

DEVELOPMENT VICTORIA ANNUAL REPORT 2020-21



↑
CONCIERGE
CONSERVATORY
CATOBEEN
BUILDING
OFFICE ENTRY
♿ ♿ ♿

←
TRAINING ROOMS
G.02 - G.10

GOV HUB



Acknowledgement of Country

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

As we reflect on the challenges of the past year, we are proud to acknowledge the significant efforts of the Development Victoria team in achieving great outcomes for the people of Victoria and our state.

Like the rest of the world we have felt first-hand the impacts of a global pandemic. We transitioned to working from home and pleasingly, our projects continued to progress, within the context of restrictions and additional health and safety requirements.

In the face of complex challenges, we delivered in the spirit of our values and met our targets across the portfolio of civic, precinct and property projects. This holds us in good stead for the future, with our dual focus in the year ahead of delivering against the current portfolio and building our future pipeline.

Our responsible Minister the Hon Jacinta Allan and the move, through machinery of government changes, to the Department of Transport gave us the chance to integrate our work more closely with Victoria's key transport hubs. This will be a key focus of our ongoing strategy, including building homes close to transport, jobs and services.

As the Victorian Government's property developer, we are committed to providing more homes to moderate and low income earning Victorians, with a target of 25% across the total property portfolio. In the past year, we achieved this target and helped moderate-income earners into new homes through shared equity and priority access, in places like Altona, Officer and Epping. Development Victoria is also committed to first home ownership with over 50% of sales going to first home buyers in the past year.

Our projects continue to support the retention and creation of development and construction sector jobs – even more critical in the wake of the pandemic. This includes transformational civic works such as the \$1.46 billion investment in the Melbourne Arts Precinct and the \$130 million redevelopment and expansion of the State Basketball Centre.

We have achieved major milestones across our projects this year, including practical completion of Ballarat GovHub and the State Netball and Hockey Centre. We marked ten years of the Melbourne Park redevelopment, securing the site's immediate future as the home of the Australian Open. We also saw continued planning and delivery progress at Bendigo GovHub, Docklands Film Studios and Geelong Arts Centre.

Precincts have continued to evolve, including the significant investment in the economic future at the former General Motors Holden site at Fishermans Bend. Central Dandenong also received a boost this year, with \$600 million private sector investment to develop the area adjacent to the Dandenong transport hub.

We are proud of building a diverse and inclusive workforce, achieving gender parity across the business. We have been well recognised for this and are proud winners in this category at both the UDIA Victorian and National Awards for Excellence 2020.

Our commitment to sustainability remains strong, with two standout achievements. Fitzroy Gasworks (Master Plan) was awarded a 6-Star Green Star Communities certified rating and our corporate operations were certified Carbon Neutral by the Australian Government's Climate Active initiative. We are committed to being a leader in reducing carbon emissions and meeting the goals of the Victorian Government's Climate Change Act 2017.

We thank the Minister for Transport Infrastructure, Jacinta Allan and the Minister for Business Precincts, Martin Pakula for their support during this time.

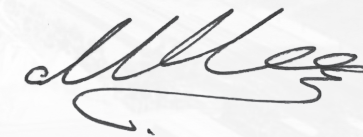
We also thank and acknowledge the Development Victoria Board members for their strategic insights and ongoing commitment.

Thank you to the team at Development Victoria – your passion, collaboration and resilience are critical to us achieving great things for Victorians and our state.

While the many challenges of the past year remain, we are excited and buoyed by the year ahead and the opportunity to deliver positive outcomes for Victoria.



Angela Skandarajah
Chief Executive Officer
14 September 2021



Megan Haas
Chairperson
14 September 2021

ABOUT DEVELOPMENT VICTORIA

Development Victoria was established in April 2017 and is governed by the *Development Victoria Act 2003*. Development Victoria also has powers under the *Docklands Act 1991*.

OUR MISSION

To deliver government policy through affordable and sustainable property development and capital works projects to achieve social and economic outcomes for the Victorian community.

OUR VISION

Making Victoria a great place to live.

OUR VALUES

<p>COLLABORATE</p>  <p>WE ARE STRONGER AS A TEAM WE EMBRACE PARTNERSHIPS WE ARE PASSIONATE</p>	<p>INNOVATE</p>  <p>WE FIND NEW WAYS WE STRIVE TO BE BETTER WE ARE EMPOWERED TO GROW AND ADAPT</p>	<p>DELIVER</p>  <p>WE FIND COMPLETE SOLUTIONS WE ADD VALUE WE ARE ALL ACCOUNTABLE</p>
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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.

1	2	3	4	5
Housing	Economic development	Urban renewal	Value creation and capture	Social and economic infrastructure
				
Promoting and delivering housing diversity and affordable housing	Delivering projects to drive economic development	Planning and developing strategic urban renewal precincts	Pursuing value capture and creation opportunities	Delivering social and economic infrastructure

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*.

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 DIRECTIVES

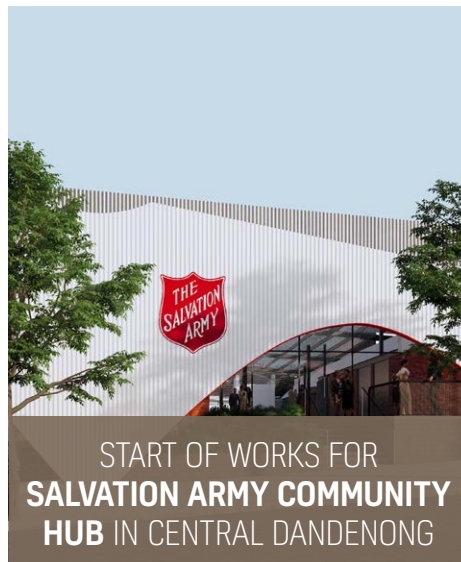
One of the key purposes of Development Victoria under the *Development Victoria Act 2003* is to undertake new declared projects, and complete existing declared projects.

The following projects are declared projects which were, or are currently being, completed by Development Victoria as at 30 June 2021:

- Ballarat West Employment Zone Development
- Commonwealth Games Village Project
- Geelong Arts Centre Redevelopment – Stage 2
- Geelong Arts Centre Redevelopment – Stage 3
- Kew Residential Services Redevelopment
- Melbourne Park Redevelopment
- Revitalising Central Dandenong
- State Basketball Centre Redevelopment
- State Netball and Hockey Centre 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



