across many industries including transport, infrastructure and professional services.

Jacqui has a strong international track record in establishing new businesses and organisational reform and transformation. She has advised local, state and federal government clients on improving major capital project performance and infrastructure outcomes.

Jacqui is Chair of CleanCo Queensland Ltd, and a non-executive Director and Chair of the Risk and Audit Committee of Slater & Gordon Ltd. She is a member of the Queensland Advisory Committee of the not-for-profit food rescue organisation, Second Bite. She is also non-executive Director of the not-for-profit youth well-being and resilience organisation Pathways to Resilience. Jacqui is a Partner of Era Innovation, an advisory firm enabling long-term resilience in Australian organisations by creating systematic, disciplined innovation capability. She is also a Partner of Era Ventures – investing in all aspects of scale-up for high value food businesses.

Jacqui holds a Bachelor of Commerce, held a Certified Practising Accountant qualification for 12 years, is a Graduate of the Australian Institute of Company Directors and a Trustee of Committee for Economic Development of Australia (CEDA).

James Flintoft

James Flintoft has substantial private sector and government executive leadership and governance experience.

James is a director of the Transport Accident Commission, Epworth Health Care Group, Predictive Hire, Foundation House for refugees, Social Traders, and Foundation for Rural & Regional Renewal.

James spent ten years in the public service, including as Deputy Secretary/Chief Executive of Regional Development Victoria facilitating civic infrastructure and precinct development. Before joining the public service, he spent 20 years working in the private sector, including as Managing Director, Business Banking at

ANZ Bank, and a management consultant at McKinsey & Company. James has a Bachelor of Science and a Bachelor of Laws, an MBA from the Wharton School, and is a graduate of the AICD.

Sonya Miller

Sonya Miller is the founding Director of Dynamic Property Group and Armitage Jones, a specialist project management and property advisory consultancy. She has extensive experience in the property industry with exposure to a diverse range of complex projects.

Prior to establishing Armitage Jones, Sonya worked for a range of private and public property and construction companies in senior management roles. During this time, she has led significant development projects where she managed a Victorian Portfolio of over \$500 million across residential, industrial and commercial projects. She is motivated by working on high profile, complex projects with the need to engage with multiple stakeholders including JV partners, shareholders, consultants, government authorities, with a diverse range of interests.

Sonya has a Bachelor of Architecture (Hons), a Bachelor of Property and Construction and a Bachelor of Planning and Design, and is a Graduate of the AICD.

The Board

The Board is responsible for the governance and oversight of Development Victoria, including its strategic direction and performance. A framework for effective management has been established through delegated authorities, control mechanisms and risk management strategies.

The Governor in Council appoints Directors for periods not exceeding 5 years. The Board is to consist of a Chairperson, a Deputy Chairperson and no more than 7 other Directors.

As of 30 June 2022, the Board is comprised of 7 Directors. During the year, no new Directors were appointed, and one Director resigned.

The Board ensures that government is informed of all major issues affecting Development Victoria. The Chief Executive and the Executive Team are invited to attend each Board meeting. Attendance by Directors at Board meetings held during the reporting period is detailed below.

Directors’ fees and related party transactions with Directors and their related entities are fully disclosed in Notes 8.6 and 8.7.

Development Victoria Board attendance

Development Victoria held 8 Board meetings in 2021-22.

BOARD MEMBER	ELIGIBLE TO ATTEND	ATTENDED	NOTE
James MacKenzie	3	1	James MacKenzie took a leave of absence from 1 August 2021 to 13 December 2021 and resigned from the Board effective 30 April 2022
Graeme Parton	8	8	
Natalie MacDonald	8	8	
Lou Farinotti	8	8	
Megan Haas	8	8	Appointed Chairperson effective 1 September 2021
Jacqui Walters	8	5	
James Flintoft	8	8	
Sonya Miller	8	7	

Committees of the Board

Development Victoria has 3 Board Committees - the Audit and Risk Committee, Investment Committee, and People, Culture and Remuneration Committee.

Audit and Risk Committee

The Audit and Risk Committee assists the Board by overseeing and advising on matters of accountability and internal control relating to financial, risk and compliance management.

The Committee routinely receives reports from both internal and external auditors.

The Audit and Risk Committee consists of the following members:

- Jacqui Walters (Chairperson) – Director (Chairperson effective 1 October 2021)
- Megan Haas – Director (Chairperson effective 23 February 2021 until 30 September 2021)

- James Flintoft – Director (Member effective 1 October 2021)
- Natalie MacDonald – Director
- James MacKenzie – Director (Leave of absence from 1 August 2021 until 13 December 2021, member until 30 September 2021)

Investment Committee

The Investment Committee ensures the appropriate oversight of Development Victoria’s project acquisitions, projects, and developments. The Investment Committee makes recommendations to the Board in relation to the financial and technical viability of project acquisitions and development opportunities.

The Investment Committee consists of the following members:

- Graeme Parton (Chairperson) – Deputy Chairperson of the Board
- Lou Farinotti – Director
- Sonya Miller – Director (Member effective 1 October 2021)
- Jacqui Walters – Director
- James MacKenzie – Director (Leave of absence from 1 August 2021 until 13 December 2021, member until 30 September 2021)
- James MacKenzie – Director (Leave of absence from 1 August 2021 until 13 December 2021, member until 30 September 2021)

People, Culture and Remuneration Committee

The People, Culture and Remuneration Committee sets the strategic direction for the organisation’s culture, remuneration policies and leadership of staff.

The People, Culture and Remuneration Committee consists of the following members:

- James Flintoft (Chairperson)
- James MacKenzie – Director (Leave of absence from 1 August 2021 until 13 December 2021, member until 30 September 2021)
- Megan Haas – Director (Member effective 1 October 2021)
- Graeme Parton - Deputy Chairperson of the Board
- Jacqui Walters – Director (Member until 30 September 2021)
- Sonya Miller – Director

Development Victoria Committee Membership and Attendance 1 July 2021 to 30 June 2022

COMMITTEE MEMBER	AUDIT AND RISK COMMITTEE		INVESTMENT COMMITTEE		PEOPLE, CULTURE AND REMUNERATION COMMITTEE		
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	NOTE
Natalie MacDonald	4	4	-	-	-	-	
James MacKenzie	-	-	-	-	-	-	James MacKenzie took a leave of absence effective from 1 August 2021 to 13 December 2021
Megan Haas	4	4	-	-	2	1	ARC Chairperson until 30 September 2021 Appointed as PCRC Member effective 1 October 2021
Graeme Parton	-	-	6	6	3	3	
James Flintoft	3	3	-	-	3	3	Appointed as ARC Member effective 1 October 2021
Lou Farinotti	-	-	6	6	-	-	
Jacqui Walters	3	3	6	5	1	1	Appointed as ARC Chairperson effective 1 October 2021 PCRC Member until 30 September 2021
Sonya Miller	-	-	5	5	3	3	Appointed as IC Member effective 1 October 2021

Executive Leadership Team

Chief Executive Officer – Angela Skandarajah

With over 25 years' experience in the real estate sector, Angela Skandarajah has broad-based expertise in property development, urban renewal and infrastructure projects.

Angela previously headed up MinterEllison's National Real Estate, Environment and Planning team and has been a long-term contributor to various industry bodies.

Since joining Development Victoria in 2017 she has been part of the leadership of the organisation in various roles and was appointed Acting CEO in April 2018 and CEO in February 2019. Angela is passionate about creating a learning environment at Development Victoria, where people are encouraged to develop and maximise their potential, whilst achieving great outcomes for the community.

Group Head, Precincts – Geoff Ward

Geoff Ward heads up the Precincts group, responsible for the long-term urban renewal of key Victorian places into thriving precincts of scale, bringing economic and social growth to the state. The team provides advice to support strategic planning, undertakes master planning and provides delivery advice to balance policy and commercial outcomes.

Geoff has more than 30 years' experience in the planning and delivery of precinct, civic and infrastructure projects. He has broad local and international experience within the private sector and government organisations. This includes leadership of the Fishermans Bend Taskforce and more than a decade in the Middle East delivering a range of major precinct projects.

Group Head, Property Development – Penny Forrest

Penny Forrest leads the Property Development team, responsible for providing technical and commercial advice, developing residential and mixed-use projects and playing an active role in delivery of affordable housing initiatives.

Penny is an experienced property development professional, with over 20 years' experience in the industry, including over 12 years with listed residential property developer Peet Ltd, most recently as the State Manager for the ACT and NSW.

A strong advocate for the property industry, Penny has been a member and Chair of the Property Council Australia's Victorian Residential Developers Committee and a former member of the Surveyors Registration Board Victoria.

Group Head, Operations – André van Baalen

André van Baalen leads the delivery of finance, technology, human resources and risk services at Development Victoria.

With more than 20 years' experience gained in large corporations across a range of industries, André has extensive experience in operational and financial management.

Prior to joining Development Victoria, he held various group finance, decision support, corporate services and business transformation roles at Energy Australia, Commonwealth Bank and Hutchison Telecommunications.

Group Head, Civic Infrastructure – Hannah Clement

Hannah Clement leads our Civic Infrastructure group, which is responsible for managing major project delivery on behalf of government clients.

With more than 20 years' experience in planning and delivering major civic and infrastructure projects, she has led some of the state's most significant redevelopments including Margaret Court Arena, Geelong Arts Centre, State Library Victoria as well as the Melbourne Arts Precinct Transformation.

Prior to joining Development Victoria, Hannah delivered complex and challenging major projects across Australia, the Middle East and South-East Asia. With a background in civil engineering, she spent more than 10 years in the engineering consultancy sector, with a specialisation in the delivery of major sporting, event and social infrastructure.

Hannah also maintains an interest in the fields of international development and is passionate about the role urban built form plays in promoting social equity, cohesion and reducing communities' vulnerability to natural disasters.

Executive Director, Corporate Affairs and Engagement – Julie Browning

Julie Browning leads the Corporate Affairs and Engagement team for Development Victoria. The team provides support to the organisation and its work across a broad range of communications, including branding, community and stakeholder engagement, media, government relations and reputation management.

Julie has extensive executive experience built across the public and private sectors, including Infrastructure Victoria, the City of Melbourne and the Royal Children's Hospital.

As a consultant, she has worked extensively across a broad range of clients, particularly in the health sector, community engagement, issues and reputation management.

Executive Director, People and Culture – Caroline Monzon

Caroline Monzon leads the People and Culture function, bringing over 20 years of experience in human resources across property, software development and professional services industries.

Caroline joined Development Victoria in 2013 and in that time her primary focus has been on leadership and organisational development, cultural transformation and change management programs, including the program that was undertaken to support the establishment of the organisation.

Caroline is a certified member of the Australian HR Institute and a committee member for IPAA's People Community of Practice.

Executive Director, Legal, Risk and Compliance – Bernard Stute

Bernard Stute leads the Legal, Risk, Procurement and Compliance business divisions at Development Victoria.

With more than 20 years of experience in the private and public sectors, Bernard has extensive experience in structuring and delivering complex, large-scale, critical infrastructure and transport projects in Victoria and NSW.

In his previous roles, Bernard headed up the legal, commercial, finance, procurement, audit and risk functions at various organisations.



Report on Operations

Financial summary

For the 12 months ended 30 June 2022, Development Victoria produced an underlying net result from transactions after income tax equivalent expense of \$24.1 million.

After adjusting for other economic flows, the comprehensive profit result was \$24.6 million.

Total equity of Development Victoria as at 30 June 2022 was \$235 million.

The net cash outflow from operating activities for the 12-month period ending 30 June 2022 was \$80.1 million.

PERIOD ENDED 30 JUNE	2022 \$'000	2021 \$'000
Operating results		
Revenue	212,399	300,292
Cost of sales	(155,483)	(250,989)
Operating expenses	(32,748)	(29,581)
Other economic flows	522	(95)
Income tax equivalent	-	-
Total costs	(187,709)	(280,665)
Comprehensive result	24,690	19,627
Financial status		
Total assets	1,208,435	1,070,783
Total liabilities	(973,406)	(851,644)
Total equity	235,029	219,139



Project List 2021-22

PROJECT		LOCATION
MAP No.	CIVIC	
1	Geelong Arts Centre Stage 3 Redevelopment	Geelong
2	Geelong Convention and Exhibition Centre	Geelong
3	Melbourne Arts Precinct, comprising: - Public Realm - Arts Centre Melbourne - NGV Contemporary - 1 City Road	Southbank
4	Melbourne Park Redevelopment – Stage 3	Melbourne
5	State Basketball Centre	Knox
6	Werribee Open Range Zoo Expansion	Werribee
7	Twelve Apostles	Port Campbell
MAP No.	PRECINCTS	
8	Docklands	Docklands
9	Fitzroy Gasworks	Fitzroy North
10	Fishermans Bend Innovation Precinct	Fishermans Bend
11	Junction Place	Wodonga
12	Revitalising Central Dandenong	Dandenong

MAP No.	PROPERTY DEVELOPMENT	
13	Alfie	Altona North
14	Aurora	Epping
15	Ballarat West Employment Zone (BWEZ)	Ballarat
16	Bendigo GovHub	Bendigo
17	Cairnlea	Cairnlea
18	CIRQ	Point Cook
19	Highett former gasworks site	Highett
20	Ivanhoe Water Tank	Ivanhoe
21	Jacksons Hill	Sunbury
22	Kew Residential Services Redevelopment	Kew
23	Knoxfield	Knox
24	Officer Town Centre	Officer
25	Officer Residential – Olio	Officer
26	Parkville Gardens	Parkville
27	Riverwalk	Werribee
28	Coomoora	Springvale
29	LUMA	Sunshine North
30	Sydney Road	Coburg
31	Taylors Quarter	Taylors Lake
32	Valley Lake	Keilor East



Project Locations

BALLARAT

15



16

21

14

31

MELBOURNE

17

29

32

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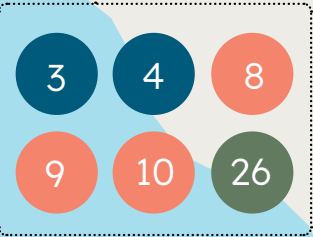
6

GEELONG

1

2

PORT
PHILLIP
BAY



23

5

19

28

12

24

25

MORNINGTON

PRECINCTS

CIVIC

PROPERTY



Our People

At its core, Development Victoria’s workplace fosters a spirit of purposeful collaboration in pursuit of delivering the highest-quality services and project outcomes.

Our culture is built on diversity, honesty and accountability. We are proud to support a culture where our people thrive because of the diversity they bring – this is recognised as a key to the success of the organisation. Collaboration, innovation and delivery are the core values that underpin our work.

We value contributions from a diverse range of viewpoints, and this is strengthened by our gender-balanced workforce. In striving for excellence, employees are encouraged to prioritise their continued development through a wide variety of professional experiences and learning opportunities.

Consistent with the *Gender Equality Act 2020*, in 2021-22 Development Victoria achieved:

- Board – 57% women, 43% men
- Executive Leadership Team – 62% women, 38% men

Development Victoria values staff with non-binary gender identities and acknowledges that due to historic and current barriers to disclosure of non-binary gender identities, staff may not choose to disclose this information. As a result, targets or quotas are not currently a useful way to promote opportunities for gender diverse staff at all levels.

During 2021-2022, Development Victoria undertook a range of initiatives, including:

- completed Reflect Reconciliation Action Plan, with our Innovate Plan now being prepared
- received formal endorsement of our 4-year Gender Equality Action Plan, from the Gender Equality Commission
- continued to invest in building the capability of our leaders to support the mental wellbeing of their teams
- increased our mental first aid program, with over 50 mental health first aiders across the organisation
- supported the ongoing growth of the organisation by onboarding 79 new starters, and career development of our people with 39 employees promoted.

Employment and conduct principles

As a government agency, Development Victoria adheres to the Victorian Public Sector Employees Code of Conduct. The Victorian Public Sector Employment Principles, which provide for fair and reasonable treatment, merit in employment, equal employment opportunity, and reasonable avenues of redress, provides guidance for Development Victoria’s employment policies and practices.

Health and safety

Development Victoria is committed to providing a safe and healthy working environment for employees, consultants, contractors, and the wider community. Our continued focus is on improving the Safety and Environment Framework, processes and procedures and expanding the capability and engagement throughout the organisation.

Development Victoria’s safety and environmental management system documentation was updated in anticipation of updated regulations that put psychosocial hazards on equal footing with physical hazards and recognise that they can be just as harmful to employees’ safety and wellbeing, and promote the importance of psychological health and safety in the workplace.

Reporting of incidents and near-misses continues to improve across the organisation. A total of 84 incidents were recorded for the reporting period. This is an 18% reduction in incidents from the previous reporting period. An analysis of the data shows that of all the incidents, just over 65% were safety related (55 incidents), 24 were related to property, and 5 were environmental. Of the safety incidents, 5% (3) resulted in lost time injury, 73% (40) resulted in an injury (either first aid or medical treatment injury) and near-misses accounted for 22% (12).

The Development Victoria OHS Committee has health and safety representatives from across the business. There were 6 meetings held in the reporting period and all were well attended. In the last year, the Committee has continued to focus on COVID-19 changes/impacts, project safety and environmental performance and proactive engagement with contractors.

Workforce data

Figure 1 Details of employment levels at 30 June 2022

All employees		Ongoing			Fixed Term		
Headcount	FTE	Full-time Headcount	Part-time Headcount	FTE	Headcount	FTE	
Gender							
Male	112	110.6	77	4	80.3	31	30.3
Female	136	126.7	85	21	100.0	30	26.6
Self-described	1	0.4	-	-	-	1	0.4
Total	249	237.7	162	25	180.4	62	57.3
Age							
Under 25	8	5.8	2	2	3.4	4	2.4
25-34	72	69.4	64	4	66.8	4	2.6
35-44	87	82.1	52	17	64.6	18	17.5
45-54	58	56.8	32	2	33.5	24	23.3
55-64	21	20.5	11	-	11	10	9.5
Over 64	3	3	1	-	1	2	2
Total	249	237.7	162	25	180.4	62	57.3
Classification							
ISBP	5	3	-	-	-	5	3
Level 1	13	11	6	2	7.4	5	3.6
Level 2	51	49.9	45	4	48.1	2	1.8
Level 3	60	57.9	50	6	54.2	4	3.7
Level 4	14	12.9	10	4	12.9	-	-
Level 5	61	58.7	51	9	57.7	1	1
Executive	45	44.2	-	-	-	45	44.2
Total	249	237.7	162	25	180.4	62	57.3

Delivering affordable and diverse communities

At Development Victoria, we make home ownership possible for more Victorians, with our range of affordable and high-quality homes catering for different budgets, lifestyles and needs.

As the Victorian Government's property developer, we are required under the *Development Victoria Act 2003* to deliver government policies and strategies relating to affordability and housing diversity, without compromising our financial stability or sustainability.

Development Victoria's Affordable and Diverse Communities Framework is a comprehensive suite of policies, procedures and innovative development approaches to guide this work.

Primarily targeted at moderate-income earners, the framework is being implemented across Development Victoria's projects to increase the supply of safe, appropriate and affordable homes for more Victorians – with a target of 25% across the total property portfolio.

Record investment in affordable and social housing through Victoria's Big Housing Build has also presented the opportunity for transformational change in the housing sector. Development Victoria is collaborating with industry, the not-for-profit sector, community and other government agencies, to truly offer something for everyone.

In 2021-22, the following outcomes were delivered in line with Development Victoria's commitment to housing affordability:

- 184 homes were sold to moderate income earners – equating to 37% of total sales
- 84% of residential sales (422 lots) were priced at being affordable to families under the moderate-income earner threshold
- First home buyers constituted 46% of total sales
- Development Victoria sold 36 townhouses/lots to Registered Housing Associations via the first round of

the Social Housing Growth Fund, part of the Victorian Government's Big Housing Build:

- 18 land lots were sold to Housing Choices at Riverwalk, Werribee
- 9 townhouses were sold to CentaCare at Olio, Officer
- 9 townhouses were sold to Vincent Care at Habitas, Aurora
- Development Victoria's Priority Access initiative was included in releases at Olio in Officer and Habitas Aurora in Epping. As of 30 June 2022, 27 homes at Olio and 12 homes at Habitas were sold via Priority Access, which gives eligible moderate-income earners 7 days of priority access to purchase ahead of the general market.



**First home buyers
constituted
46% of total sales**

Our Sustainability Strategy in action

Since the 2020 launch of our Sustainability Strategy, Development Victoria's commitment to sustainable outcomes for our communities has focused on embedding real and consistent actions across our portfolio.

In 2021-22, we worked to foster innovation and ensure that we are well placed to lead Victoria's action on climate change and deliver a sustainable future for all Victorians.

Our Sustainability Strategy sets out 3 key goals that define and shape how we work. In 2021-22, we achieved the following outcomes aligned to these goals

1. Deliver Best Practice

The definition of this goal is embodied in a series of requirements that have been tested across the spectrum of industry performance, against Victorian Government policy and on our own projects. It covers themes in resilience, circular economy, integrated water cycle, biodiversity, energy and emissions, affordability, healthy living, access to amenity, and diversity.

This year, we progressed our work in a number of areas, including building performance, circular economy and urban greening. In addition, we continued to strengthen our project reflection processes to ensure that we can monitor and report on our sustainability outcomes, reduce portfolio risk and leverage opportunities.

Policy and community sentiment continues to evolve, and we are building in flexibility and challenging business-as-usual to advance our delivered outcomes. We continue to refine our approach to engagement and communication of our best practice outcomes to ensure that stakeholders, including residents, recognise the value of sustainable approaches.



In 2021-22 we delivered on the following best practice outcomes:

- integrated our best practice approach in all our business cases, exploring world-leading sustainability outcomes
- integrated our Minimum Standard for Homes across all of our new projects and future stages of existing projects. In addition, we explored the opportunity to make changes to projects already in development – for example, providing home buyers with the option to remove gas and achieve all-electric status and potential for net zero energy in their homes
- developed sustainability implementation plans for every live project across the organisation
- advanced circular economy outcomes on a range of projects, including the hosting of an in-depth Circular Economy Workshop on our Fitzroy Gasworks project, with the Naomi Milgrom Foundation as part of the Living Cities Forum
- registered a number of projects for Green Star, using the buildings and communities rating tools
- developed Materials Guidelines for Buildings and Public Realm & Infrastructure, to advance the consideration and use of low carbon and recycled materials across our portfolio.

2. Carbon Neutral by 2030

This is our direct response to the Victorian Climate Change Act 2017, to align with our private sector development partners and the trajectory of the Green Building Council of Australia (GBCA) to deliver Carbon Neutral developments by 2030.

In 2021-22, Development Victoria's operations were certified Carbon Neutral by the Australian Government's Climate Active initiative. This was achieved by:

- continuing to use paperless real estate contracts for residential projects, saving hundreds of thousands of A4 sheets of paper
- employee education initiatives
- transitioning our head office and site offices across to green power, significantly reducing our related carbon emissions, which account for over 50% of our organisation's total
- offsetting our FY22 footprint, and forward purchasing credits for our FY23 emissions, with Biodiverse Reforestation Carbon Offsets (BRCOs). These credits combine support for the Mount Sandy Biodiverse Reforestation project with carbon reduction efforts of the Everbright Landfill Gas project.

We have also publicly committed to carbon neutral developments, such as Fitzroy Gasworks and Knoxfield, ensuring we are leading by example and demonstrating what is possible.

Our focus for next year is to establish practices to ensure projects account for their carbon footprints, enabling key decision-making on embodied carbon and whole of life foot-printing, including on the assets and developments we deliver for others.

3. Invest in Transformation

Development Victoria is taking a more formal, structured approach to innovation, responding to Victoria's Value Creation and Capture Framework and key strategic priorities across the Victorian Government and our development partners.

This goal is focused on fostering continuous improvement across the built environment, leveraging our position as a government agency, providing clear

market signals and amplifying the outcomes of our work. We support our people to bring this mindset into all our projects and regularly explore ways Development Victoria can improve as an organisation.

We work to identify partnerships early in a project, focusing on ways we can utilise the strength of our relationships and connections to increase the impact of project investment. We actively maintain our position on industry reference groups and committees, and as a member of a number of key industry and cross-government organisations. Our ability to invest in research and to develop and test new ideas directly supports market transformation towards a more sustainable future.

We will continue to prioritise those opportunities that will hasten Victoria's transition to a sustainable economy, which benefits from our direct action on climate change. The following are some of the initiatives that we continue to develop:

Urban greening

In early 2022, we commissioned a study into the strategies we can employ across our portfolio to enhance urban greening for the benefit of building users, including residents, and the broader communities in which our projects are located. Within every project, we will continue to explore the opportunities for enhanced biodiversity outcomes and to mature the ways that we capture the value of ecosystem services. In 2021-22, we employed ecologists on a number of our projects and look forward to advancing the project designs with these outcomes at the forefront.

Circular economy

With a focus on reducing the carbon footprint of our projects and advancing the objectives of the Victorian Government's Recycling Victoria strategy, we have invested in circular economy strategies for a number of our key projects. In recognition of the opportunity presented by our broad and diverse portfolio, we are working to elevate measures implemented on individual projects to portfolio level, increasing the impact of these outcomes and enhancing the economic opportunities available.

Engaging with our communities

Development Victoria works closely with the community and stakeholders to make informed decisions, ensure projects achieve a balance of environmental, social, cultural and economic needs, and deliver the best outcomes for Victoria.

We value transparency and inclusivity and are committed to providing opportunities for people to help shape the communities in which they live and work. Our approach is consistent with the Victorian Auditor-General's Office Better Practice Guide for Engagement (2015).

In 2021-22 we worked with the community across the following projects:

Junction Place, Wodonga **September To October 2021**

Development Victoria held 3 online community sessions in September and October 2021, to inform the community and stakeholders on proposed changes to the original master plan for Junction Place in Wodonga. The purpose of the sessions was to provide the community with information and encourage their feedback on the proposed changes to the master plan. It also included information about previous plans for the site and future opportunities for Junction Place. We continued to engage with key community groups on the project in early 2022.

Fitzroy Gasworks **February 2022**

Development Victoria has worked closely with the Fitzroy community to identify local priorities and aspirations for the site of the planned Fitzroy Gasworks development. A long standing Community Reference Group has 18 members representing the broader community. In February 2022, Development Victoria met with the Community Reference Group to outline proposed amendments to the Development Plan for the site. The amendments were received positively by the group and incorporated into the final Development Plan submitted in early 2022.

Cairnlea **March 2022**

In March 2022, Development Victoria engaged with the community and other stakeholders as part of the Planning Scheme Amendment process for Cairnlea. An online public information session was held to explain the process and outline the objectives for the final stage of the Cairnlea project. The online session included an overview of the site, the project objectives, information about the current zoning for the site and details about the next stage in relation to the Planning Scheme Amendment process.

Revitalising Central Dandenong **March 2022**

Development Victoria worked with the City of Greater Dandenong and Capital Alliance – the developer of 5 key sites within the Revitalising Central Dandenong project – to provide information about the planning process and seek input into early plans for the redevelopment of sites 11-15 in central Dandenong. This included a specific session for traders within the precinct to advise of the program of activity, and public sessions (online and in person) where Capital Alliance provided information about the development of a master plan for the site. The public sessions were held at the City of Greater Dandenong office meeting rooms to encourage local participation and attendance.



Other disclosures

Local Jobs First

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy and the Major Project Skills Guarantee.

Development Victoria has provided ongoing employee training, resources and support to enable delivery teams to comply with the requirements of the Local Jobs First policy. Standard form procurement templates and contracts incorporate the Local Jobs First model clauses and instructions for bidders. Evaluation spreadsheets used by the delivery teams apply the mandatory Local Job First Policy weightings on all procurements and note that bidders who fail to submit a valid Local Industry Development Plan are to be excluded from the tender process.

In accordance with the definitions advised by the Department of Jobs, Precincts and Regions, the agency responsible for administering the Local Jobs First policy, a project is deemed to have commenced when the contract for the head contractor or a substantial portion of the works is let. A project is deemed completed when practical completion of the main works is achieved.

During the reporting period:

- 4 standard Local Jobs First projects commenced
- 3 standard Local Jobs First projects were completed
- 2 strategic Local Jobs First projects commenced
- 1 strategic Local Jobs First project was completed.

Social Procurement Framework

Transparent and effective procurement underpins every project undertaken by Development Victoria. As an organisation, Development Victoria strives to obtain the best value for money to ensure the effective use of public funds while delivering projects on time and to agreed budgets. Value for money is the achievement of procurement and project delivery outcomes at the best possible price, which may not necessarily be the lowest price. It is based upon a balance of financial and non-financial factors relevant to the procurement which also includes environmental, social and economic factors.

Since the introduction of the Social Procurement Framework, Development Victoria has broadened its definition of value for money to take these additional factors into account. This approach empowers project

delivery teams (which conduct procurement on behalf of Development Victoria) to assess the social value that potential suppliers contribute to the Victorian economy while supporting the objectives of the Social Procurement Framework.

Development Victoria has taken advantage of the scalable approach to social procurement to gradually familiarise suppliers with the concepts of the Social Procurement Framework, as well as assess how its own spend can be directed to achieve greater social benefit outcomes. A key element of Development Victoria's procurement strategy is to embed social procurement within Development Victoria's procurement function and become 'business as usual', as it is expected that suppliers for significant contracts will be in a position to deliver on one or more meaningful social procurement outcomes.