START OF WORKS FOR
**SALVATION ARMY COMMUNITY
HUB** IN CENTRAL DANDENONG



KNOXFIELD PROJECT SELECTED
FOR **GREEN BUILDING COUNCIL
OF AUSTRALIA** FUTURE HOMES
PILOT PROGRAM



OUR OPERATIONS CERTIFIED
CARBON NEUTRAL BY
AUSTRALIAN GOVERNMENT
CLIMATE ACTIVE INITIATIVE



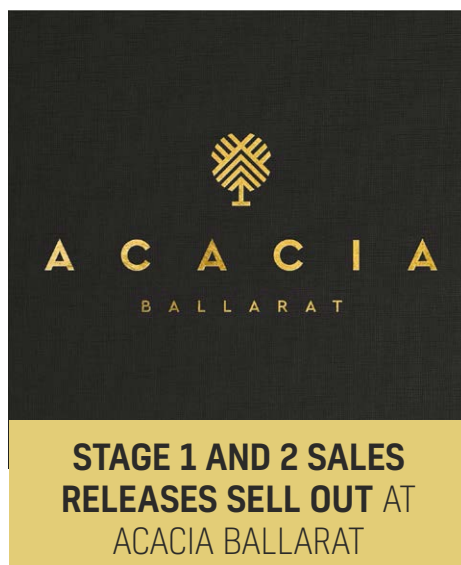
BALLARAT GOVHUB
DOORS OPEN



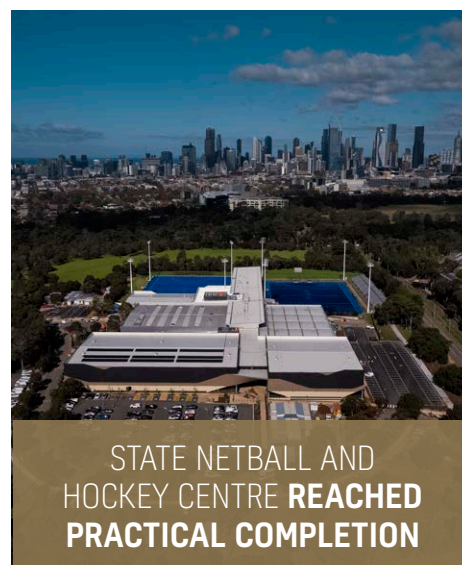
**10-YEAR ANNIVERSARY
OF MELBOURNE PARK
REDEVELOPMENT**



SHARED EQUITY HELPED 17
FIRST-HOME BUYERS AT ALFIE
ALTONA NORTH



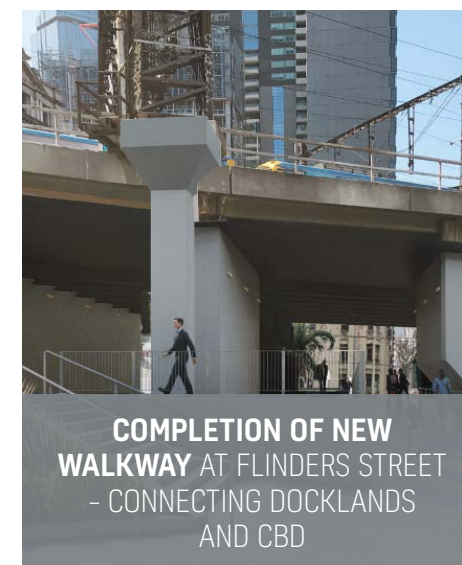
**STAGE 1 AND 2 SALES
RELEASES SELL OUT AT
ACACIA BALLARAT**



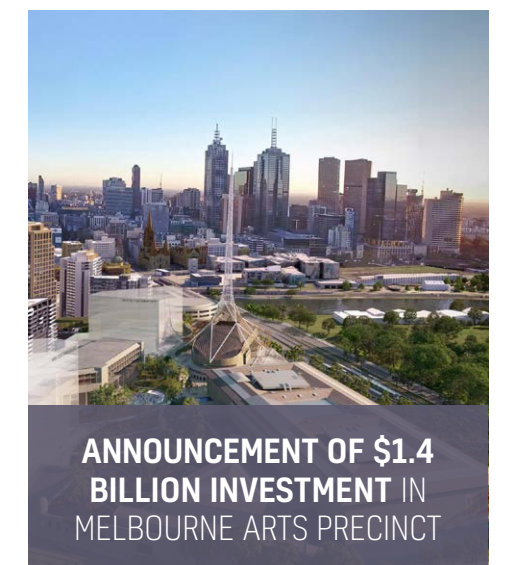
STATE NETBALL AND
HOCKEY CENTRE **REACHED
PRACTICAL COMPLETION**



**WINNERS OF LEADERS IN
DIVERSITY AWARD** AT UDIA
VICTORIAN AND NATIONAL
AWARDS FOR EXCELLENCE 2020



**COMPLETION OF NEW
WALKWAY** AT FLINDERS STREET
- CONNECTING DOCKLANDS
AND CBD



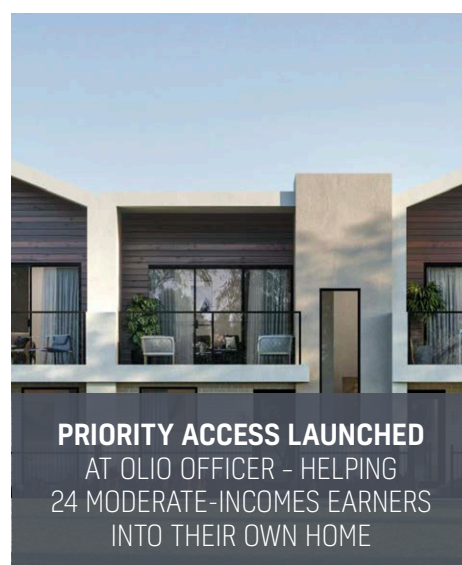
**ANNOUNCEMENT OF \$1.4
BILLION INVESTMENT** IN
MELBOURNE ARTS PRECINCT



'GOLD SKILLED WORKPLACE'
ACCREDITATION AWARDED BY
MENTAL HEALTH FIRST AID AUSTRALIA



POLY AUSTRALIA'S 1000 LA
TROBE STREET DEVELOPMENT AND
MIRVAC'S VOYAGER IN YARRA'S
EDGE **TOPPED OUT**



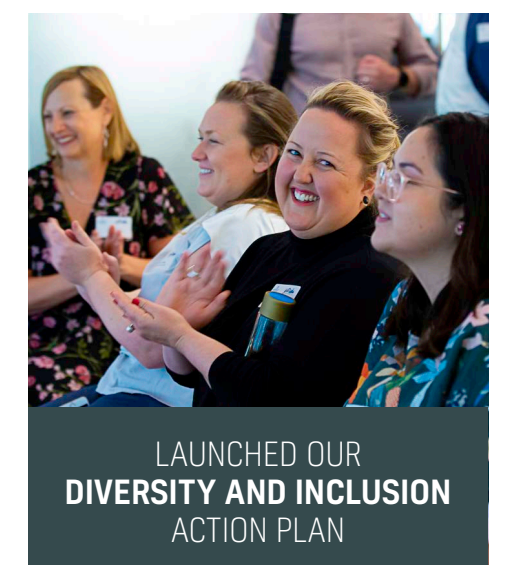
PRIORITY ACCESS LAUNCHED
AT OLIVO OFFICER - HELPING
24 MODERATE-INCOMES EARNERS
INTO THEIR OWN HOME



**CAPITAL ALLIANCE INVESTMENT
GROUP APPOINTED** TO DELIVER
NEXT STAGE OF REVITALISING
CENTRAL DANDENONG



**OVER 100,000 ARTEFACTS
FOUND** AT BENDIGO GOVHUB SITE
- LARGEST ARCHAEOLOGICAL DIG
IN REGIONAL VICTORIA



**LAUNCHED OUR
DIVERSITY AND INCLUSION
ACTION PLAN**

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 sqm Sound Stage 6 at Docklands Studios Melbourne will increase the capacity of Docklands Studios Melbourne by 60% and help to attract large scale international productions.

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

Construction of Sound Stage 6 is expected to be completed by late 2021. The five existing sound stages remain operational while the project is under way.

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 projects.

POLICY OBJECTIVE

Social and economic infrastructure

2020-21 KEY ACHIEVEMENTS

- Appointment of Principal Contractor in October 2020
- Commencement of construction works in October 2020
- Completion of design in May 2021

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 it to 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 additional \$6.8 million 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

2020-21 KEY ACHIEVEMENTS

- Appointment of Managing Contractor in August 2020
- Commencement of early works in September 2020
- Commencement of basement works in March 2021
- Completion of building demolition in April 2021

MELBOURNE ARTS PRECINCT



Development Victoria is delivering the transformation of the Melbourne Arts Precinct, Australia's largest cultural infrastructure project, on behalf of Melbourne Arts Precinct Corporation.

The project includes the new NGV Contemporary, redevelopment of Arts Centre Melbourne, creation of a new creative hub at 1 City Road and development of new public open space.

NGV Contemporary is set to be Australia's new home for contemporary art and design with 10,000 sqm of exhibition space, making it the largest museum of contemporary art and design in Australia.

The existing theatre equipment system in the State Theatre at Arts Centre Melbourne has been replaced as part of this project, to improve safety and performance levels and to undertake the necessary building works to support theatre equipment changes.

Melbourne Arts Precinct received \$1.4 billion funding in the Victorian Budget 2021/22.

PROJECT OBJECTIVE

Contribute to the enrichment of the cultural, educational, social, and economic life of the people of Victoria. This investment will also deliver increased visitation and tourism, enhancing Victoria's reputation and generating economic benefits.

Amplify Melbourne's leadership position as a global centre of architectural excellence, art, design, and creative innovation as part of the reimagined Melbourne Arts Precinct.

POLICY OBJECTIVE

Social and economic infrastructure

2020-21 KEY ACHIEVEMENTS

- Preliminary master plan and Public Realm 50% schematic design
- State Theatre Flying System project achieved practical completion
- NGV Contemporary Design Competition launched and shortlist to proceed to design competition stage selected

MELBOURNE PARK REDEVELOPMENT - STAGE 3



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

Stage 3 includes a function and media centre, a new multi-purpose show court and a central logistics hub. Stage 3 is expected to be completed in 2023.