Prior to the introduction of the Social Procurement Framework, Development Victoria established its own Sustainability Working Group to develop a draft Sustainability Framework that is incorporated within its Corporate Plan. Many of the key objectives of this framework align with the Social Procurement Framework and include sustainability outcomes such as investigating opportunities to minimise waste and reuse materials, paperless office initiatives and implementing sustainability objectives in the design and delivery of projects.

Development Victoria's sustainability, diversity and inclusion activities are now aligned with the Victorian Government's Social Procurement Framework to harness the government's buying power to generate social value or sustainable outcomes above and beyond the value of the goods, services, or construction being procured.

Development Victoria has identified 3 priority Social Procurement Framework objectives and works with its key suppliers on larger projects to deliver on these objectives through the inclusion of a social procurement commitment schedule on contracts over \$20 million. These objectives are:

- opportunities for Victorian Aboriginal people
- women's equality and safety through advancing women in construction
- achieving environmentally sustainable outputs through industry accepted sustainability practices.

Where the procurement is conducted on behalf of a client agency or department (such as fee-for-service projects), the client agency is consulted as to which of the social procurement objectives should be prioritised as well as the social procurement activities to be undertaken.

Development Victoria also requires all bidders for contracts over \$50,000 to complete a Social Procurement Framework response schedule. This requires bidders to describe the activities that they were undertaking to support the Social Procurement Framework objectives. These responses are comparatively weighted across respondents to contribute to the overall value for money calculation.

Where Development Victoria has an ongoing relationship with a supplier, we work with the supplier to determine what social procurement objectives can be achieved and develop a strategy to deliver on these objectives. This may include agreeing on specific outcomes or encouraging the suppliers to work with partner organisations such as Kinaway or Supply Nation to deliver on agreed targets. Development Victoria also works closely with the Department of Treasury and Finance to seek further opportunities for social procurement outcomes and to set our suppliers up for success.

Modern slavery reporting

Development Victoria commenced modern slavery reporting activities in the 2019-20 financial year, in compliance with the obligations of the *Modern Slavery Act 2018* (Cth).

Development Victoria's Modern Slavery Policy is published on Development Victoria's webpage with all suppliers required to sign a declaration that they have read and agree to comply with this policy.

A risk assessment of key suppliers has been undertaken and the overall risk of modern slavery was determined to be very low as Development Victoria does not outsource any of its operations and the categories of specialist services Development Victoria procures are low risk by nature. Development Victoria must comply with the Local Jobs First policy which requires its construction contractors to use local labour and source locally produced materials wherever possible, further mitigating the risk of modern slavery occurring within the immediate levels of the supply chain.

In the 2022-23 financial year reporting period, Development Victoria will trial assessing the risk of new suppliers as they are being onboarded and if potential risks are identified, work with the supplier to mitigate the risks and assist them to comply with modern slavery obligations.



Government advertising expenditure

Development Victoria undertook one advertising campaign with a total media spend of \$100,000 or greater (exclusive of GST) during the reporting period. This campaign included activity that supported the sales and marketing activities of the 6 projects listed below.

Details of government advertising expenditure (campaign with a media spend of \$100,000 or greater):

CAMPAIGN NAME	CAMPAIGN SUMMARY	START DATE	END DATE	ADVERTISING (MEDIA) EXPENDITURE 2021-22	CREATIVE AND CAMPAIGN DEVELOPMENT EXPENDITURE 2021-22	RESEARCH AND EVALUATION EXPENDITURE 2021-22
Alfie, Altona North	Alfie is a townhouse development in Altona North. Marketing activity, including advertising, was undertaken to drive property sales	July 2021	August 2021	\$6,107	NIL	\$1,400
Coomoora, Springvale South	Coomoora is both a land and townhouse development in Springvale South. Marketing activity, including advertising, was undertaken to drive property sales	July 2021	Will continue into 2022-23	\$8,947	\$11,702	\$1,400
Habitas Aurora	Habitas is a townhouse development in Wollert. Marketing activity, including advertising, was undertaken to drive property sales	July 2021	Will continue into 2022-23	\$57,428	\$46,462	\$1,400
LUMA, Sunshine North	LUMA is a townhouse development in Sunshine North. Marketing activity, including advertising, was undertaken to drive property sales	July 2021	Will continue into 2022-23	\$ 57,017	\$138,961	\$1,400
Olio, Officer	Olio is a townhouse development in Officer. Marketing activity, including advertising, was undertaken to drive property sales	July 2021	Will continue into 2022-23	\$20,513	\$57,263	\$1,400
Riverwalk, Werribee	Riverwalk is a land development in Werribee. Marketing activity, including advertising, was undertaken to drive property sales	July 2021	Will continue into 2022-23	\$125,376	\$111,943	\$1,400

Sponsorships

Details of sponsorships undertaken by Development Victoria during the reporting period are provided below.

RECIPIENT	PURPOSE	AMOUNT (EX GST)
Naomi Milgrom Foundation	Sponsorship of the Living Cities Forum in partnership with Creative Victoria	\$75,000
Urban Development Institute of Australia (UDIA)	Sponsorship of the UDIA 2021 Awards for Excellence Affordable Development Award	\$9,500
Property Council of Australia	Victorian Future Directions Partnership	\$17,000

Consultancy expenditure (valued at \$10,000 or greater)

For the reporting period, there were 12 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during the reporting period in relation to these consultancies is \$592,502 (excluding GST).

Details of individual consultancies are outlined below. All consultancies were completed within the relevant approved project fee and as at the date of this report it is not proposed to incur further expenditure on these consultancies.

CONSULTANT	PURPOSE	EXPENDITURE (EX GST)
Allens	Professional services and advice	\$10,969
Capire Consulting Group Pty Ltd	Professional services and advice	\$30,168
Deloitte Touche Tohmatsu	Professional services and advice	\$36,675
Gender Equity Victoria	Professional services and advice	\$41,841
Junglefy Pty Ltd	Professional services and advice	\$19,420
Maddocks	Professional services and advice	\$58,085
MinterEllison	Professional services and advice	\$107,699
Nation Partners Pty Ltd	Professional services and advice	\$23,635
PricewaterhouseCoopers	Professional services and advice	\$43,210
Sayers Advisory Pty Ltd	Professional services and advice	\$180,000
The Trustee for the S & C Finance and Accounting Unit Trust	Professional services and advice	\$23,800
WSP Australia Pty Ltd	Professional services and advice	\$17,000
TOTAL		\$592,502

Details of consultancies under \$10,000

For the 12-month reporting period from 1 July 2021 to 30 June 2022, there were 6 consultancy engagements where the total fees payable for each consultancy were less than \$10,000. The total expenditure incurred during the reporting period in relation to these consultancies was \$30,613 (ex GST).

Information And Communication Technology Expenditure

For the 2021-22 reporting period, Development Victoria had a total information and communication technology (ICT) expenditure of \$3,260,057 with the details shown below.

ALL OPERATIONAL ICT EXPENDITURE		ICT EXPENDITURE RELATED PROJECTS TO CREATE OR ENHANCE ICT CAPABILITIES	
Business as usual (BAU) ICT expenditure	Non-Business as usual (Non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
\$2,432,652	\$827,405	\$416,005	\$411,400

ICT expenditure refers to Development Victoria’s costs in providing business-enabling ICT services. This figure comprises business as usual (BAU) ICT expenditure and non-business as usual (Non-BAU) ICT expenditure.

Non-BAU ICT expenditure relates to projects that extend or enhance Development Victoria’s current ICT offering. BAU ICT expenditure represents all remaining ICT expenditure, which primarily relates to ongoing activities to operate and maintain the current ICT capability.

This expenditure includes Development Victoria’s ongoing investment in monitoring and managing cyber security, which is of critical importance to the business.



Freedom of information (FOI)

The *Freedom of Information Act 1982 (FOI Act)* allows the public a right of access to documents held by Development Victoria.

Development Victoria’s *Freedom of Information (FOI) Part II Information Statement* describes Development Victoria’s key services, functions, reports and outputs and describes what material is held by Development Victoria, and what material is publicly available.

FOI statistics

For the reporting period 1 July 2021 to 30 June 2022, Development Victoria received 4 requests.

REPORTING PERIOD – 1 JULY 2021 TO 30 JUNE 2022	
Source of requests recieved in 2021-22	
FOI requests from Members of Parliament	2
FOI requests from media	0
Other FOI requests	2
TOTAL	4
Decisions made on FOI requests in 2021-22	
Access granted in full	0
Access granted in part	5
Access refused	0
Documents not located/do not exist	1
Transferred to another agency	0
Other	0
TOTAL^	6
^ Includes 4 decisions on requests lodged in 2020-21 and 2 decisions on requests lodged in 2021-22.	
Processing time	
Decision made in accordance with timeframes prescribed by the FOI Act	1
Decision made outside timeframes prescribed by the FOI Act	5
Currently being processed	2
Not applicable	-
Decisions under review ^	
Total FOI Commissioner reviews	2 (1 differed to DV’s decision, 1 resolved via a fresh decision)
Total VCAT reviews	4 (1 settled prior to hearing, 3 in progress)
^ Includes one matter that was the subject of both FOI Commissioner and VCAT review.	

Making a request

Requests for access to documents must be made in writing to:

Freedom of Information Officer Development Victoria
GPO Box 2428
Melbourne VIC 3001
Email: foi@development.vic.gov.au

When making an FOI request, applicants should ensure requests are in writing and clearly identify what types of material/documents are being sought. An application fee of \$30.60 applies (effective 1 July 2022). The application fee may be waived in certain circumstances. Access charges may also be payable (for example, photocopying and search and retrieval charges).

Further information

Further information regarding the operation and scope of FOI can be obtained from Development Victoria’s website, www.ovic.vic.gov.au, *Freedom of Information Act 1982*, and regulations made under that Act.

Compliance with the Building Act 1993

The buildings occupied and controlled by Development Victoria comply with the building and maintenance provisions of the *Building Act 1993* (Building Act). All new buildings and works to existing buildings carried out for or on behalf of Development Victoria also comply with the Building Act.

Competitive neutrality policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete, with the private sector that any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

The department ensures Victoria fulfils its requirements on competitive neutrality reporting as required under

the Competition Principles Agreement and Competition and Infrastructure Reform Agreement.

In accordance with the *Development Victoria Act 2003*, Development Victoria carried out its functions using commercial disciplines. The National Competition Policy requires Development Victoria to act within a competitively neutral framework. This means that, except in respect of declared projects, and other than by having access to the list of surplus government sites published by the Department of Treasury and Finance, Development Victoria:

- operated in a competitive environment in an open market
- operated under the provisions of the *Financial Management Act 1994*, rather than the *Corporations Act 2001*
- was subject to state and Commonwealth regulations applying to private sector organisations
- was subject to state and Commonwealth taxes, including compliance with the National Tax Equivalent Regime
- was subject to all local government rates and charges or statutory equivalents.

Where the government decided that a commercial approach was not appropriate for a specific project, special provisions existed. The *Development Victoria Act 2003* provided for the Governor in Council, on the recommendation of the Minister, to declare a development, or proposed development, to be a declared project. Once established as such, Development Victoria exercised particular powers to facilitate the development of the declared projects.

COMPLAINTS MADE UNDER COMPETITIVE NEUTRALITY POLICY	2021-22 NUMBER	2020-21 NUMBER
The number of complaints made by an individual to the department and notified to Better Regulation Victoria		
Assessable complaints	0	0

Compliance with the Public Interest Disclosures Act 2012

The *Public Interest Disclosures Act 2012 (Vic)* (the Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters to be disclosed and rectifying action to be taken.

Development Victoria does not tolerate improper conduct by its employees or officers or reprisals against those who come forward to disclose such conduct. The organisation is committed to ensuring transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

Development Victoria will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. Development Victoria will afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

DISCLOSURES UNDER THE PUBLIC INTEREST DISCLOSURES ACT 2012	2021-22 NUMBER	2020-21 NUMBER
The number of disclosures made by an individual to the department and notified to the Independent Broad-based Anti-corruption Commission		
Assessable disclosures	0	0

Reporting procedures

Disclosures of improper conduct or detrimental action by Development Victoria or any of its employees or officers must be made to the Independent Broad-based Anti-corruption Commission (IBAC):

Independent Broad-based Anti-corruption Commission
North Tower, Level 1
459 Collins Street
Melbourne VIC 3000
GPO Box 24234, Melbourne, VIC 3001
Telephone: 1300 735 135
Website: www.ibac.vic.gov.au
Email: info@ibac.vic.gov.au (see the website above for the secure email disclosure process, which also provides for anonymous disclosures).

Development Victoria’s policy and procedure, for reporting disclosures to the IBAC, are available on Development Victoria’s website.

Other disclosures

Compliance with *Carers Recognition Act 2012*

Development Victoria takes all practical measures to comply with its obligations under the Act.

These include:

- updating our workplace flexibility policy to communicate a variety of flexible working options available to support our people
- providing every employee with 4G-enabled laptops and tablet devices, delivering physical flexibility in relation to working locations, which gives employees greater control over how they perform their roles
- providing access to parental leave – in the last year, 15 people have accessed parental leave
- results from the 2021 People Matter Survey indicating that 85% of employees are confident that a request for flexible work arrangement would be given due consideration.

Compliance with the *Disability Act 2006*

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

Development Victoria has taken steps to affirm its position as an employer who values the rights of people with a disability.

These include:

- compulsory workplace behaviour training that emphasises human rights and provides a refresher on anti-discrimination legislation and employer obligations
- maintaining office facilities that provide wheelchair accessibility
- offering Mental Health First Aider training to all employees to better equip our people to provide support to others who experience mental health issues in the workplace – as at 30 June 2022, over 50 employees are accredited mental health first aiders
- updating our recruitment candidate application practices to promote our support for employee accessibility and inclusion

- engaging with disability service providers on employment opportunities

Office-based environmental impacts

In 2021-22, Development Victoria’s operations were again certified carbon neutral by the Australian Government’s Climate Active initiative.

During the reporting period, emissions reductions were achieved by –

- continuing to use paperless real estate contracts for residential projects, saving hundreds of thousands of A4 sheets of paper
- employee education initiatives
- transitioning our head office and site offices across to green power, significantly reducing our related carbon emissions, which accounts for over 50% of our organisation’s total
- offsetting our FY22 footprint and forward purchasing credits for our FY23 emissions, with biodiverse reforestation carbon offsets.

Additional information available upon request

In compliance with the requirements of the Standing Directions of the Assistant Treasurer, details in respect of the items listed below have been retained by Development Victoria and are available on request, subject to the provisions of the *Freedom of Information Act 1982* (Vic):

- a statement that declarations of pecuniary interest have been duly completed by all relevant officers
- details of publications produced by Development Victoria about itself, and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by Development Victoria
- details of overseas visits undertaken
- a general statement on industrial relations within Development Victoria and details of time lost through industrial accidents and disputes
- details of all consultancies and contractors, including consultants/contractors engaged, services provided, and expenditure committed for each engagement

- further details of assessments and measures undertaken to improve the occupational health and safety of employees.

The information can be requested from:

Freedom of Information Officer Development Victoria
GPO Box 2428
Melbourne VIC 3001

Additional information included in annual report

Details of the following items have been included in this Annual Report, on the pages indicated below:

The occupational, health and safety of employees (page 44)

Commitment to employment and conduct principles (page 44)

Committees of the Board of Development Victoria (page 34-35)

Information that is not applicable

The following requirements were not relevant to Development Victoria for the reasons set out below:

- details of shares held by senior officers (no shares have ever been issued in Development Victoria)
- details of major external reviews carried out on Development Victoria (there were no major external reviews carried out on Development Victoria during the reporting period)
- details of major research and development activities undertaken by Development Victoria (no such activities were carried out during the reporting period)
- details of major promotional, public relations and marketing activities undertaken by Development Victoria to develop community awareness of the organisation and its services (no such activities were undertaken during the reporting period).

Attestation for financial management compliance with ministerial standing direction 5.1.4 Development Victoria financial management compliance attestation statement

Development Victoria is required to comply with the Standing Directions 2018 of the *Financial Management Act 1994*, which set the standard for financial management by Victorian Government agencies. Development Victoria undertakes an annual internal review of its performance against these Directions, reviewed by a formal internal audit program. Development Victoria has not identified any Material Compliance Deficiencies in relation to the 2021-22 compliance year.

I Megan Haas, on behalf of the Responsible Body, certify that Development Victoria has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Megan Haas,
Chairperson
Melbourne, 14 September 2022



Development Victoria Financial Report 12 months to 30 June 2022

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Consolidated Comprehensive Operating Statement for the Financial Year Ended 30 June 2022

		2022	2021
	NOTES	\$'000	\$'000
Continuing operations			
Income from transactions			
Land sales	2.2	198,627	284,867
Interest income		589	555
Other income	2.3	13,183	14,870
Total income from transactions		212,399	300,292
Expenses from transactions			
Costs of sales	3.2	(155,483)	(250,989)
Employee benefits	3.3.1	(20, 228)	(15,589)
Depreciation and amortisation	4.1.2	(3,522)	(3,671)
Other operating expenses	3.4	(8,998)	(10,321)
Total expenses from transactions		(188,231)	(280,570)
Net result from transactions before income tax equivalent expense		24,168	19,722
Net result from transactions after income tax equivalent expense		24,168	19,722
Other economic flows included in net result			
Net gain/(loss) on disposal of property plant and equipment	8.1	17	-
Net gain/(loss) on financial instruments	8.1	124	(42)
Other gains/(losses) from other economic flows	8.1	381	(53)
Total other economic flows included in net result		522	(95)
Net result		24,690	19,627
Comprehensive result		24,690	19,627

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet as at 30 June 2022

		2022	2021
	NOTES	\$'000	\$'000
Assets			
Financial assets			
Cash and deposits	6.3	208,508	227,457
Receivables	5.1	89,286	16,669
Shared equity investment	4.2	1,951	184
Total financial assets		299,745	244,310
Non-financial assets			
Prepayments		1,100	1,314
Land inventory	5.3	894,710	809,282
Property, plant and equipment	4.1	12,804	15,722
Intangible assets		76	155
Total non-financial assets		908,690	826,473
Total assets		1,208,435	1,070,783
Liabilities			
Payables	5.2	194,092	153,779
Land sale deposits	5.5	24,166	24,098
Borrowings	6.1	675,261	593,044
Right-of-use lease liability		10,989	12,964
Employee related provisions	5.6	6,133	5,573
Provisions	5.6	62,765	62,186
Total liabilities		973,406	851,644
Net assets		235,029	219,139
Equity			
Contributed capital		125,765	125,765
Accumulated surplus		109,264	93,374
Net worth		235,029	219,139

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement for the Financial Year Ended 30 June 2022

		2022	2021
	NOTES	\$'000	\$'000
Cash flows from operating activities			
Receipts			
Receipts from customers		410,790	551,897
Interest received		623	706
Total receipts		411,413	552,603
Payments			
Payments to suppliers and employees		(332,448)	(415,719)
Interest and other costs of financials paid		(13,390)	(15,864)
Land purchases		(144,626)	(115,434)
Goods and services tax paid to the ATO (a)		(1,069)	(3,266)
Total payments		(491,533)	(550,283)
Net cash flows from/(used in) operating activities	6.3.1	(80,120)	2,320
Cash flows from investing activities			
Purchases of non-financial assets		(373)	(715)
Shared equity investment	4.2	(1,767)	(184)
Net cash flows from/(used in) operating activities		(2,140)	(899)
Cash flows from financing activities			
Dividends paid	8.2	(16,400)	(1,300)
Borrowing costs		(379)	(427)
Repayments of borrowings		(469,470)	(665,776)
Proceeds from borrowings		551,687	725,530
Repayment of principal portion of lease liabilities		(2,127)	(2,158)
Net cash flows from/(used in) financial activities		63,311	55,869
Net increase/(decrease) in cash and deposits		(18,949)	57,290
Cash and cash equivalents at the beginning of the financial period		227, 457	170,167
Cash and cash equivalents at the end of the financial period	6.3	208,508	227,457

The accompanying notes form part of these financial statements.

Note:

(a) GST paid to the Australian Taxation Office is presented on a net basis.

Consolidated Statement of Changes in Equity for the Financial Year Ended 30 June 2022

	ACCUMULATED SURPLUS	CONTRIBUTIONS BY OWNER	TOTAL
NOTES	\$'000	\$'000	\$'000
Balance at 1 July 2020	82,647	125,765	208,412
Net result for the year	19,627	-	19,627
Dividend paid and declared	8.2 (8,900)	-	(8,900)
Balance at 30 June 2021	93,374	125,765	219,139
Net result for the year	24,690	-	24,690
Dividend paid and declared	8.2 (8,800)	-	(8,800)
Balance at 30 June 2022	109,264	125,765	235,029

The accompanying notes form part of these financial statements.

1. ABOUT THIS REPORT

Development Victoria is the Victorian government’s property development agency established under an Act of Parliament and domiciled in Australia. Development Victoria is responsible for carrying out urban renewal projects and developing surplus government land.

Development Victoria’s registered office is at Level 9, 8 Exhibition Street, Melbourne, Victoria, Australia.

BASIS FOR PREPARATION

These consolidated financial statements are presented in Australian dollars, the functional and presentation currency of Development Victoria.

These consolidated financial statements have been prepared in accordance with the historical cost convention unless a different measurement basis is specifically disclosed in the notes associated with the item measured on a different basis.

These consolidated financial statements have been prepared on a going-concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

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

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

These estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements and assumptions made by management in the application of Australian Accounting Standards (AAS) that have significant effect on the financial statements and estimates relate to:

- provision for employee benefits (refer to Note 3.3.2);
- impairment and net realisable value (NRV) inventory assessment (refer to Note 5.3);
- the provision for property and development related costs (refer to Note 5.6); and
- cost of sales (refer to Note 3.2).

Consistent with AASB 13 *Fair Value Measurement*, Development Victoria determines the policies and procedures for recurring fair value measurements such as financial instruments and for non-recurring fair value measurements, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions. In the current year, Development Victoria has received a Department of Treasury and Finance exemption from undertaking revaluation of property, plant and equipment and leasehold improvements as required by FRD103.

In addition, Development Victoria determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

All amounts in the financial statements for Development Victoria have been rounded to the nearest thousand dollars, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

BASIS FOR CONSOLIDATION

The consolidated financial statements comprise the financial statements of Development Victoria and its subsidiaries at 30 June 2022. Control is achieved when Development Victoria is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Specifically, Development Victoria controls a subsidiary if, and only if, Development Victoria has:

- power over the subsidiary;
- exposure, or rights, to variable returns from its involvement with the subsidiary; and
- the ability to use its power over the subsidiary to affect its returns.

Development Victoria reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when Development Victoria obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities are eliminated in full on consolidation.

Development Victoria holds four wholly owned Australian subsidiary trust for the property management. As Development Victoria has full control over all four subsidiary trusts, they are fully consolidated into the Development Victoria Financial Statements.

GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of the 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 the other receivables or payables in the balance sheet.

COMPLIANCE INFORMATION

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA), Financial Reporting Directions of the Assistant Treasurer and applicable Australian Accounting Standards (AAS), which include interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events reported. Accounting policies applied are disclosed in sections where the related accounting balance or financial statement matter is disclosed.

2. Funding delivery of our services

INTRODUCTION

This section presents the sources and amounts of income recognised by Development Victoria and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

Structure		
2.1	Summary of income that funds the delivery of our services	70
2.2	Land sales	70
2.3	Other income	71

2.1 Summary of income that funds the delivery of our services	2022	2021
	NOTES	
	\$'000	\$'000
Land sales	2.2	198,627
Interest income		589
Other income	2.3	13,183
Total income from transactions		212,399

All income disclosed is net of returns, allowances, duties and taxes. Income is recognised to the extent that it is probable that the economic benefits will flow to Development Victoria and the income can be reliably measured at fair value.

2.2 Land sales	2022	2021
	\$'000	\$'000
Property development land sales	98,213	258,923
Precinct lands sales	79,237	13,515
Project management fees	21,177	12,429
Total land sales	198,627	284,867

Development Victoria performs land development activities either as the land owner or through partnerships with other land owners or developers. Partnerships are in the form of partnering deeds, joint arrangements or development agreements, which govern contract obligations, depict the revenue and profit-sharing arrangements, and define the project governance structures.

Long-term development agreements with stage-based performance obligations and payment terms are typically used for large-scale precinct land developments. The agreements commonly grant development rights over parcels of land through an initial land payment or deposit, with subsequent stage-based land or revenue share payments and cost contributions for infrastructure works.

Outside of development agreements, land is transacted through land sale contracts under terms of an initial deposit and full payment on contract settlement, with any relevant revenue share distributions to partners determined on the date of settlement. Income is recognised in line with AASB 15 *Revenue from Contracts with Customers*.

Income from land sales is recognised by Development Victoria when:

- Development Victoria has identified a contract with a customer, which has separately identifiable performance obligations;
- Development Victoria retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land;
- the amount of income and the costs incurred or to be incurred in respect of the transaction can be reliably measured for each performance obligation; and
- Development Victoria has satisfied the contractual performance obligation. A performance obligation is deemed to be satisfied on transfer of land title, which is usually on the date of settlement. No further obligations exist after the transfer of the title.

Project management fees charged for time and materials are recognised on an accrual basis and relate mainly to infrastructure projects that Development Victoria manages on behalf of government clients.

2.3 Other income	2022	2021
	\$'000	\$'000
Property rental income	12,224	8,417
Rental relief reimbursement	-	6,186
Other revenue	959	267
Total other income	13,183	14,870

Rental income reflects amounts due from lessees under operating leases and is recorded as receivables. Operating lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term.

Operating leases relate to properties held for the purposes of long-term development owned by Development Victoria with lease terms between one and 12 years. The lessee does not have an option to purchase the property at the expiry of the lease period. The risks associated with rights that Development Victoria retains are not considered to be significant and properties are primarily held for development purposes rather than as long-term investment properties.

2.3.1 Lease receivables	2022	2021
	\$'000	\$'000
Non-cancellable operating lease receivables		
No longer than one year	8,390	7,287
Longer than one year but not longer than five years	17,396	22,568
Longer than five years	24,975	17,500
Total lease receivables	50,680	47,355

3. The Cost Of Delivering Goods And Services

INTRODUCTION

This section presents the major components of expenditure incurred by Development Victoria in relation to operating activities during the reporting period, as well as any related obligations outstanding as at 30 June 2022.

Structure

3.1	Expenses incurred in delivery of goods and services	72
3.2	Cost of sales	72
3.3	Employee benefits expenses	72
3.4	Other operating expenses	74

3.1 Expenses incurred in delivery of goods and services		2022	2021
	NOTES	\$'000	\$'000
Cost of sales	3.2	155,483	250,989
Employee benefit expenses	3.3.1	20,228	15,589
Other operating expenses	3.4	8,998	10,321
Total expenses incurred in delivery of goods and services		184,709	276,899

3.2 Cost of sales		2022	2021
		\$'000	\$'000
Cost of land sales		133,651	231,648
Salaries, wages, long service leave and on-costs		21,832	19,341
Total cost of sales		155,483	250,989

Cost of sales consists of all the supplies and effort (including salary costs) incurred in purchasing, developing and getting land into a saleable condition. This includes the direct purchase and development of a lot, together with the stage and estate infrastructure and amenity works that support the sale of a lot.

Costs comprise both historical costs incurred to date together with future estimated costs that relate to the land being sold, such as future estate works.

Cost of sales are calculated and allocated to each individual lot at the time of stage release, with the same proportion of costs allocated to all lots within that stage release.

The stage release calculation takes into account the unique attributes of that stage and estimated future costs at that time. Therefore, there may be some variance between the proportional allocations of indirect estate costs between stages.

3.3 EMPLOYEE BENEFITS EXPENSES

3.3.1 Employee benefits in the comprehensive operating statement		2022	2021
	NOTES	\$'000	\$'000
Salaries and wages, annual and long service leave and on costs		16,178	12,351
Defined benefit superannuation expense	3.3.3	23	21
Defined contribution superannuation expense	3.3.3	3,951	3,098
Termination benefit		76	119
Total employee expenses		20,228	15,589

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. Superannuation disclosed above is employer contributions to defined benefit and defined contribution superannuation plans that are paid or payable during the 12-month reporting period.

3.3.2 Employee benefits in the balance sheet	2022	2021
	\$'000	\$'000
Current provisions		
Employee benefits – annual leave		
Unconditional and expected to be settled within 12 months	2,336	2,020
Employee benefits – long service leave		
Unconditional and expected to be settled within 12 months	1,159	778
Unconditional and expected to be settled after 12 months	1,275	1,286
On-costs		
Unconditional and expected to be settled within 12 months	325	276
Unconditional and expected to be settled after 12 months	118	127
Total current provisions for employee benefits (Note 5.6)	5,213	4,487
Non-current provisions:		
Employee benefits	842	988
On-costs	78	98
Total non-current provisions for employee benefits (Note 5.6)	920	1,086
Total provisions for employee benefit	6,133	5,573

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

WAGES, SALARIES AND ANNUAL LEAVE

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are recognised in the provision for employee benefits as 'current liabilities', because Development Victoria does not have an unconditional right to defer settlement of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

- nominal value if Development Victoria expects to wholly settle within 12 months; or
- present value if Development Victoria does not expect to wholly settle within 12 months.