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 OBJECTIVES

Social and economic infrastructure

2020-21 KEY ACHIEVEMENTS

- Completion of the installation of the show court arena bowl and roof structure in December 2020
- Preparation and handover of significant areas of the construction site for the Australian Open 2021, including additional egress and access points to facilitate a COVIDSafe event
- Substantial completion of major components of Stage 3, including CENTREPIECE and Show Court Arena

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.

STATE BASKETBALL CENTRE



The \$130 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

2020-21 KEY ACHIEVEMENTS

- Selection of Head Contractor for design and construction works
- Completion of schematic design
- Commencement of works on site
- Completion of Project Declaration
- Submission of planning application

STATE NETBALL HOCKEY CENTRE REDEVELOPMENT



This \$64.6 million redevelopment project is part of the Victorian Government's record investment in women's sport.

The upgrade will provide six new indoor netball courts, a new indoor hockey facility, a high-performance strength and conditioning gym, and establish the Women in Sport Leadership Centre at Parkville.

PROJECT OBJECTIVE

Ensure the State Netball Hockey Centre (SNHC) is the premier venue for netball and hockey in Australia, with improved user experience and performance for grassroots and elite athletes, in line with the Victorian Government's focus on increasing female participation in sport.

POLICY OBJECTIVE

Social and economic infrastructure

2020-21 KEY ACHIEVEMENTS

- Continued delivery of construction works through COVID-19 restrictions
- Completion of design development
- Early handover of Hockey Pitch 2
- Project achieved practical completion in June 2021

DOCKLANDS



Docklands is one of the largest government-led urban renewal projects in Australia. The precinct is home to more than 13,000 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 OBJECTIVE

Urban renewal

2020-21 KEY ACHIEVEMENTS

- Completion of construction of Docklands Primary School, which opened for students from Prep to Year 6 in Term 1 of 2021
- Capital Alliance completed Marriott Hotel and Docklands Residences at Waterfront Way, with 200 hotel rooms and 88 private apartments
- Ashe Morgan secured a planning permit and entered into agreement with Nesuto Australia Pty Ltd for development of a 211-room serviced apartment building in Waterfront City
- Wharf repairs undertaken at North Wharf in Victoria Harbour precinct, to allow the wharf to remain operational for maritime users
- Lendlease completed construction of Melbourne Quarter East Tower, comprising 719 residential units and exclusive residential amenities at Club MQ

- Lendlease completed construction of Two Melbourne Quarter, providing 35,000 sqm of A-grade commercial office space. With a strong sustainability focus in the building, Two Melbourne Quarter is home to Energy Australia and provides a diversity of agile, collaborative workspaces
- Topping out ceremony for Mirvac's Voyager in Yarra's Edge. At 43 levels and 130 m, Voyager is Mirvac's tallest tower in Docklands
- Topping out of Poly Australia's 1000 La Trobe Street development, which will complete the northern La Trobe Street frontage
- Development Victoria completed base-build works on historic Shed 21 in Bolte Precinct West, including resurfacing, service connections and feature lighting. The works prepared the site for activation as a key community facility to support the growing community in Docklands and Fishermans Bend
- Development Victoria completed construction of a walkway at Flinders Street, linking Melbourne Quarter with the CBD. As one of only four pedestrian links between Docklands and the CBD, the walkway is a critical gateway benefitting residents of Melbourne Quarter and the broader community

GENERAL MOTORS HOLDEN,
FISHERMANS BEND



The Fishermans Bend Innovation Precinct will be established on the 32 ha 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 to 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 OBJECTIVE

Urban renewal, economic development

2020-21 KEY ACHIEVEMENTS

- Conducted a comprehensive review of the engineering, services, built form, open spaces, remediation, and financial opportunities associated with the site, in collaboration with the Department of Jobs, Precincts and Regions and the Fishermans Bend Taskforce
- Development Victoria delivered a comprehensive Site Development Framework to guide the progressive delivery of the Innovation Precinct focusing on the buildings, open spaces, streets, and supporting infrastructure required
- Development Victoria managed the delivery of construction works to establish a helicopter gearbox Maintenance, Repair and Overhaul Facility at the Innovation Precinct for Leonardo Helicopters. Due for completion in July 2021, the facility will become the only site in the Southern Hemisphere with a sophisticated aeronautical gearbox dynamic engineering maintenance capability

JUNCTION PLACE,
WODONGA



Junction Place, Wodonga is regional Australia's largest urban renewal project. It is a 15-20-year project, which will double the size of the city's central business district by revitalising the former historic railway station and rail yards in central Wodonga.

PROJECT OBJECTIVE

Raise the profile of Wodonga and position the city as a destination of choice to live, work and visit, accommodate population growth, enhance economic growth and development, attract private investment, and create employment.

POLICY OBJECTIVES

Urban renewal, economic development

2020-21 KEY ACHIEVEMENTS

- The developer, Central Place Pty Ltd, commenced construction of townhouses in September 2020
- Tender process commenced in October 2020 for development of Precinct 5 site
- Central Place Pty Ltd commenced a master plan review process (in collaboration with Development Victoria and the City of Wodonga) in late 2020, to address economic impacts of the COVID-19 pandemic and respond to regional development trends and market interests. The final master plan was submitted for approval in June 2021

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

2020-21 KEY ACHIEVEMENTS

- Development Agreement with Capital Alliance Investment Group executed in December 2020, for a mixed-use development across a two-hectare site adjacent to the Dandenong transport hub. The project will be delivered in stages over 15-20 years, attract \$600 million in private investment during construction, sustain 2,600 construction jobs during the build and create 5,000 ongoing jobs in the region after completion
- Commencement of construction of Salvation Army \$13.5 million community hub development in June 2021, to deliver community spaces, a place of worship, and retail and office space, and sustain 200 jobs during construction
- Sale of Harmony Square and Precinct Energy Plant site to City of Greater Dandenong
- Acquisition of 2 Mason Street from City of Greater 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 with diverse housing options including social and affordable, a senior high school, sports centre and public open spaces.

The Department of Education and Training and Victorian School Building Authority are delivering a senior high school adjacent to Development Victoria's future residential and mixed-use development.

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 OBJECTIVE**
- Housing, urban renewal, social and economic infrastructure
- 2020-21 KEY ACHIEVEMENTS**
- Significant work completed on the development plan, with background reports finalised in April 2021 and development plan submitted to the Responsible Authority in mid-2021
 - Site remediation and preliminary development works by Department of Treasury and Finance significantly progressed
 - Business case for multi-purpose sports centre prepared and funded in the Victorian Budget 2021/22. This \$54 million investment will deliver four indoor courts, a rooftop court, and a gym
 - School construction commenced July 2020 by Victorian School Building Authority and topped out in June 2021
 - Affordable Build-to-Rent on site pilot endorsed by Development Victoria Board
 - Fitzroy Gasworks Master Plan awarded 6-Star Green Star Communities certified rating

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, ALTONA NORTH



The Alfie residential project at Altona North is delivering 127 new homes in Melbourne's west, with at least 10% offered as affordable housing through the HomesVic Shared Equity scheme to eligible purchasers.

The project will include a linear park in the centre of the site and a diverse range of housing options in both two and three storey form.

PROJECT OBJECTIVE

Deliver diverse and affordable housing for a growing community.

POLICY OBJECTIVES

Housing, urban renewal

2020-21 KEY ACHIEVEMENTS

- Sale of all homes in Stages 1 and 2
- Completion of first settlements in Stage 1
- Appointment of Melbourne-based builder Creation Homes, and commencement of Stage 2 housing construction
- Sale of 17 houses to eligible applicants under the HomesVic Shared Equity Initiative
- Launch of Stage 3 homes to the market

AURORA



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

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 four strategic sites - two medium-density sites adjacent to the Northern Town Centre, the Southern Town Centre site, and an employment area adjacent to the Hume Freeway - which 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

2020-21 KEY ACHIEVEMENTS

- Planning approval secured for subdivision and construction of 89 townhouse development on a site adjacent to the Northern Town Centre
- Development Agreements executed with builder partners, Metricon Town Living and SOHO Living, for delivery of townhouses under a split contract model
- Launch of Habitas Aurora marketing program and opening of the Sales Office in preparation of sales release for the 89 townhouses
- Contract awarded for construction of Edgars Road, providing a valuable connection for the existing Aurora community to the upgraded O'Herns 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.

PROJECT OBJECTIVE

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

POLICY OBJECTIVE

Economic development

2020-21 KEY ACHIEVEMENTS

- Practical completion achieved in April 2021
- Ballarat GovHub officially opened in April 2021
- Tenants commenced moving into the premises
- The new VicRoads Customer Service Centre opened to the public

BENDIGO GOVHUB



The Bendigo GovHub project 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.

The GovHub 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

2020-21 KEY ACHIEVEMENTS

- Dja Dja Wurrung Clans Aboriginal Corporation conducted a smoking ceremony prior to the commencement of demolition of the existing Council building
- Procurement of a local contractor for early works package and commencement of works
- Commencement and completion of the largest archaeological dig in Regional Victoria, with over 100,000 artefacts found
- Engagement of Icon Fairbrother as Head Contractor, with the updated Social Procurement Framework used in the appointment of the joint venture between Icon and Bendigo-based builder Fairbrother

BALLARAT WEST EMPLOYMENT ZONE



The Ballarat West Employment Zone (BWEZ) is a staged development of around 440 ha of surplus Crown land in Ballarat West, to meet Ballarat’s need for large-scale industrial sites and to attract employment generating businesses to drive economic growth in the region.

BWEZ is a high-quality and high-profile industrial and commercial precinct, offering fully serviced and high exposure lots, quality infrastructure and the opportunity to capitalise on access to road, rail and Ballarat Airport. It includes the Ballarat Intermodal Freight Hub Precinct, comprising development and operation of a proposed freight terminal, together with the sale and lease of up to 18 ha of land. BWEZ is strategically located within the freight network linking Melbourne, regional and rural Victoria, Adelaide and the Ports of Melbourne, Geelong and Portland.

Approximately 19 ha of land is being developed for Acacia, a low-density residential development comprising 92 lots with a minimum lot size of 2,000 sqm.

PROJECT OBJECTIVE

Drive economic development and deliver diverse and affordable housing for a growing community.

POLICY OBJECTIVES

Economic development, housing

2020-21 KEY ACHIEVEMENTS

- Sale of all lots in Stage 1 and 2 of Acacia residential development
- All industrial/commercial land in Stages 1 and 1B sold or under negotiation
- EOI process conducted for the proposed Stage 2 in November 2020. This stage offers approximately 50 ha of further industrial land, some of which provides potential for direct airport access. Development Victoria is undertaking negotiation with the successful respondents, which will inform the next stage of the subdivision design
- The concept design for the Ballarat Intermodal Freight terminal was completed in June 2021

CAIRNLEA



Development Victoria is leading the development of the final stage of Cairnlea – a 41 ha 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 complimented by a variety of neighbourhood services.

POLICY OBJECTIVES

Housing, urban renewal, economic development

2020-21 KEY ACHIEVEMENTS

- Site remediation strategy finalised
- Planning strategy developed and a comprehensive master plan for the site created
- Landscaping design concepts progressed to include maximised tree canopy coverage across the site
- Site-wide stormwater management concepts developed with a focus on water quality and stormwater harvesting for on-site re-use

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 6-Star Green Star Community rating and participating within 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 residential subdivision and the proposed wetland. Subject to a range of approvals, sales and construction are planned to commence in early to mid-2022.

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 one to four bedrooms.

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

POLICY OBJECTIVE

Housing

2020-21 KEY ACHIEVEMENTS

- Master plan finalised and associated consultation undertaken with the community
- Engagement of four medium-density townhouse builders
- Planning applications lodged in April 2021 for:
 - Stages 1 and 2 subdivisions
 - Wetlands
 - Temporary road opening for the future sales office
- Project selected to participate in the Green Building Council of Australia Future Homes Pilot Program
- Community and stakeholder engagement relating to planning applications

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 buyers – including first homeowners, key workers that support the neighbouring health and education precinct, growing families, young couples and downsizers.

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.

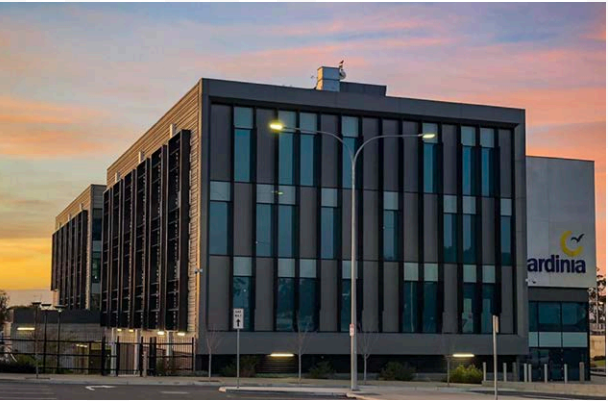
POLICY OBJECTIVES

Housing, urban renewal

2020-21 KEY ACHIEVEMENTS

- Stage 1 housing released to the market
- Procurement of a builder partner for Stage 1 housing nearing completion
- Stage 2 planning permit application lodged with Brimbank City Council
- Commencement of Stage 1 civil works contractor procurement

OFFICER TOWN CENTRE



Development Victoria owns 14 ha 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 for the creation of job opportunities in Melbourne's South East.

POLICY OBJECTIVES

Economic development, housing

2020-21 KEY ACHIEVEMENTS

- Town Centre master plan redesigned in consultation with Cardinia Shire Council
- Divestment strategy determined
- Land parcels prepared for sale
- Redeveloped creative branding for the Town Centre

OLIO, OFFICER



Olio is a 6.8 ha site in the heart of Officer, less than 500 m 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, so Development Victoria introduced a new ‘Priority Access’ initiative to ensure 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 four stages of the project comprising 93 double storey townhouses.

PROJECT OBJECTIVE

Deliver diverse and affordable housing for a growing community.

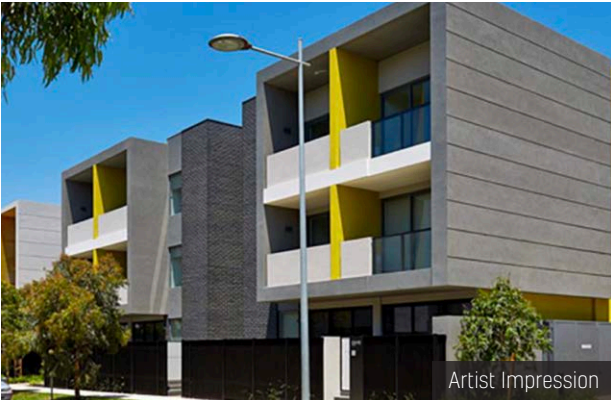
POLICY OBJECTIVES

Housing, urban renewal

2020-21 KEY ACHIEVEMENTS

- Sienna Homes appointed as the builder partner to deliver the first four stages of townhouses
- Planning permit received for first 93 townhouse lots
- Sales launched in November 2020
- Launch of Priority Access, with 24 homes sold to moderate-income earners through this initiative

PARKVILLE GARDENS



Parkville Gardens is the redevelopment of the 20 ha 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, social and economic infrastructure

2020-21 KEY ACHIEVEMENTS

- Execution of a contract of sale with HousingFirst Ltd for the development of Stage 9 as 151 social housing apartments
- Receipt of planning permit for the development of Stage 9 social housing
- Settlement of the last of 172 apartments in Stage 4

RIVERWALK



Development Victoria’s Riverwalk project is transforming 197 ha 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 ha 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

Housing, economic development, urban renewal, social and economic infrastructure

2020-21 KEY ACHIEVEMENTS

- Civil construction completed of 143 lots [Stages 24C, 27 and 28]
- Civil construction underway on 74 lots [Stages 23B and 29]
- Settlement of 217 lots across 8 stages [Stage 17, 22-28]
- Planning permit approval of 436 lots in Permit Area 6
- Title Registration of the Southern Superlot [Proposed Retirement Site]
- Execution of one Section 173 Agreement and two pending Council endorsement
- Development Plan Amendment underway
- Tender Evaluation underway for Permit Area 6 civil construction and Design and Construct of the Acoustic Wall and for the appointment of a real estate agent to sell the Town Centre
- Contract issued to the preferred bidder for the Farm Road Upgrade and Intersection Works Tender awarded for landscaping works for streetscapes and parks
- Ongoing Alfred Road and Geelong Road intersection infrastructure works

DEVELOPMENT VICTORIA'S BOARD OF DIRECTORS

JAMES MACKENZIE (CHAIRPERSON)

James is an experienced Australian Company director. He is currently the Chairman of Victorian Funds Management Corporation, Slater+Gordon, the Suburban Rail Loop Authority Advisory Board and the Interim Melbourne Arts Precinct Board. He is also a Member of the MCG Trust and Director of Monivae College.