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

Unconditional long service leave is disclosed in the notes to the financial statements as a current liability, even where Development Victoria does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of the current long service leave liability are measured at:

- nominal value – component that is expected to be wholly settled within 12 months; and
- present value – component that is not expected to be wholly settled within 12 months.

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

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

3.3.3 SUPERANNUATION CONTRIBUTIONS

Development Victoria employees are entitled to receive superannuation contributions and Development Victoria contributes to both defined benefit and defined contribution plans.

The defined benefit plan provides benefits based on years of service and final average salary. Employees under the Defined Benefit Scheme are entitled to defined lump-sum benefits on retirement, disability or death. The basis of determining the level of employer contributions is determined by the various actuaries of the defined benefit superannuation plan.

Development Victoria does not recognise any defined benefit liability in respect of the plan(s) because Development Victoria has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State’s defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement.

The superannuation contributions made by Development Victoria are as follows:

Superannuation contributions	2022	2021
	\$'000	\$'000
Paid contribution for the period		
Defined benefit plan	23	21
Defined contribution plans	3,628	2,850
Contribution outstanding at period end		
Defined contribution plans	323	248
Total contribution outstanding at period end	323	248

3.4 Other operating expenses	2022	2021
	\$'000	\$'000
Marketing expenses	2,021	3,094
Operating expenses	5,369	5,888
Insurance	1,229	912
Borrowing cost	379	427
Total other operating expenses	8,998	10,321

Operating, marketing and insurance expenses generally represent the day-to-day running costs incurred in normal operations, and are recognised when they are incurred and reported in the financial period to which they relate.

Borrowing costs include interest on short-term and long-term borrowings, in accordance with AASB 123 *Borrowing Costs* applicable to for-profit public sector entities.

Borrowing costs of \$12.98 million (2021: \$15.47 million) directly attributable to the acquisition or construction of a qualifying asset are capitalised to inventories. Other borrowing costs are recognised as expenses in the period in which they are incurred.

Financial accommodation levy is an additional interest charged by the Treasurer (Department of Treasury and Finance) for providing Development Victoria with access to borrowing. The levy is based on the level of borrowing and a percentage rate determined by the Treasury on an annual basis. Financial accommodation levy is capitalised to inventory when attributable to the acquisition or construction of a qualifying asset.

4. KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY

INTRODUCTION

This section presents the investments that are utilised by Development Victoria to fulfil its objectives and conduct its activities and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

Structure

4.1	Total property, plant and equipment	75
4.2	Shared equity investment	78

4.1 Total property, plant and equipment	2022		
	\$'000		
	GROSS CARRYING AMOUNT	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT
Plant and equipment	2,775	(1,968)	807
Leasehold improvements	5,632	(3,664)	1,968
Right-of-use asset	17,009	(6,980)	10,029
Total property, plant and equipment	25,416	(12,612)	12,804

4.1 Total property, plant and equipment	2021		
	\$'000		
	GROSS CARRYING AMOUNT	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT
Plant and equipment	2,624	(1,717)	907
Leasehold improvements	5,632	(3,051)	2,581
Right-of-use asset	17,224	(4,990)	12,234
Total property, plant and equipment	25,480	(9,758)	15,722

INITIAL RECOGNITION

Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal consideration, the cost is the asset’s fair value at the date of acquisition.

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

The cost of non-financial physical assets includes purchase price of the asset and all costs associated with bringing the asset into use (e.g. installation and delivery costs).

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

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

SUBSEQUENT MEASUREMENT

Property, plant and equipment as well as right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset’s highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

IMPAIRMENT

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

4.1.1 Reconciliation of movements in carrying amount of property, plant and equipment	2022			
	\$'000			
	RIGHT OF USE	PLANT & EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
Gross amount at the start of the financial period				
Opening balance	17,224	2,624	5,632	25,480
Additions	151	374	-	525
Disposals	(366)	(223)	-	(589)
Closing balance	17,009	2,775	5,632	25,416
Accumulated depreciation				
Opening balance	(4,990)	(1,717)	(3,051)	(9,758)
Depreciation	(2,356)	(474)	(613)	(3,443)
Disposals	366	223	-	589
Closing balance	(6,980)	(1,968)	(3,664)	(12,612)
Carrying amount at the end of the financial period	10,029	807	1,968	12,804

4.1.1 Reconciliation of movements in carrying amount of property, plant and equipment	2021			
	\$'000			
	RIGHT OF USE	PLANT & EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
Gross amount at the start of the financial period				
Opening balance	16,783	2,011	5,583	24,377
Additions	460	614	102	1,176
Disposals	(19)	(1)	(53)	(73)
Closing balance	17,224	2,624	5,632	25,480
Accumulated depreciation				
Gross amount at the start of the financial period	(2,484)	(1,395)	(2,455)	(6,334)
Depreciation	(2,522)	(323)	(649)	(3,494)
Disposals	16	1	53	70
Closing balance	(4,990)	(1,717)	(3,051)	(9,758)
Carrying amount at the end of the financial period	12,234	907	2,581	15,722

4.1.2 Depreciation and amortisation	2022	2021
Charge for the period	\$'000	\$'000
Plant and equipment	474	323
Leasehold improvements	613	649
Capitalised software	79	177
Right-of-use asset	2,356	2,522
Total depreciation and amortisation	3,522	3,671

Depreciation is provided on property, plant and equipment, including freehold buildings.

Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the straight-line method.

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

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

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

Depreciation methods and rates used for each class of depreciable assets are:

Class of assets	Useful life
Plant and equipment	3 to 10 years
Leasehold improvements	7 to 15 years
Capitalised software	5 years
Right-of-use asset	2 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and no change was deemed necessary.

4.1.3 PROPERTY, PLANT AND EQUIPMENT AT FAIR VALUE

Structure

The fair values of non-financial physical assets are determined as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest input that is significant to the fair value measurement is unobservable.

	2022 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	GROSS CARRYING AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3
Right-of-use asset	10,029	-	-	10,029
Plant and equipment	807	-	-	807
Leasehold improvements	1,968	-	-	1,968
Total property, plant and equipment	12,804	-	-	12,804

	2021 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	GROSS CARRYING AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3
Right-of-use asset	12,234	-	-	12,234
Plant and equipment	907	-	-	907
Leasehold improvements	2,581	-	-	2,581
Total property, plant and equipment	15,722	-	-	15,722

Right-of-use assets are carried at fair value as at 30 June 2022. No revaluation surplus is recognised in the current year.

4.2 Shared equity investment	2022	2021
	\$'000	\$'000
Gross carrying amount		
Opening balance	184	-
Additions	1,643	184
Disposals	-	-
Shared equity investment measured at fair value	124	-
Closing balance	1,951	184

Development Victoria participated in the Victorian Government’s pilot shared equity initiative, administered by HomesVic and State Trustee as Victoria’s public trustee. The scheme assists Victorian low-middle income earners who are buying their first home with the Victorian Government making a financial contribution of up to 25% towards the purchase of the property in exchange for a proportional interest in the property. Development Victoria’s financial contribution and proportional investment in this scheme was \$1.95 million as at 30 June 2022.

5. OTHER ASSETS AND LIABILITES

INTRODUCTION

This section sets out the assets and liabilities that arose from Development Victoria’s controlled operations.

Structure

5.1	Receivables	79
5.2	Payables	80
5.3	Inventories	81
5.4	Income and deferred tax	82
5.5	Land sale deposits	85
5.6	Provisions	85

5.1 Receivables	2022	2021
	\$'000	\$'000
Contractual		
Trade receivables	54,027	5,025
Provision for estimated credit loss	(146)	(146)
Amounts receivable under development agreements	26,524	5,854
Other receivables	4,304	1,332
Statutory		
GST input tax credit recoverable	4,577	4,604
Total receivables	89,286	16,669
<i>Represented by:</i>		
Current receivables	62,762	13,729
Non-current receivables	26,524	2,940
Total receivables	89,286	16,669

Receivables consist of:

- contractual receivables, such as debtors in relation to the sale of land and services; and
- statutory receivables, including amounts owing from Goods and Services Tax (GST) input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as ‘receivables’ (refer to Note 7.1.1). They are initially recognised at fair value plus attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. Development Victoria applies AASB 9 for initial measurement of the statutory receivables, and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Amounts receivable under development agreements relate to revenue recognised at stage release with payment terms aligned to future project milestones as determined by the developer, and are carried at nominal amounts.

GST input tax credit recoverable is the gross amount of GST recoverable from the taxation authority and is included as part of receivables balance. AASB interpretation 1031 provides that revenue, expenses and assets must be recognised, net of the amount of GST, except where GST relating to the expenditure items is not recoverable from the taxation authority, in which case the item is recognised as GST inclusive.

Leases receivables

Development Victoria’s accounting policy under AASB 16 has not changed from the comparative period.

As a lessor, Development Victoria classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

Details of Lease Receivables is detailed at Note 2.3.1.

Expected credit loss

Receivables are assessed for bad and doubtful debts on a regular basis. An expected credit loss provision for doubtful debts is recognised and reviewed annually in line with AASB 9 *Financial Instruments*, see Note 7.1.2.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in expected credit loss, are classified as other economic flows included in net result.

Ageing analysis of contractual receivables							\$'000
2022	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED				EXPECTED CREDIT LOSS
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	GREATER THAN 1 YEAR	
Trade receivables	54,027	48,918	1,383	958	2,622	-	146
Amounts receivable under development agreements	26,524	26,524	-	-	-	-	-
Other receivables	4,304	4,304	-	-	-	-	-
Total	84,855	79,746	1,383	958	2,622	-	146

Ageing analysis of contractual receivables							\$'000
2021	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED				EXPECTED CREDIT LOSS
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	GREATER THAN 1 YEAR	
Trade receivables	5,025	4,722	-	29	128	-	146
Amounts receivable under development agreements	5,854	5,854	-	-	-	-	-
Other receivables	1,332	1,332	-	-	-	-	-
Total	12,211	11,908	-	29	128	-	146

The disclosure above excludes statutory payables (e.g. amounts arising to Victorian Government and GST taxes payable).

Further analysis of Expected Credit Loss (ECL) is undertaken at Note 7.1.

There are no financial assets that had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

5.2 Payables	2022	2021
	\$'000	\$'000
Contractual		
Trade payables	4,165	4,401
Other creditors	7,936	7,153
Other creditors – Civic projects	135,147	99,810
Accrued expenses	12,803	6,378
Dividends declared not paid	-	7,600
Deferred income	124	222
Total contractual payables	160,175	125,564
Statutory		
Accrued expenses	385	3,325
Other taxes payable	33,532	24,890
Total statutory payables	33,917	28,215
Total payables	194,092	153,779
Current payables	194,092	153,731
Non-current payables	-	48
Total payables	194,092	153,779

Payables consist of:

- contractual payables, such as trade payables, accrued expenses and deferred income. Trade payables are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to Development Victoria prior to the end of the financial year that are unpaid; and
- statutory payables, such as Goods and Services Tax and Fringe Benefits Tax. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Ageing analysis of contractual payables							\$'000
2022	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED				EXPECTED CREDIT LOSS
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	GREATER THAN 1 YEAR	
Trade payables	4,165	2,101	68	781	1215	-	-
Other creditors	7,936	7,936	-	-	-	-	-
Other creditors – Civic projects	135,147	135,147	-	-	-	-	-
Accrued expenses	12,803	12,803	-	-	-	-	-
Deferred income	124	124	-	-	-	-	-
	160,175	158,111	68	781	1,215	-	-

Ageing analysis of contractual payables							\$'000
2021	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED				EXPECTED CREDIT LOSS
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	GREATER THAN 1 YEAR	
Trade payables	4,401	3,232	1,011	116	42	-	-
Other creditors	7,153	7,153	-	-	-	-	-
Other creditors – Civic projects	99,810	99,810	-	-	-	-	-
Accrued expenses	6,378	6,378	-	-	-	-	-
Dividends payable	7,600	7,600	-	-	-	-	-
Deferred income	222	222	-	-	-	-	-
	125,564	124,395	1,011	116	42	-	-

5.3 Inventories	2022	2021
	\$'000	\$'000
Inventories		
Development properties	297,922	276,375
Land under development	360,545	415,926
Undeveloped land	236,243	116,981
Total inventories	894,710	809,282

Inventories include development properties, land under development (including work in progress) and undeveloped land and is valued at the lower of cost or net realisable value.

Cost includes:

- the cost of acquiring the land and buildings;
- land improvement costs;
- borrowing costs directly attributable to the acquisition of land or construction of a building; and
- other costs that can be directly attributed to the project.

Overhead allocations and salaries are not capitalised into inventory.

Net realisable value is determined on each individual project based on the expected net cash flows from the development and sale of land in the ordinary course of business, as determined in the Development Victoria Corporate Plan, discounted to their present values using a market-determined, risk adjusted rate.

The ordinary course of business delivery method and assumptions for each project are subject to changes in market conditions, policy or corporate strategy, which would change the net realisable value. Where the net realisable value of a project is below the current inventory value, the difference is recognised as an impairment of land inventory and shown as Other economic flows in the comprehensive operating statement.

A land inventory impairment can be reversed by either:

- the sale of inventory from the project. A proportional amount of impairment is released into the comprehensive operating statement at the point of settlement, reducing the cost of goods sold; or
- an increase in the net realisable value at subsequent annual inventory assessments that may result in some or all of the impairment for a project being reversed.

Inventory cannot be valued higher than cost. A net realisable value assessment of inventory is therefore only to identify any impairment or reversals of previous impairments. If there is an indication that there has been a reversal in the estimate of an asset’s recoverable amount since the last impairment loss was recognised, then the impairment loss is reversed only to the extent that the carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been previously recorded.

Management has undertaken an assessment of inventory impairment in the year and no impairment was deemed necessary (2021: \$0million).

Of the \$85.4million increase in inventory in the period, \$13.0million relates to borrowing costs, \$62.8million relates to purchase of land, \$128.2million relates to payments made to Development Victoria’s suppliers and partially offset by \$118.6million Inventory released into the Comprehensive Operating Statement at the point of settlement as cost of goods sold.

In accordance with AASB 101 *Presentation of Financial Statements*, land held as inventory is disclosed as a current asset even though it is not expected to be realised within 12 months.

5.4 INCOME AND DEFERRED TAX

Development Victoria is exempt from income tax in accordance with section 50-25 of the *Income Tax Assessment Act 1997*. Development Victoria is subject to the National Tax Equivalent Regime pursuant to section 88 of the *State Owned Enterprises Act 1992*. Any activity relating to the Docklands area or the Revitalising Central Dandenong project is exempt from the National Tax Equivalent Regime in accordance with section 67 of the *Development Victoria Act 2003*.