James was previously President of the Victorian Arts Centre Trust and Chairman of property developer Mirvac Group, Pacific Brands, the Transport Accident Commission (TAC), Worksafe Victoria and was co-Vice Chair of Yancoal Australia. He was also Managing Director of Funds Management and Insurance at the ANZ Banking Group, Chief Executive Officer of Norwich Union Australia and TAC Chief Executive Officer. He has been a member of the COAG Business Advisory Forum and a previous director of VFMC.

James has a Bachelor of Business from Swinburne University, and is a Fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants Australia and New Zealand. In 2001, he was awarded the Centenary Medal for services to Public Administration.

GRAEME PARTON (DEPUTY CHAIRPERSON)

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

Graeme has worked in high-rise commercial projects, major precinct developments, publicly listed companies and development/property trust 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 and development, and is an independent director of both not-for-profit and for-profit organisations, with a focus on development strategy.

Having retired from his position as Partner and Director at Charter Keck Cramer, Graeme now owns Aequitas 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 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 well 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.

MEGAN HAAS

With core competencies centred around cyber risk, governance, technology and operational processes developed over 30+ years both in Australia and internationally, Megan Haas brings a unique perspective to Development Victoria.

Megan is a Non-Executive Director of Tesserent Ltd, member of the Audit and Risk Committee of Note Printing Australia, a wholly owned subsidiary of the Reserve Bank of Australia, Advisory Board Member of the Suburban Rail Loop Authority, RMIT Council Member and Chair of the Audit & Risk Committee.

Formerly a PwC Cyber Security & Forensic Services Partner Megan has worked with organisations across international borders and industries including pharmaceutical, gaming, retail, manufacturing, government, media, financial services and communications.

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 eight 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 has served and is serving on a number of Commonwealth and State bodies and not-for-profit, education, superannuation and research boards

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.

She 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 and Foundation for Rural & Regional Renewal.

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 five years. The Board is to consist of a Chairperson, a Deputy Chairperson and no more than seven other Directors.

As at 30 June 2021, the Board is comprised of eight Directors. During the year, one new Director was appointed.

The Board ensures that government is informed of all major issues affecting Development Victoria. The Chief Executive Officer 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.

James spent 10 years in the public service, including as 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 as 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 Armitage Jones, a specialist project management and development advisory consultancy that is currently delivering a range of high profile commercial and hospitality projects with a combined end-value in excess of \$3.5 billion. She has extensive experience in the property industry with exposure to a diverse range of complex projects.

Prior to establishing Armitage Jones, Sonya held senior management roles within a range of public and private property and construction companies. During this time, she has led significant development projects where she managed a Victorian Portfolio of over \$500 million across residential, industrial and commercial development 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.

DEVELOPMENT VICTORIA BOARD ATTENDANCE

Development Victoria held eight Board meetings in 2020-21.

BOARD MEMBER	ELIGIBLE TO ATTEND	ATTENDED	NOTE
James MacKenzie	8	8	
Graeme Parton	8	8	
Natalie MacDonald	8	7	
Lou Farinotti	8	8	
Megan Haas	8	8	
Jacqui Walters	8	8	
James Flintoft	8	8	
Sonya Miller	6	6	Appointed as Board Director effective 1 October 2020

COMMITTEES OF THE BOARD

Development Victoria has three 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:

- Megan Haas (Chairperson) – Director (Chairperson effective from 23 February 2021)
- James MacKenzie – Chairperson of the Board
- Natalie MacDonald – Director (Chairperson until 22 February 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 comprises the following members:

- Graeme Parton (Chairperson) – Deputy Chairperson of the Board
- James MacKenzie – Chairperson of the Board
- Lou Farinotti – Director
- Jacqui Walters – Director

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 its people.

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

- James Flintoft (Chairperson)
- James MacKenzie – Chairperson of the Board
- Graeme Parton – Deputy Chairperson of the Board
- Jacqui Walters – Director
- Sonya Miller – Director (member effective from 23 February 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 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 FOREST

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, STRATEGY
MANNY BIKAKIS

Manny heads up our Strategy group, which includes our advisory and acquisition teams. The group leads our corporate strategic direction and a broad range of strategic advice to support large civic and precinct business cases, property development pipeline opportunities and pilot projects.

Manny has a wealth of executive experience in finance and operational roles across high profile organisations, with his career spanning Australia, Europe and Asia. Previously Manny was CFO for PPG Industries (Asia Pacific) a global manufacturer and marketer of coating products, CFO of Incitec Pivot's fertiliser business and had a long and distinguished career with BP (petroleum) in both their European and Australian businesses.

Since joining Development Victoria, Manny has held executive roles including CFO & Group Head Operations, accountable for all finance, planning, commercial support, risk management, IT, HR, and health, safety and environment functions. In 2020, Manny led the Property Development group and the Development Victoria COVID-19 Taskforce.

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.

DEVELOPMENT VICTORIA COMMITTEE MEMBERSHIP AND ATTENDANCE 1 JULY 2020 TO 30 JUNE 2021

AUDIT AND RISK COMMITTEE		INVESTMENT COMMITTEE		PEOPLE, CULTURE AND REMUNERATION COMMITTEE			
COMMITTEE MEMBER	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	NOTE
Natalie MacDonald	5	5	-	-	-	-	
James MacKenzie	5	5	5	4	4	4	
Megan Haas	5	5	-	-	-	-	Appointed as ARC Chairperson effective 23 February 2021
Graeme Parton	-	-	5	5	4	4	
James Flintoft	-	-	-	-	4	4	
Lou Farinotti	-	-	5	5	-	-	
Jacqui Walters	-	-	5	5	4	4	
Sonya Miller	-	-	-	-	1	1	Appointed as PCRC member effective 23 February 2021

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 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 New South Wales.

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 2021, Development Victoria produced an underlying Net Result from Transactions after Income tax equivalent expense of \$19.7 million.

After adjusting for other economic flows, the comprehensive profit result was \$19.6 million.

Total equity of Development Victoria as at 30 June 2021 was \$219.1 million.

The Net Cash Inflow from Operating activities for the 12-month period ending 30 June 2021 was \$2.1 million.

PERIOD ENDED 30 JUNE	2021 \$'000	2020 \$'000
Operating results		
Revenue	300,292	190,730
Cost of Sales	(250,989)	(131,574)
Operating expenses	(29,581)	(30,545)
Other economic flows	(95)	(1,114)
Income tax equivalent	-	-
Total costs	(280,665)	(163,233)
Comprehensive result	19,627	27,497
Financial status		
Total assets	1,070,783	1,012,561
Total liabilities	(851,644)	(804,149)
Total equity	219,139	208,412

PROJECT LIST 2020-21

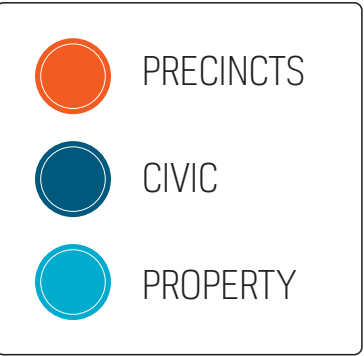
PROJECT		LOCATION
MAP No.	CIVIC	
1	Docklands Studios Melbourne Sound Stage 6	Docklands
2	Flinders Street Station Administration Building External Works	Melbourne
3	Geelong Arts Centre Stage 3	Geelong
4	Melbourne Arts Precinct, comprising: - Public Realm - Arts Centre Melbourne - NGV Contemporary - 1 City Road	Southbank
5	Melbourne Park Redevelopment – Stage 3	Melbourne
6	State Basketball Centre	Knox
7	State Netball and Hockey Centre	Parkville
8	Fitzroy Sports Centre	Fitzroy North

MAP No.	PRECINCTS	
9	Arden	Arden
10	Docklands	Docklands
11	Fitzroy Gasworks	Fitzroy North
12	Fishemans Bend Innovation Precinct	Fishermans Bend
13	Junction Place	Wodonga
14	Revitalising Central Dandenong	Dandenong

MAP No.	PROPERTY DEVELOPMENT	
15	12 Apostles	Port Campbell
16	Alfie	Altona North
17	Aurora	Epping
18	Aurora Town Centre	Epping North
19	Ballarat GovHub	Ballarat
20	Ballarat West Employment Zone (BWEZ)	Ballarat
21	Bendigo GovHub	Bendigo
22	Cairnlea	Cairnlea
23	Highett former gasworks site	Highett
24	CIRQ	Point Cook
25	Ivanhoe Water Tank	Ivanhoe
26	Jacksons Hill	Sunbury
27	Keilor Park	Keilor Park
28	Kew Residential Services Redevelopment	Kew
29	Knoxfield	Knox
30	Officer Town Centre	Officer
31	Officer Residential – Olio	Officer
32	Parkville Gardens	Parkville
33	Riverwalk	Werribee
34	Coomoora	Springvale
35	LUMA	Sunshine North
36	Sydney Road	Coburg
37	Taylors Quarter	Taylors Lake
38	Valley Lake	Keilor East

PROJECT
LOCATIONS

BALLARAT



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 2020-21 Development Victoria achieved:

- Board - 50% women, 50% men
- Executive Leadership Team - 55% women 45% men.

This was achieved through initiatives to address unconscious bias in recruitment and awareness of the benefits of diversity, rather than mandated targets.

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 2020-2021, Development Victoria undertook a range of initiatives, including:

- supporting all employees to work remotely, with access to technology and equipment such as 4G enabled laptops and well-established flexible working provisions
- establishing a COVID-19 Taskforce with cross-functional representation to manage the organisational response and business continuity, and provide guidance and support to staff
- developing a Diversity and Inclusion Action Plan, which was endorsed by our executive team in January 2021 and outlines the actions that will be delivered to achieve the aspiration of 'Fostering an inclusive, equitable workplace by growing our collective understanding of diversity and its benefits.'
- developing initiatives to increase workplace inclusion and physical and mental health support, led by our dedicated Wellbeing Group
- delivering Mental Health for Leaders training for 67 people managers and mental health first aider training for over 20 accredited mental health first aiders – with 'Gold Skilled Workplace' accreditation awarded by Mental Health First Aid Australia
- implementing a series of regular pulse checks to channel employee feedback across a range of areas including leadership communication, performance and development, diversity and inclusion and wellbeing. The feedback has led to refinements in strategies and practices in key areas.

EMPLOYMENT AND CONDUCT PRINCIPLES

As a public 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 has been updated to comply with provisions of the *Environment Protection Act 2018* that come into effect on 1 July 2021. Communications and processes have also been developed to assist the organisation in fulfilling its due diligence requirements and to ensure that Development Victoria's contractors and consultants are aware of and comply with the new requirements.

Further improvements have been seen in reporting culture in the past year, resulting in an increased reporting of not only safety incidents, but of environmental, property and security related incidents that had not previously been reported through the formalised incident management processes. This has resulted in the business gaining an improved understanding of incidents that occur, with a focus on investigations to identify causes and controls to limit reoccurrence.

A total of 103 incidents were recorded for the reporting period compared to 70 in the prior period. An analysis of the data shows that of all incidents, just over 70% were safety related (74 incidents), 22 related to property, and 7 were environmental. Of the safety incidents, 12% (9) resulted in a lost time injury, 73% (54) resulted in an injury (either first aid or medical treatment injury) and near misses accounted for 15% (11).



In the past year Development Victoria ensured that all its workplaces and project sites have continually followed the government's directions on workplace requirements in relation to the pandemic, including operating with COVIDSafe plans and actively monitored compliance.

The Development Victoria OHS Committee has Health and Safety Representatives from across the business. There were six meetings held in the reporting period, all were

well attended. In the last year, the Committee has focused on COVID-19 impacts, including mental health and wellbeing, work from home ergonomics and arrangements, and return to the office engagement and consultation. There is also a continued focus on safety at project sites to ensure safe workplaces are provided and compliant to relevant legal OHS requirements and discussing lessons learnt and observations from incidents (including near misses).

WORKFORCE DATA

Figure 1 Details of employment levels at 30 June 2021

All employees		Ongoing			Fixed Term	
	Headcount	FTE	Full-time Headcount	Part-time Headcount	FTE	
Gender:						
Male	98	96.2	92	4	95	1.2
Female	116	109.73	97	16	107.83	1.9
Self-described	0	0	0	0	0	0
Total	214	205.93	189	20	202.83	3.1
Age						
Under 25	8	7.2	6	0	6	1.2
25-34	62	60.2	58	2	58.9	1.3
35-44	78	73.39	63	14	72.79	0.6
45-54	44	43.14	40	4	43.14	0
55-64	18	18	18	0	18	0
Over 64	4	4	4	0	4	0
Total	214	205.93	189	20	202.83	3.1
Classification						
Level 1	13	10	7	2	7.6	2.4
Level 2	47	45.79	43	3	45.09	0.7
Level 3	47	45.6	43	4	45.6	0
Level 4	12	11.54	10	2	11.54	0
Level 5	51	49.5	45	6	49.5	0
Executive	44	43.5	41	3	43.5	0
Total	214	205.93	189	20	202.83	3.1

DELIVERING AFFORDABLE AND DIVERSE COMMUNITIES

Development Victoria has the capacity and capability – as well as the responsibility – to provide affordable ownership and rental options for more Victorians.

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 and the community, as well other government agencies, to maximise the social and economic benefits from this investment – and give more people a place to call home.

In 2020-21, the following initiatives and outcomes were delivered in line with Development Victoria's commitment to housing affordability:

SHARED EQUITY

Development Victoria is participating in the HomesVic Shared Equity Initiative, which is designed to make ownership more affordable and accessible for first home buyers by reducing the amount required for a deposit.

At the Alfie residential development in Altona North, 17 homes were sold to eligible first home buyers through Shared Equity – surpassing the target of at least 10% of Alfie's 127 homes.

PRIORITY ACCESS

For projects where the homes offered are considered inherently affordable for moderate-income earners, Development Victoria has created an approach to ensure that the affordable product ends up directly in the hands of these buyers.

At Olio in Officer, 'Priority Access' was piloted as part of the project, where eligible moderate-income earners were given early access to purchase a home prior to a general release to the market.

In 2020-21, 24 moderate-income earners were able to buy their own home through Priority Access at Olio.

Following the success of this pilot, Priority Access is now being offered at the Habitas Aurora project in Epping.



Artist Impression

OUR SUSTAINABILITY STRATEGY IN ACTION

In 2020 we launched our Sustainability Strategy, which clearly articulates Development Victoria's commitment to delivering real and consistent sustainability outcomes.

The strategy sets out three key goals that define and shape how we work. In 2020-21, we achieved the following outcomes aligned to these goals:

1. DELIVER BEST PRACTICE

This year, we worked to embed a consistent best practice approach across our entire portfolio. This has set a baseline for our projects and is a starting point for alignment with our project partners across government. Our approach has been designed to be easily integrated into existing ways of working and support the outcomes of Victorian government policies and guidelines.

The definition of this goal is embodied in a series of requirements that have been tested across the spectrum of industry performance, against Victorian State policy and on our own projects, and covers themes in Resilience, Circular Economy, Integrated Water Cycle, Biodiversity, Energy and Emissions, Affordability, Healthy Living, Access to Amenity, and Diversity.