Subsidiaries are subject to the *Income Tax Assessment Act 1997*.

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the Comprehensive Operating Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Development Victoria expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority, and Development Victoria intends to settle its current tax assets and liabilities on a net basis.

5.4 INCOME AND DEFERRED TAX

(a) Income tax equivalent (expense)/benefit 2022 \$’000

The major components of the income tax equivalent expense are:

Current income tax	
Current income tax charge	-
Deferred income tax	
Relating to origination and reversal of temporary differences	-
Effect of temporary differences not recognised as deferred tax assets and liabilities	-
Income tax equivalent expense/ (benefit) reported in the comprehensive operating statement	-

(b) Amounts charged or credited directly to equity

No deferred income tax related items were charged directly to equity.

(c) Numerical reconciliation between aggregate tax expense recognised in the comprehensive operating statement and tax expense calculated per the statutory income tax rate 2022 \$’000

Accounting profit/(loss) from continuing activities before income tax equivalent expense	24,168
Accounting profit/(loss) from ordinary activities subject to income tax equivalent expense	(5,951)
Prima facie income tax calculated at 30%	(1,785)
Effect of tax losses not recognised as deferred tax assets	-
Effect of temporary differences not recognised as deferred tax assets and liabilities	1,785
Aggregate income tax equivalent expense/ (benefit)	-

	2022 \$’000	2022 \$’000
(d) Recognised deferred tax assets and liabilities	Current income tax	Deferred income tax
Opening balance	-	-
Charged to income	-	-
Other payment	-	-
Closing balance	-	-

Tax equivalent expense in the Comprehensive Operating Statement	
Amounts recognised in the balance sheet:	
Current tax assets	-
Current tax liabilities	-
Deferred tax asset	17,360
Deferred tax liability	(17,360)
	-

(e) Unrecognised deferred tax assets

Unused tax losses for which no deferred tax assets have been recognised are \$22,987,452, of which \$21,270,321 are presented under NTER and \$1,717,131 under the *Income Tax Assessment Act 1997*.

5.4 INCOME AND DEFERRED TAX

(a) Income tax equivalent (expense)/benefits	2021 \$'000
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The major components of the income tax equivalent expense are:

<i>Current income tax</i>	
Current income tax charge	-
<i>Deferred income tax</i>	
Relating to origination and reversal of temporary differences	-
Effect of temporary differences not recognised as deferred tax assets and liabilities	-
Income tax equivalent expense/(benefit) reported in the comprehensive operating statement	-

(b) Amounts charged or credited directly to equity

No deferred income tax related items were charged directly to equity.

(c) Numerical reconciliation between aggregate tax expense recognised in the comprehensive operating statement and tax expense calculated per the statutory income tax rate	2021 \$'000
Accounting profit/(loss) from continuing activities before income tax equivalent expense	19,722
Accounting profit/(loss) from ordinary activities subject to income tax equivalent expense	7,388

Prima facie income tax calculated at 30%	2,217
Effect of tax losses not recognised as deferred tax assets	-
Effect of temporary differences not recognised as deferred tax assets and liabilities	(2,217)
Aggregate income tax equivalent expense/(benefit)	-

	2021 \$'000	2021 \$'000
(d) Recognised deferred tax assets and liabilities	Current income tax	Deferred income tax
Opening balance	-	-
Charged to income	-	-
Other payment	-	-
Closing balance	-	-

Tax equivalent expense in the Comprehensive Operating Statement

Amounts recognised in the balance sheet:

Current tax assets	-
Current tax liabilities	-
Deferred tax asset	16,172
Deferred tax liability	(16,172)
	-

(e) Unrecognised deferred tax assets

Unused tax losses for which no deferred tax assets have been recognised are \$19,616,301, of which \$18,840,605 are presented under NTER and \$775,696 under the *Income Tax Assessment Act 1997*.

5.5 Land sale deposits	2022	2021
	\$'000	\$'000
Land sale deposits	24,166	24,098
Total land sale deposits	24,166	24,098
<i>Represented by:</i>		
Current payables	2,051	1,823
Non-current payables	22,115	22,275
Total land sale deposits	24,166	24,098

Development Victoria has two distinct types of land sales, precinct land sales and residential land sales.

For precinct land sales, land sale deposits represent non-interest bearing deposits received for land sales and associated trunk infrastructure from developers in accordance with their relevant precinct development agreements. Upon the associated stage release of part or all of a precinct these amounts are subsequently recognised as income.

For residential land sales, these amounts represent non-interest bearing deposits and are recognised as revenue once the land is settled and when the risks and rewards of ownership no longer lie with Development Victoria and Development Victoria has no continuing managerial involvement in the land to the degree usually associated with ownership.

5.6 Provisions	2022	2021
	\$'000	\$'000
Current provisions		
Property and development related costs (a)	31,051	32,314
Employee benefits	5,213	4,487
Other provision	-	500
Total current provisions	36,264	37,301
Non-current provisions		
Property and development related costs (a)	31,152	28,830
Other provision	562	542
Employee benefits	920	1,086
Total non-current provisions	32,634	30,458
Total provisions	68,898	67,759
Employee related provisions	6,133	5,573
Provisions	62,765	62,186

- (a) Property and development related costs present obligations as contracted commitments or estimates of anticipated costs that are periodically reviewed to reflect current market conditions to carry out future development works under relevant planning permits or development agreements. The property and development related costs of \$62.2 million (2021: \$62.2 million) relates to Docklands infrastructure of \$30.9 million (2021: \$31.1 million) and development project portfolio of \$31.3 million (2021: \$30.6 million).

Reconciliation of movement in provisions				2022
	PROPERTY AND DEVELOPMENT RELATED COSTS	EMPLOYEE BENEFITS	OTHER PROVISIONS	\$'000 TOTAL
Opening balance	61,143	5,573	1,043	67,759
Additional provisions recognised	18,471	2,890	-	21,361
Amounts utilised during the year	(17,411)	(2,711)	(481)	(20,603)
Reductions resulting from remeasurement	-	381	-	381
Closing balance	62,203	6,133	562	68,898

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

6. HOW WE FINANCE OUR OPERATIONS

INTRODUCTION

This section provides information on the sources of finance utilised by Development Victoria during its operations and other information related to financing activities of Development Victoria. This section also includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.2 provide additional, specific financial instrument disclosures.

Structure		
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6.1 Borrowings	2022	2021
	\$'000	\$'000
Current borrowings		
Loans from Treasury Corporation of Victoria	264,829	239,544
Total current borrowings	264,829	239,544
Non-current borrowings		
Loans from Treasury Corporation of Victoria	410,432	353,500
Total non-current borrowings	410,432	353,500
Total borrowings	675,261	593,044

Borrowings refer to interest-bearing liabilities mainly raised from public borrowings raised through Treasury Corporation of Victoria (TCV) and are carried at their principal amounts.

Borrowings are classified as financial instruments. The measurement basis subsequent to initial recognition depends on whether Development Victoria has categorised its interest bearing liabilities as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest-bearing liabilities. Development Victoria determines the classification of its interest-bearing liabilities at initial recognition.

During the financial period, there were no defaults or breaches on any of the loans.

All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Maturity analysis of borrowings							
2022	MATURITY DATES						
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1 – 3 MONTHS	3 MONTHS – 1 YEAR	1 – 5 YEARS	5+ YEARS
Loans from Loans from Treasury Corporation of Victoria	675,261	675,261	18,840	45,000	200,989	299,831	110,601
Total	675,261	675,261	18,840	45,000	200,989	299,831	110,601

Maturity analysis of borrowings							
2021	MATURITY DATES						
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1 – 3 MONTHS	3 MONTHS – 1 YEAR	1 – 5 YEARS	5+ YEARS
Loans from Treasury Corporation of Victoria	593,044	593,044	-	65,000	174,544	283,500	70,000
Total	593,044	593,044	-	65,000	174,544	283,500	70,000

Interest expense includes costs incurred in connection with the borrowing of funds, which includes interest on bank overdrafts and short-term and long-term borrowings.

Interest expense attributable to the acquisition or construction of a qualifying asset is capitalised to inventories. Other borrowing costs are recognised as expenses in the period in which they are incurred.

Interest expense including capitalised borrowing cost	2022	2021
	\$'000	\$'000
Interest on Treasury Corporation of Victoria loans	13,086	15,578
Total interest expense	13,086	15,578

6.2 LEASES

Development Victoria leases various properties, IT equipment and motor vehicles. The lease contracts are typically made for fixed periods of one to 10 years with an option to renew the lease after that date. Lease payments for properties are renegotiated every five years to reflect market rentals.

Leases with values under \$10,000 are considered leases of low-value items. Leases with a duration of one year or less are considered short-term leases. Development Victoria has elected not to recognise right-of-use assets and lease liabilities for these leases.

6.2.1 RIGHT-OF-USE ASSETS

Right-of-use assets are presented in Note 4.1.1.

6.2.2 AMOUNTS RECONGNISED IN THE CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT

The following amounts are recognised in the consolidated comprehensive operating statement relating to leases:

	2022	2021
	\$'000	\$'000
Interest expense on lease liabilities	270	317
Total amount recognised in the consolidated comprehensive operating statement	270	317

6.2.3 AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOWS

The following amounts are recognised in the Statement of Cash Flows for the year ending 30 June 2022 relating to leases.

	2022	2021
	\$'000	\$'000
Total cash outflow for leases	(2,396)	(2,477)

For any new contracts entered into, Development Victoria considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Development Victoria assesses whether the contract meets three key evaluations:

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

SEPARATION OF LEASE AND NON-LEASE COMPONENTS

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

RECOGNITION AND MEASUREMENT OF LEASES AS A LESSEE

Lease liability – Initial measurement

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

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

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

Lease Liability – Subsequent measurement

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

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

Short-term leases and leases of low-value assets

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

6.3 CASH FLOW INFORMATION AND BALANCES

Cash and deposits comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

	2022	2021
	\$'000	\$'000
Cash at bank	208,508	227,457
Cash and cash equivalents	208,508	227,457

6.3.1 Reconciliation of net result for the period to cash flows from operating activities	2022	2021
	\$'000	\$'000
Net result for the period	24,690	19,627
Non-cash movements:		
Depreciation and amortisation of non-current assets	1,166	1,145
Depreciation of right-of-use assets	2,357	2,526
Net (gain)/loss on financial instruments	-	42
Other (gains)/losses from other economic flows	(381)	53
Movements included in investing and financing activities:		
Borrowing costs expensed not relating to operating activities	379	427
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(70,580)	29,155
(Increase)/decrease in prepayments	214	(191)
(Increase)/decrease in land inventory	(85,287)	(32,249)
Increase/(decrease) in payables	45,735	(29,765)
Increase/(decrease) in land sale deposits	68	(414)
Increase/(decrease) in employee related provisions	559	267
Increase/(decrease) in provisions	960	11,697
Net cash flows from/(used in) operating activities	(80,120)	2,320

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the above reconciliation.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority is presented as operating cash flows.

Development Victoria delivers major project development and delivery services to clients within the Victorian State Government. All work is completed on a fee-for-service basis, with only consultancy fees associated with projects recognised as revenue. Development Victoria includes cash received from such clients within the receipts from customers’ lines of the cash flow.

6.4 COMMITMENTS FOR EXPENDITURE

Commitments for future expenditure include those operating and capital commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6.4.1 Total commitments payable				\$'000
NOMINAL AMOUNTS 2022	LESS THAN 1 YEAR	1 – YEARS	5+ YEARS	TOTAL
Capital commitments payable (a)	81,526	-	-	81,526
Total commitments (inclusive of GST)	81,526	-	-	81,526
Less GST receivable	(7,411)	-	-	(7,411)
Total commitments (exclusive of GST)	74,115	-	-	74,115

(a) Capital commitments relate to a contractual obligation at 30 June 2022 to purchase land or property after this date.

6.4.1 Total commitments payable				\$'000
NOMINAL AMOUNTS 2021	LESS THAN 1 YEAR	1 – 5 YEARS	5+ YEARS	TOTAL
Capital commitments payable (a)	84,153	74,760	-	158,913
Total commitments (inclusive of GST)	84,153	74,760	-	158,913
Less GST receivable	(5,904)	(6,796)	-	(12,700)
Total commitments (exclusive of GST)	78,249	67,964	-	146,213

(a) Capital commitments relate to a contractual obligation at 30 June 2021 to purchase land or property after this date.

7. RISK, CONTINGENCIES AND JUDGEMENTS

INTRODUCTION

Development Victoria is exposed to risk from its activities and outside factors. In addition, it is necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for Development Victoria related mainly to fair value determination.

Structure

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7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

INTRODUCTION

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Development Victoria’s activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not

CATEGORIES OF FINANCIAL ASSETS UNDER AASB 9

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Development Victoria to collect the contractual cash flows; and
- the assets’ contractual terms give rise to cash flows that are solely payments of principal and interests.

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

The following assets are recognised in this category:

- cash and deposits; and
- receivables.

Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

The following assets are recognised in this category:

- shared equity investment.

Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method.

Development Victoria recognises the following liabilities in this category:

- payables;
- borrowings; and
- right-of-use liability.

Derecognition of financial assets: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- Development Victoria retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass through’ arrangement; or

- Development Victoria has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where Development Victoria has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Development Victoria's continuing involvement in the asset.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Reclassification of financial instruments: Subsequent to initial recognition, reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when, and only when, Development Victoria's business model for managing its financial assets has changes such that its previous model would no longer apply.

7.1.1 Financial instruments: categorisation			\$'000
2022	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
Contractual financial assets			
Cash and deposits	208,508	-	208,508
Receivables			
Sale of goods and services	84,855	-	84,855
Total contractual financial assets	293,363	-	293,363
Contractual financial liabilities			
Payables			
Supplies and services	-	160,175	160,175
Borrowings			
Right-of-use lease liability	-	10,989	10,989
Loans from Treasury Corporation of Victoria	-	675,261	675,261
Total contractual financial liabilities	-	846,425	846,425

7.1.1 Financial instruments: categorisation			\$'000
2021	FINANCIAL ASSETS AT AMORTISED COST (AC)	FINANCIAL LIABILITIES AT AMORTISED COST (AC)	TOTAL
Contractual financial assets			
Cash and deposits	227,457	-	227,457
Receivables			
Sale of goods and services	12,211	-	12,211
Total contractual financial assets	239,668	-	239,668
Contractual financial liabilities			
Payables			
Supplies and services	-	125,564	125,564
Borrowings			
Right-of-use lease liability	-	12,964	12,964
Loans from Treasury Corporation of Victoria	-	593,044	593,044
Total contractual financial liabilities	-	731,572	731,572

The total amounts disclosed here exclude statutory amounts (for example, amounts owing from Victorian Government and taxes payable).