In 2020-21 we achieved a range of best-practice outcomes:

- Developed a new minimum standard for homes for new projects and future stages of existing projects
- Developed sustainability implementation plans for every live project across the organisation
- Achieved our first 6-Star Green Star communities rating and registered a further three Green Star projects
- Concluded our inaugural Sustainability Innovation Challenge, which uncovered pilot opportunities for:
 - Mobility as a service
 - Virtual power networks to facilitate net-zero energy outcomes for residents
 - Shared equity models for enhancing sustainability in apartment buildings
 - Green industrial spaces to facilitate sustainable and diverse communities
- Sold out our first all-solar and battery housing development

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 2020-21 Development Victoria's operations were certified Carbon Neutral by the Australian Government's Climate Active initiative. This was achieved by:

- introducing paperless real estate contracts for residential projects, with Riverwalk alone saving around 300,000 A4 sheets of paper

- staff education initiatives
- improved efficiency of IT systems
- a review of electricity use, which accounts for close to 60% of the organisation's carbon emissions
- carbon offset credits purchased from the Wollert Landfill Gas project.

This certification marks the first step on our pathway to delivering Carbon Neutral Developments, ensuring we are leading by example.

Our focus for next year is to tackle embodied carbon in our developments, assets, and the assets we deliver for others and seek to transition to fossil fuel free developments.

3. INVEST IN TRANSFORMATION

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

This goal is focussed on leadership and supporting market transformation through identifying collaboration opportunities on projects and reflecting our goals in the operations for our organisation.

We are working to identify partnerships early in a project with a focus on amplifying outcomes that would be delivered through a business as usual approach. Our role presents a unique opportunity to engage with the private sector and government to research and test new ideas to support a market transformation towards a more sustainable economy.

In 2020-21 we identified and progressed two key opportunities to collaborate and to support a transition to a carbon neutral economy:

Knoxfield Green Star for Homes Pilot

At our Knoxfield residential development, we are working with our builder partners to develop a new product offering that aligns with the new Green Star for Homes standard, as part of the Green Building Council of Australia's pilot program. The result of this will be homes that are both sustainable and attractive to buyers – reduced environmental impacts, cuts to power and water bills, more comfortable and healthy living, and a home that is more resilient to climate change.

Fitzroy Gasworks Build to Rent – all electric building

Development Victoria's Affordable Built to Rent pilot will meet all our best practice requirements and be our first all-electric, fossil fuel free asset. There will be no gas or combustion fuels (wood fires, coal fires) within this building. Instead, a sizable solar array will produce energy on-site, and an embedded network will ensure any additional energy needs can be procured from a renewable, carbon neutral source.

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 2020-21 we worked with the community across the following projects:

HIGHETT – AUGUST TO SEPTEMBER 2020 AND DECEMBER 2020

During August and September 2020, Development Victoria engaged with the community on key themes to help shape the Development Plan for the Highett former gasworks site. As part of this first phase, participants were able to share their feedback by completing a survey or attending one of five online sessions.

In December 2020, Development Victoria hosted two live webinar sessions to let the community know what was heard during the first phase of engagement. Key themes discussed during these sessions included transport and connectivity, status of the development plan, traffic management, open spaces and parks, sustainability and the types of homes to be delivered at the site.

We are now considering the feedback, along with technical assessments, to prepare a draft Development Plan.

KNOXFIELD – JUNE TO JULY 2020 AND APRIL 2021

In June 2020, Development Victoria hosted a series of online workshops where the community could meet the project team and provide feedback and suggestions about the draft master plan. An online survey was also made available until July 2020 to capture any further feedback.

Feedback collected from the online survey and community workshops helped to shape the master plan, which guides how the new neighbourhood in Knoxfield will be developed. The plan includes details about the residential neighbourhood, public open spaces and the new, improved wetland.

In April 2021 we updated nearby residents and stakeholders on the planning process for the site. This included advice that we were submitting planning applications to Knox City Council.

REVITALISING CENTRAL DANDENONG – MARCH 2021

Development Victoria held two community information sessions in March 2021 with traders and community members impacted by the Revitalising Central Dandenong project. The purpose of the information sessions was to provide an update on the future development plans for five sites within the project that would impact current traders in the Little India and surrounding areas.

The two sessions were well attended by traders and the community and positively received. The briefings followed COVIDSafe protocols, including limiting the number of attendees at each session, ensuring attendees checked-in with all their details and following social distancing and other COVIDSafe procedures.

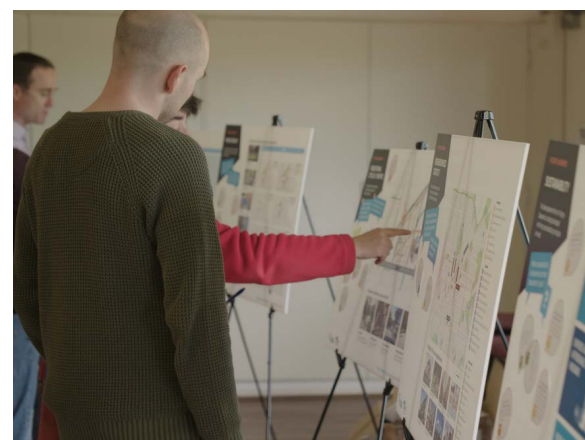
TRADITIONAL OWNER ENGAGEMENT

Development Victoria acknowledges and respects the Traditional Owners of the land on which we work and recognises them as the Traditional Custodians of Victoria's lands, rivers, seas and skies.

The organisation is committed to genuinely partnering and meaningfully engaging with Victoria's Traditional Owners and First Peoples communities to achieve Aboriginal economic development outcomes and reflect the world's oldest living culture in the projects we deliver.

Traditional Owners engagement is embedded in Development Victoria's approach to engagement. A number of projects are in the process of delivering Aboriginal economic development and design integration opportunities for the Traditional Owners and First Peoples of the communities in which they are located. This includes the Melbourne Arts Precinct Transformation, Geelong Arts Centre Redevelopment, Bendigo GovHub, Ballarat West Employment Zone, Riverwalk, Fitzroy Gasworks and the State Basketball Centre.

In 2021, Reconciliation Australia endorsed Development Victoria's Reflect Reconciliation Action Plan. This plan will guide the organisation over the coming year as we continue to build relationships with First Peoples organisations, foster and embed respect for Australia's First Peoples and cultures in our workplace and among our workforce, and identify and develop opportunities within our sphere of influence to improve socio-economic outcomes for Aboriginal and Torres Strait Islander peoples in Victoria.



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:

- Three Standard Local Jobs First projects commenced
- No Standard Local Jobs First projects were completed
- Three Strategic Local Jobs First projects commenced
- One 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 taxpayer funds whilst 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 (who conduct procurement on behalf of Development Victoria) to assess the social value that potential suppliers contribute the Victorian economy and support 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. Over time, Social Procurement has become embedded within Development Victoria's procurement function and become 'business as usual' as it is expected that suppliers for significant contracts will be in position to deliver on one or more of the 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 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 three 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.

As of February 2019, Development Victoria 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.

In 2020-21, the Executive approved Development Victoria's Social Procurement Strategy which was submitted and approved by the Department of Treasury and Finance.

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].

During the initial reporting period to 30 June 2020, the Executive Team approved Development Victoria's Modern Slavery Policy and internal Modern Slavery Policy & Procedure. The 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 preliminary risk assessment of key suppliers was 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 is 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.

Development Victoria's Modern Slavery statement was signed by the Chairperson of the Board on 24 February 2021 is publicly available on the Australian Online Register for Modern Slavery Statements.

During the subsequent reporting period, which concluded on 30 June 2021, Development Victoria conducted a further review of its supply chain and found the majority of suppliers assessed received a negligible or low risk rating as well as demonstrated a firm commitment to eliminate modern slavery risks from their own supply chains.

GOVERNMENT ADVERTISING EXPENDITURE

Development Victoria undertook three advertising campaigns with a total media spend of \$100,000 or greater (exclusive of GST) during the reporting period.