7.1.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Development Victoria has minimal exposure to credit risk, liquidity risk and market risk (i.e. interest rate risk).

Development Victoria's Debt and Treasury Management Policy sets out to manage these risks and the associated volatility of its financial performance.

Risk management is carried out by Finance under policies approved by the Board.

Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Credit risk arises from the contractual financial assets of Development Victoria, which comprise cash and deposits and non-statutory receivables. Development Victoria's exposure to credit risk arises from the potential default of a counter-party in their contractual obligations resulting in financial loss to Development Victoria.

Credit risk is measured at fair value and is monitored monthly by the CFO and the Finance team.

Development Victoria's maximum credit risk exposure is indicated by the carrying amounts of its financial assets. Development Victoria does not have any significant concentrations of credit risk as it undertakes transactions with a large number of customers in the residential property market.

In addition, Development Victoria does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. Development Victoria's policy is to only deal with banks with high credit ratings.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Development Victoria's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There are no material financial assets that are individually determined to be impaired.

Credit quality of contractual financial assets that are neither passed due nor impaired			\$'000
2022	GOVERNMENT AGENCIES (AA RATING)	OTHER (MIN BBB CREDIT RATING)	TOTAL
Cash and deposits	208,508	-	208,508
Trade and other receivables (a)	-	58,331	58,331
Amounts receivable under development agreements	-	26,524	26,524
Shared equity investment	-	1,951	1,951
Total contractual financial assets	208,508	86,806	295,314

Credit quality of contractual financial assets that are neither passed due nor impaired			\$'000
2021	GOVERNMENT AGENCIES (AAA RATING)	OTHER (MIN BBB CREDIT RATING)	TOTAL
Cash and deposits	227,457	-	227,457
Trade and other receivables (a)	-	6,357	6,357
Amounts receivable under development agreements	-	5,854	5,854
Shared equity investment	-	184	184
Total contractual financial assets	227,457	12,395	239,852

Note:

(a) The total amounts disclosed here exclude statutory amounts (for example, amounts owing from Victorian Government and taxes payable).

Impairment of financial assets under AASB 9

Development Victoria records the allowance for expected credit loss for the relevant financial instruments with AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes Development Victoria's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

Development Victoria applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Development Victoria has grouped contractual receivables on shared credit risk characteristics and days past due and selected the expected credit loss rate based on Development Victoria's past history and existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, Development Victoria determines the opening loss allowance and the closing loss allowance at end of the financial year as follows:

						\$'000
30 JUNE 2022	CURRENT	31-60 DAYS	61-90 DAYS	91-365 DAYS	365+ DAYS	TOTAL
Expected loss rate	0%	0%	0%	4%	0%	
Gross carrying amount of contractual receivables	79,740	1,389	292	3,434	-	84,855
Loss allowance	-	-	-	146	-	146

						\$'000
30 JUNE 2021	CURRENT	31-60 DAYS	61-90 DAYS	91-365 DAYS	365+ DAYS	TOTAL
Expected loss rate	0%	0%	0%	53%	100%	
Gross carrying amount of contractual receivables	11,907	-	29	275	-	12,211
Loss allowance	-	-	-	146	-	146

Reconciliation of the movement in the loss allowance for contractual receivables is shown as follows:

			\$'000
	2022	2021	
Balance at beginning of the year	(146)	(104)	
Increase in provision recognised in the net result	-	(42)	
Balance at end of year	(146)	(146)	

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Statutory receivables at amortised cost

Development Victoria's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Financial instruments: Liquidity risk

Liquidity risk is the risk that Development Victoria would be unable to meet its financial obligations as and when they fall due.

Development Victoria operates under the Government fair payments policy of settling financial obligations within 10 days and in the event of dispute, making payments within 10 days from date of resolution.

Development Victoria's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet.

Development Victoria manages liquidity risk by:

- maintaining adequate short-term reserves and banking facilities that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial market; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

Development Victoria's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

Financial instruments: Market risk

Development Victoria in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse effect on the operating result and/or net worth of Development Victoria. These market risks primarily relate to foreign currency risk, equity price risk and interest rate risk. Development Victoria does not hold equity investments and is therefore not subject to related price risk. Objectives, policies and processes used to manage each of these risks are disclosed on the next page.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Development Victoria does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Development Victoria has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Development Victoria manages cash flow interest rate risk through a mixture of short-term and longer-term investments, and undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and Development Victoria's sensitivity to interest rate risk are set out below.

Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, Development Victoria believes that a movement of 100 basis points up and down in market interest rates (AUD) is 'reasonably possible' over the next 12 months.

Interest rate risk sensitivity					
	\$'000	DECREASE BY 100 BASIS POINTS		INCREASE BY 100 BASIS POINTS	
	CARRYING AMOUNT	COMPREHENSIVE RESULT	FAIR VALUE THROUGH OCI REVALUATION RESERVE	COMPREHENSIVE RESULT	FAIR VALUE THROUGH OCI REVALUATION RESERVE
2022					
Contractual financial assets:					
Cash and cash deposits (a)	208,508	(2,085)	(2,085)	2,085	2,085
Receivables (c)	84,855	-	-	-	-
Shared equity investment	1,951	-	-	-	-
Contractual financial liabilities:					
Payables (c)	160,175	-	-	-	-
Right-of-use lease liability	10,989	-	-	-	-
Borrowings (b)	675,261	(188)	(188)	188	188
Total impact		(2,273)	(2,273)	2,273	2,273

Interest rate risk sensitivity					
	\$'000	DECREASE BY 100 BASIS POINTS		INCREASE BY 100 BASIS POINTS	
	CARRYING AMOUNT	COMPREHENSIVE RESULT	FAIR VALUE THROUGH OCI REVALUATION RESERVE	COMPREHENSIVE RESULT	FAIR VALUE THROUGH OCI REVALUATION RESERVE
2021					
Contractual financial assets:					
Cash and cash deposits (a)	227,457	(2,275)	(2,275)	2,275	2,275
Receivables (c)	12,211				
Shared equity investment	184	-	-	-	-
Contractual financial liabilities:					
Payables (c)	125,564	-	-	-	-
Right-of-use lease liability	12,964	-	-	-	-
Borrowings (b)	593,044	-	-	-	-
Total impact		(2,275)	(2,275)	2,275	2,275

Notes:

- Sensitivity of cash and cash equivalents to a one per cent movement in market interest rate. All interest bearing balances are short-term investments and subject to sensitivity: (\$208,508 million x .0.1 = \$2.08 million).
- Sensitivity-of borrowings to a 1% movement in market interest rate. Only the liabilities with a variable rate are subject to the sensitivity.
- The total amounts disclosed here exclude statutory amounts (for example, amounts owing from Victorian Government and taxes payable).

The tables that follow show the impact on Development Victoria’s net result and equity for each category of financial instrument held at the end of the reporting period, if the above movements were to occur.

Interest rate risk exposure of financial instruments					\$'000
2022	WEIGHTED AVERAGE INTEREST RATE %	TOTAL CARRYING AMOUNT PER BALANCE SHEET	FIXED INTEREST RATE	FLOATING INTEREST RATE	NON- INTEREST BEARING
Financial assets					
Cash and deposits	0.33%	208,508	-	208,508	-
Receivables (a)					
Trade receivables		54,027	-	-	54,027
Amounts receivable under development agreements		26,524	-	-	26,524
Other receivables		4,304	-	-	4,304
Shared equity investment		1,951	-	-	1,951
Total contractual financial assets		295,314	-	208,508	86,806
Financial liabilities					
Payables (b)					
Trade and other payables		160,175	-	-	160,175
Borrowings					
Right-of-use lease liability	2.51%	10,989	10,989	-	-
Loans from Treasury Corporation of Victoria	2.82%	675,261	656,421	18,840	-
Total contractual financial liabilities		846,425	667,410	18,840	160,175

Interest rate risk exposure of financial instruments					\$'000
2021	WEIGHTED AVERAGE INTEREST RATE %	TOTAL CARRYING AMOUNT PER BALANCE SHEET	FIXED INTEREST RATE	FLOATING INTEREST RATE	NON- INTEREST BEARING
Financial assets					
Cash and deposits	0.30%	227,457	-	227,457	-
Receivables (a)					
Trade receivables		5,025	-	-	5,025
Amounts receivable under development agreements		5,854	-	-	5,854
Other receivables		1,332			1,332
Shared equity investment		184	-	-	184
Total contractual financial assets		239,852	-	227,457	12,395
Financial liabilities					
Payables (b)					
Trade and other payables		125,564	-	-	125,564
Borrowings					
Right-of-use lease liability	2.13%	12,964	12,964	-	-
Loans from Treasury Corporation of Victoria	2.34%	593,044	593,044	-	-
Total contractual financial liabilities		731,572	606,008	-	125,564

- Notes:
- (a) The total amounts disclosed here exclude statutory amounts (for example, amounts owing from Victorian Government and taxes payable).
- (b) Maturity analysis is presented using the contractual undiscounted cash flows.

7.2 FAIR VALUE DETERMINATION

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of Development Victoria.

This section sets out information on how Development Victoria determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result; and
- property, plant and equipment.

In addition, the fair values of other assets and liabilities that are carried at amortised cost also need to be determined for disclosure purposes.

Development Victoria determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value estimation

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Development Victoria determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Development Victoria’s independent valuation agency.

7.2.1 FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND LIABILITIES

Development Victoria currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2022 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables
Receivables:	• Trade payables
• Sales of goods and services	• Other creditors
• Receivables	

Where the fair value of financial instruments is different from the carrying amounts, the following information has been included to disclose the difference:

Fair value of financial instruments measured at amortised cost				\$'000
	CARRYING AMOUNT 2022	FAIR VAUE 2022	CARRYING AMOUNT 2021	FAIR VAUE 2021
Financial liabilities				
Payables				
Loans from Treasury Corporation of Victoria	675,261	651,900	593,044	601,409

Financial assets and liabilities measured at fair value

Fair value measurement at the end of the reporting period using:				2022 \$'000
	CARRYING AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3
Shared equity investment	1,951	-	-	1,951
Total	1,951	-	-	1,951

Fair value measurement at the end of the reporting period using:				2021 \$'000
	CARRYING AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3
Shared equity investment	184	-	-	184
Total	184	-	-	184

7.3 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

Contingent assets

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

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

Quantifiable contingent assets	2022	2021
	\$'000	\$'000
Contingent assets		
Bank guarantees (a)	63,504	80,775
Total	63,504	80,775

Note:

(a) The bank guarantees provided to Development Victoria relate to stage development and performance securities.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; and
- present obligations that arise from past events but are not recognised because the amount of the obligations cannot be measured with sufficient reliability.

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

Non-quantifiable contingent liabilities are potential obligations that arise from:

- indemnities provided in relation to transactions, including financial arrangements and consultancy services; and
- performance guarantees, warranties, letters of comfort and deeds in respect of certain obligations.

Development Victoria is engaged in continuing litigation with tenants following the closure of Central Pier.

Quantifiable contingent liabilities	2022	2021
	\$'000	\$'000
Bank guarantees (a)	18,302	22,671
Total	18,302	22,671

Note:

(a) Bank guarantees have been issued by Development Victoria's bankers to municipalities and other government bodies for satisfactory performance of works undertaken by Development Victoria. If a body is not satisfied with Development Victoria's performance, it may claim against the relevant guarantee.

8. OTHER DISCLOSURES

INTRODUCTION

This section includes those additional disclosures required by accounting standards or otherwise that are material, for the understanding of this Financial Report.

Structure

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8.1 OTHER ECONOMIC FLOWS INCLUDED IN THE NET RESULT

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

	2022	2021
	\$'000	\$'000
Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property plant and equipment	17	-
Total net gain/ (loss) on non-financial assets (a)	17	-
Net gain/ (loss) on financial instruments		
Impairment of loans and receivables	-	(42)
Shared equity investment measured at fair value	124	-
Total net gain/(loss) on financial instruments	124	(42)
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	381	(53)
Total other gains/ (losses) from other economic flows (b)	381	(53)
Total	522	(95)

Notes:

- (a) Net gain/(loss) on disposal of non-financial assets is recognised at the date of disposal and is determined after deducting the proceeds from disposal from the carrying value of the asset at the time.
- (b) Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rate.

8.2 DIVIDENDS PAID

An obligation to pay a dividend only arises after a formal determination is made by the Treasurer of the State of Victoria following consultation between Development Victoria’s Board, the Minister for Transport Infrastructure and the Treasurer.

Paid And Declared	2022
	\$'000
Development Victoria paid 2020-2021 dividends on 27 October 2021, in accordance with direction from the Treasurer of the State of Victoria dated 22 September 2021.	8,800
Total dividends paid and declared	8,800
Development Victoria paid 2019-2020 dividends on 27 October 2021, in accordance with a consultation letter from the Treasurer of the State of Victoria dated 27 October 2020.	7,600
Total dividends paid	7,600
Total	16,400

Paid And Declared	2021
	\$'000
Development Victoria paid 2018-2019 dividends on 28 October 2020 and deferred 2019-2020 dividends to 28 October 2021, in accordance with a consultation letter from the Treasurer of the State of Victoria dated 27 October 2020.	8,900
Total dividends paid	8,900

8.3 SUBSIDIARIES

Development Victoria holds four wholly owned Australian subsidiary trusts for the purposes of property management activities in the normal course of business. Development Victoria holds all 10 units at a value of \$1 per unit, in each trust.

The consolidated financial statements of the Development Victoria Group include:

	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	2022	2021
Trust 1	Property management	Australia	100%	100%
Trust 2	Property management	Australia	100%	100%
Trust 3	Property management	Australia	100%	100%
Trust 4	Property management	Australia	100%	100%

In the current year, loans from Development Victoria to wholly owned subsidiaries totalled \$132.9 million (2021: \$107.7 million).

8.4 JOINT OPERATIONS

Development Victoria has one joint operation, which is considered material. Project details are:

Riverwalk – Werribee, Victoria

This 197 hectare site was previously the Werribee Treatment Plant. The land is owned by Melbourne Water, which has entered into a Partnering Deed with Development Victoria for Development Victoria to develop the land to deliver an estimated 2,260 residual lots at the completion of the project. Development Victoria is responsible for all development costs, and the profit share percentage between Development Victoria and Melbourne Water was agreed in the Partnering Deed. There is a Project Control Group with equal membership and voting rights for both Development Victoria and Melbourne Water.

8.5 RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

The persons who held the positions of Ministers, Accountable Officer and Board Directors in Development Victoria are as follows:

Name	Position	Relevant period (2021-2022)
The Hon. Jacinta Allan	Minister for Transport Infrastructure	1 July 2021 to 30 June 2022
The Hon. Martin Pakula	Minister for Business Precincts	1 July 2021 to 30 June 2022
James MacKenzie	Chairperson	1 July 2021 to 31 August 2021
James MacKenzie	Board member	1 September 2021 to 30 April 2022
Megan Haas	Chairperson	1 September 2021 to 30 June 2022
Megan Haas	Board member	1 July 2021 to 31 August 2021
Graeme Parton	Deputy Chairperson	1 July 2021 to 30 June 2022
Natalie MacDonald	Board member	1 July 2021 to 30 June 2022
Lou Farinotti	Board member	1 July 2021 to 30 June 2022
Jacqui Walters	Board member	1 July 2021 to 30 June 2022
James Flintoft	Board member	1 July 2021 to 30 June 2022
Sonya Miller	Board member	1 July 2021 to 30 June 2022
Angela Skandarajah	Chief Executive Officer (Accountable Officer)	1 July 2021 to 30 June 2022

On 31 August 2021, Megan Haas was appointed Chairperson of Development Victoria’s Board and acts as signatory to these financial statements and associated attestations.

8.6 REMUNERATION

Remuneration received or receivable by the Accountable Officer in connection with the management of Development Victoria during the 12-month reporting period is listed below. The CEO’s remuneration was in the range: \$490,000 – \$499,000 for the reporting period (2021: \$480,000 – \$489,000).

During this financial period Development Victoria has paid insurance premiums in respect of directors and officers liability insurance for the Directors and Officers of Development Victoria.

8.6.1 REMUNERATION OF RESPONSIBLE PERSONS

Remuneration received or receivable by the responsible officers, excluding the Accountable Officer and Ministers, during the reporting period was in the range:

	2022	2021
\$0	1	-
\$20,000 – \$29,999	-	1
\$30,000 – \$39,999	-	1
\$40,000 – \$49,999	6	5
\$90,000 – \$99,999	1	-
\$100,000 – \$119,999	-	1
Total number of responsible persons	8	8

Total remuneration (\$'000)	352	383
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Remuneration of the relevant Minister is included in the financial statements of the state’s annual financial report.

8.6.2 REMUNERATION OF EXECUTIVES

The total remuneration of executive officers, other than the CEO, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full-time equivalent executive officers over the reporting period.

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

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

Post-employment benefits include superannuation entitlements, pensions, post-employment life insurance, post-employment health care and other retirement benefits paid or payable on a discrete basis when employment has ceased.

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

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

Remuneration of Executive Officers	2022	2021
	\$'000	\$'000
Short-term employee benefits	10,824	9,888
Post-employment benefits	1,138	975
Other long-term benefits	177	177
Termination benefits	60	213
Total remuneration (a)	12,199	11,253
Total number of executives	51	47
Total annualised employee equivalent (AEE) (b)	50.00	46.50

Notes:

- (a)The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Development Victoria under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (refer to Note 8.7).
- (b)Annualised employee equivalent (AAE) is based on the time fraction worked over the reporting period.

8.7 RELATED PARTIES

Development Victoria is a wholly owned and controlled entity of the State of Victoria.

Related parties of Development Victoria include:

- all key Management personnel and their close family members and personal business interests;
- all Cabinet Ministers and their close family members; and
- all Departments and Public Sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm’s length basis.

Significant transactions with government-related entities

During the financial period, the following aggregate transactions were undertaken and balances held with other Victorian Government-controlled entities. These transactions were undertaken in the ordinary course of operations.

Government-related entities	Nature of transaction	2022 \$'000	2021 \$'000
Receipt			
Department of Environment, Land Water and Planning	Project cost recovery	693	216
Department of Health	Project cost recovery	-	110
Department of Jobs, Precincts and Regions	Capital provided towards civic infrastructure projects	52,731	36,559
Department of Jobs, Precincts and Regions	Cost reimbursements for staff secondments	-	375
Department of Jobs, Precincts and Regions	Project cost recovery	65,775	35,452
Department of Transport	Project cost recovery	844	1,643
Department of Transport	Rent relief recovery	-	6,186
Department of Transport	Rental revenue	-	211
Department of Transport	Capital provided towards civic infrastructure projects	2,780	-
Department of Treasury and Finance	Sale of property	-	123,830
Docklands Studio Melbourne Pty Ltd	Capital provided towards civic infrastructure projects	7,017	40,002
Greater Western Water	Project cost recovery	162	-
Melbourne and Olympic Parks Trust	Capital provided towards civic infrastructure projects	14,557	74,814
Melbourne and Olympic Parks Trust	Project cost recovery	396	-
Melbourne Sports Centres	Project cost recovery	500	-
Museums Victoria	Project cost recovery	1,054	-
Royal Botanic Gardens Victoria	Project cost recovery	360	-
State Sport Centres Trust	Capital provided towards civic infrastructure projects	46,704	23,996
Suburban Rail Loop Authority	Cost reimbursements for staff secondments	-	282
Tennis Australia Limited	Project cost recovery	413	-
The Trustee for Geelong Performing Arts Centre Trust	Capital provided towards civic infrastructure projects	71,282	24,994
Victorian Planning Authority (VPA)	Project cost recovery	540	-
Zoos Victoria	Capital provided towards civic infrastructure projects	2,327	-

Government-related entities	Nature of transaction	2022 \$'000	2021 \$'000
Payments			
Central Highlands Region Water Corporation	Project costs	176	-
City West Water	Authority fees	-	878
Cladding Safety Victoria	Ex gratia	-	1,000
Coliban Region Water Corporation	Project costs	132	-
Council of Trustees of The National Gallery Of Victoria	Project costs	594	-
Department of Education and Training	Project costs	1,352	-
Department of Environment, Land Water and Planning	Authority fees	-	126
Department of Environment, Land Water and Planning	Land valuations	856	738
Department of Environment, Land Water and Planning	Project costs	111	289
Department of Jobs, Precincts and Regions	Client expenses	841	152
Department of Jobs, Precincts and Regions	Project cost recovery	503	300
Department of Transport	Project costs	2,947	1,103
Department of Treasury and Finance	Property purchase deposit	-	6,560
Department of Treasury and Finance	Property purchase	65,600	-
Department of Treasury and Finance	Dividends	8,800	8,900
Department of Treasury and Finance	Financial accommodation levy	4,989	5,469
Department of Treasury and Finance	Land tax assessment	8,440	9,803
Department of Treasury and Finance	Local government rate related charges and other charges	871	953
Department of Treasury and Finance	Project costs	20,195	-
Department of Treasury and Finance	Shared equity investment	1,641	-
Department of Treasury and Finance	Statutory payment	1,912	-
Great Western Water	Authority fees	659	-
Melbourne Convention & Ehibition Trust	Project costs	370	-
Melbourne and Olympic Parks Trust	Project costs	940	532
Melbourne Water Corporation	Revenue share from development agreements	4	29
Melbourne Water Corporation	Authority contribution	691	309
South East Water Corporation	Authority fees	338	-
State Library of Victoria	Client expenses	-	154
State Library of Victoria	Project costs	-	1,563
State Sport Centres Trust	Project costs	1,342	916
Victorian Building Authority	Auhtority fee	120	-
Victorian Managed Insurance Authority	Insurances	1,428	1,325
Victorian Planning Authority	Authority contribution	246	205
Other			
Treasury Corporation of Victoria	Borrowings	675,261	593,044

The Department of Treasury and Finance guarantees Development Victoria’s Treasury Corporation of Victoria borrowings detailed in Note 8.11.

Details of transactions between Development Victoria and its wholly owned subsidiaries are detailed in Note 8.3.

Development Victoria delivers major project development and delivery services to clients within the Victorian State Government. This service may involve the delivery of projects end to end on behalf of a client department or client Minister, and typically includes the development of a project business case to support a funding request by the client department through to project delivery. All work is completed on a fee-for-service basis, with only consultancy fees associated with projects recognised as revenue. Although Development Victoria administers project budgets on behalf of clients, the budget risk remains with the client agency.

Key Management Personnel of Development Victoria include the named Responsible Persons members of Development Victoria’s Board, the Chief Executive Officer as disclosed in Note 8.5, and members of the Senior Executive Team, which includes:

Key Management Personnel	Position title	2021-2022
Geoff Ward	Group Head Precincts	1 July 2021 to 30 June 2022
Manny Bikakis	Group Head Strategy	1 July 2021 to 29 April 2022
Andre van Baalen	CFO and Group Head Operations	1 July 2021 to 30 June 2022
Hannah Clement	Group Head – Civic Infrastructure	1 July 2021 to 30 June 2022
Julie Browning	Executive Director Corporate Affairs and Engagement	1 July 2021 to 30 June 2022
Caroline Monzon	Executive Director People and Culture	1 July 2021 to 30 June 2022
Penelope Forrest	Group Head Property Development	1 July 2021 to 30 June 2022
Bernard Stute	Executive Director Legal, Risk and Compliance	1 July 2021 to 3 May 2022
Bernard Stute	Interim Group Head, Legal & Advisory	4 May 2022 to 30 June 2022

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receives. The Minister’s remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and are reported within the State’s Annual Financial Report.

	2022	2021
Compensation of Key Management Personnel	\$'000	\$'000
Shortterm employee benefits	3,127	3,075
Post-employment benefits	270	258
Other long-term benefits	282	59
Total compensation (a)	3,679	3,392

Note:

(a) KMPs (excluding the CEO) are also reported in the Disclosure of ‘Remuneration of executive officers’ (Note 8.6.2).

Transactions and balances with key management personnel and other related parties

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

Development Victoria has prepared the related party disclosures for the year based on reasonable enquiries made by management in relation to the Portfolio Ministers and their related parties and the information available to the organisation.

Outside the normal citizen type transactions with Development Victoria, there were no related party transactions that involved Key Management Personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

The following Board Directors were employees of Victorian Government departments during the reporting period:

- **Ms Megan Haas:** Suburban Rail Loop Authority Advisory Board Member until 30 November 2021.
- **Mr James Flintoft:** Non-Executive Director Transport Accident Commission.
- **Ms Natalie MacDonald:** Chief Executive Officer Country Fire Authority.
- **Mr James MacKenzie:** Chairman of Victorian Funds Management Corporation (VFMC), Chair of the Suburban Rail Loop Authority, Melbourne Cricket Ground Trust Member, Chairperson of the Federation Square Trust and Chairperson of the Melbourne Arts Precinct Corporation.

8.8 REMUNERATION OF AUDITORS

	2022 \$'000	2021 \$'000
Remuneration of the Victorian Auditor-General's Office for:		
Audit of the financial statements	145	145
Total remuneration of Victorian Auditor-General's Office	145	145

8.9 SUBSEQUENT EVENTS

Management has evaluated up to the date of 14 September 2022 and no subsequent events have been identified.

8.10 EX GRATIA EXPENSES

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (for example, a write-off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

	2022 \$'000	2021 \$'000
Voluntary cladding rectification contribution to Cladding Safety Victoria	-	1,000
Total ex gratia expenses (a)	-	1,000

Note:

(a) The total for ex gratia expenses is also presented in 'Operating expenses' of Note 3.5.

8.11 DEED OF SUPPORT

In fulfilling its objectives, Development Victoria executes development agreements from time to time and requires funding in order to carry out its rights and obligations under those development agreements.

Development Victoria also requires funding from time to time to meet other costs incurred in carrying out the functions under the *Development Victoria Act 2003*.

The Treasurer of the State of Victoria has provided a Deed of Support in favour of Development Victoria in respect of the loans for the Docklands project from Treasury Corporation of Victoria. In the event of delayed receipts from developers or other prescribed events of support, the Treasurer will provide appropriate financial support to Development Victoria to avoid Development Victoria's default under its Treasury Corporation Victoria borrowing obligations.

TCV's loans to Development Victoria in respect of the General Fund have the benefit of a guarantee from the Government of Victoria under section 13(2) of the *Borrowing and Investment Powers Act 1987*.

8.12 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Development Victoria has assessed future accounting pronouncements issued but not effective for 2021-2022 and has assessed there to be no material impact.

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

DECLARATION IN THE FINANCIAL STATEMENTS

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and financial position of Development Victoria at 30 June 2022.

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

We authorise the attachments statements for issue on 14th September 2022.

Megan Haas
Chairperson

Angela Skandarajah
Chief Executive Officer

André van Baalen
Group Head, Operations

Independent Auditor’s Report

VAGO

Victorian Auditor-General’s Office

To the Board of Development Victoria

Opinion	<p>I have audited the consolidated financial report of Development Victoria (the authority) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none">consolidated balance sheet as at 30 June 2022consolidated comprehensive operating statement for the year then endedconsolidated statement of changes in equity for the year then endedconsolidated cash flow statement for the year then endednotes to the financial statements, including significant accounting policiesdeclaration in the financial statements. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the authority as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor’s Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other information	<p>The Board of the authority is responsible for the other information, which comprises the information in the authority’s annual report for the year ended 30 June 2022, but does not include the financial report and my auditor’s report thereon.</p> <p>My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion on the other information. However, in connection with my audit of the financial report, my responsibility is to read the other information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the other information, I am required to report that fact. I have nothing to report in this regard.</p>

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Board’s responsibilities for the financial report	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority and the consolidated entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
Auditor’s responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none">identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority and the consolidated entity’s internal controlevaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Boardconclude on the appropriateness of Board’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority and the consolidated entity’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the authority and the consolidated entity to cease to continue as a going concern.

**Auditor's
responsibilities
for the audit
of the financial
report
(Continued)**

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the authority and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the authority and the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
28 September 2022



Simone Bohan
as delegate for the Auditor-General of Victoria



Disclosure index

Development Victoria’s annual report is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of Development Victoria’s compliance with statutory disclosure requirements.

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Back cover image: Kia Arena

With the exception of the Development Victoria financial statements and additional reporting requirements, the information contained in this document is based on material and information collated by Development Victoria, its employees and consultants and from publicly available information.

Any interested party (including developers and their advisers) must make its own independent assessment and investigations and should not rely on the significance, adequacy or accuracy of this information.

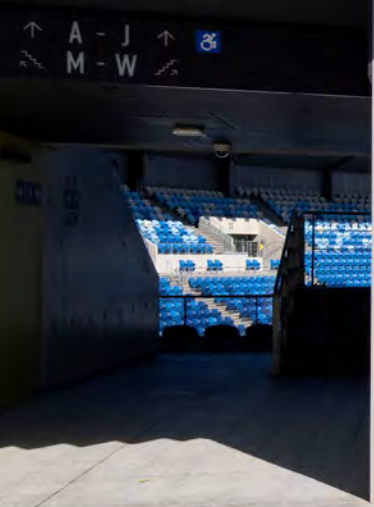
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No investment opportunity or other matter referred to in this document in relation to the projects of Development Victoria considers the specific objectives, situation or needs of any other person and accordingly this report is not, and is not intended to be, advice on legal, financial, taxation or investment matters relating to any opportunities with Development Victoria.



KIA
ARENA