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 2020-21	CREATIVE AND CAMPAIGN DEVELOPMENT EXPENDITURE 2020-21	RESEARCH AND EVALUATION EXPENDITURE 2020-21
LUMA, Sunshine North	LUMA is a townhouse development in Sunshine North. Marketing activity, including advertising, was undertaken to drive property sales	July 2020	Will continue into 2021-22	\$211,012	\$64,045	\$2,000
Alfie, Altona North	Alfie is a townhouse development in Altona North. Marketing activity, including advertising, was undertaken to drive property sales	July 2020	Will continue into 2021-22	\$159,593	\$103,398	\$2,000
Riverwalk, Werribee	Riverwalk is a land development in Werribee. Marketing activity, including advertising, was undertaken to drive property sales	July 2020	Will continue into 2021-22	\$321,205	\$141,886	\$2,000

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
The National Association of Women in Construction (NAWIC)	Sponsorship of the NAWIC Lifecycle Series - Melbourne and Olympic Park redevelopment	\$9,900
Property Council of Australia	Victorian Future Directions Partnership	\$17,000
A New Normal	Sponsorship of the 'A New Normal' exhibition, held as part of Melbourne Design Week	\$10,000
Community Housing Industry Association (CHIA)	CHIA Victoria Conference supporter	\$1,000
City of Melbourne	City Playground - Docklands Activation 2021 Official Partnership	\$100,000
Docklands Chamber of Commerce	Sponsorship of Docklands Dollars Activation	\$100,000
Earthwatch Institute	Sponsorship of Melbourne Kids Teaching Kids Conference and associated program	\$10,000

CONSULTANCY EXPENDITURE (VALUED AT \$10,000 OR GREATER)

For the reporting period, there were eight 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 \$860,725 (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	\$245,964
Deloitte Risk Advisory Pty Ltd	Professional Services and Advice	\$26,000
Holding Redlich	Professional Services and Advice	\$23,073
KPMG	Professional Services and Advice	\$18,630
Minter Ellison	Professional Services and Advice	\$350,974
PricewaterhouseCoopers	Professional Services and Advice	\$100,049
WSP Australia Pty Ltd	Professional Services and Advice	\$17,000
Sheldon Harris Pty Ltd	Professional Services and Advice	\$79,036
TOTAL		\$860,725

DETAILS OF CONSULTANCIES UNDER \$10,000

For the 12-month reporting period from 1 July 2020 to 30 June 2021, there were three consultancy engagements where the total fees payable for each consultancy was less than \$10,000.

The total expenditure incurred during the reporting period in relation to these consultancies was \$22,213 (ex GST).

INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

For the 2020-21 reporting period, Development Victoria had a total ICT expenditure of \$2,777,713, 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 (Total)	Non-Business as Usual (Non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
\$2,310,000	\$467,000	\$87,000	\$380,000

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.



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 2020 to 30 June 2021, Development Victoria received 7 requests.

Reporting Period – 1 July 2020 to 30 June 2021	
Source of Requests received in 2020-21	
FOI Requests from Members of Parliament	5
FOI Requests from media	0
Other FOI Requests	2
TOTAL	7
Decisions made on FOI requests in 2020-21*	
Access granted in full	2
Access granted in part	4
Access refused	-
Documents not located/do not exist	-
Transferred to another agency	-
Other	-
TOTAL^	6
<i>*A includes three requests being the subject of FOI Commissioner / VCAT review in respect of which the original request was received in 2019-2020</i>	
Processing time	
Decision made in accordance with timeframes prescribed by the FOI Act	-
Decision made outside timeframes prescribed by the FOI Act	6
Currently being processed	4
Not applicable*	1
<i>*Decision on FOI matter being the subject of FOI Commissioner review</i>	
Decisions under review^	
Total FOI Commissioner reviews	3
Total VCAT Reviews	4
<i>^ includes two matters which were the subject of both FOI Commissioner and VCAT application</i>	

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 \$29.60 applies (which 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.foi.vic.gov.au, 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 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, 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 required 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		
The number of complaints made by an individual to the Department and notified to Better Regulation Victoria	2020-21 number	2019-20 number
Assessable complaints	0	N/A

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.

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, is available on Development Victoria’s website.

Disclosures under the Public Interest Disclosures Act 2012		
The number of disclosures made by an individual to the Department and notified to the Independent Broad-based Anti-corruption Commission	2020-21 number	2019-20 number
Assessable complaints	0	N/A

COMPLIANCE WITH CARERS RECOGNITION ACT 2012

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

These include:

- incorporating an opportunity for all employees to engage in discussions during their regular performance check-ins with their manager about workplace flexibility
- 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
- establishing working parent support groups and promoting a variety of flexible working options to support staff during the COVID-19 pandemic
- providing access to parental leave - in the last 2 years, 22 people have accessed parental leave, with only one employee not returning to work
- results from the 2020 People Matter Survey indicating that 92% of employees are confident that a request for flexible work arrangement would be given due consideration. This measure saw a 5% uplift from the previous year’s survey.

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 2021 20% of employees are accredited mental health first aiders
- undertaking an employee survey in relation to diversity in March 2020 that indicated that 4% of our workforce identify as a person with a disability
- developing a Diversity and Inclusion action plan, which includes actions relating to designing environments and spaces for diversity, recruitment and promotion related opportunities and training and education across the organisation.

OFFICE BASED ENVIRONMENTAL IMPACTS

In 2020-21 Development Victoria’s operations were certified Carbon Neutral by the Australian Government’s Climate Active initiative.

During the reporting period, emissions reductions were achieved by:

- introducing paperless real estate contracts for residential projects, with Riverwalk alone saving around 300,000 A4 sheets of paper
- staff education initiatives
- improved efficiency of IT systems
- a review of electricity use, which accounts for close to 60% of the organisation’s carbon emissions.

We also established a Sustainability Taskforce focussed on staff engagement, awareness and education.

ASSET MANAGEMENT ACCOUNTABILITY FRAMEWORK (AMAF) MATURITY ASSESSMENT

Development Victoria has undertaken an assessment of its maturity against the requirements of the Asset Management Accountability Framework (AMAF) across the five prescribed category areas. Development Victoria’s target maturity rating is ‘competence’, meaning systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirements.

Development Victoria has no material non-compliance to the framework and mostly met its target maturity level across the category areas of Leadership and Accountability, Planning, Acquisition and Disposal. Development Victoria’s maturity assessment in the Operation category was assessed as mostly ‘developing’ with improvement plans in place in the areas of asset performance review, strategic planning and the establishment of an asset management information system. This in context of Development Victoria’s assets subject to AMAF, consisting of low value assets in the form of office equipment, ICT equipment and operational assets (such as sales offices), with a total net carrying value of \$3.5 million at 30 June 2021.

The table below summarise Development Victoria’s maturity assessment against the 41 perspectives over five category areas:

Category Area	Maturity Rating			
	Not Applicable	Developing	Competence	Total
Leadership and Accountability	2	1	16	19
Planning	-	1	3	4
Acquisition	-	-	2	2
Operation	-	8	7	15
Disposal	-	-	1	1
Total	2	10	29	41

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 to 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 32)
 - Commitment to employment and conduct principles (page 32)
 - Committees of the Board of Development Victoria (page 24)

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, 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 programme. Development Victoria has not identified any Material Compliance Deficiencies in relation to the 2020-21 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 2021

DEVELOPMENT VICTORIA FINANCIAL REPORT
12 MONTHS TO 30 JUNE 2021

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Consolidated Comprehensive Operating Statement for the Financial Year ended 30 June 2021

		30 JUNE 2021	30 JUNE 2020
	NOTES	\$'000	\$'000
Continuing operations			
Income from transactions			
Land sales	2.2	284,867	181,561
Interest income	2.3	555	1,560
Other income	2.4	14,870	7,609
Total income from transactions		300,292	190,730
Expenses from transactions			
Costs of sales	3.2	(250,989)	(131,574)
Employee benefits	3.3.1	(15,589)	(17,066)
Depreciation and amortisation	4.1.2	(3,671)	(3,740)
Borrowing costs	3.4	(427)	(742)
Other operating expenses	3.5	(9,894)	(8,997)
Total expenses from transactions		(280,570)	(162,119)
Net result from transactions before income tax equivalent expense		19,722	28,611
Income tax equivalent (expense)/benefit	5.4	-	-
Net result from transactions after income tax equivalent expense		19,722	28,611
Other economic flows included in net result			
Net gain/(loss) on financial instruments	8.1	(42)	(62)
Impairments of land inventory	8.1	-	(962)
Other gains/(losses) from other economic flows	8.1	(53)	(90)
Total other economic flows included in net result		(95)	(1,114)
Net result		19,627	27,497
Comprehensive result		19,627	27,497

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet as at 30 June 2021

		30 JUNE 2021	30 JUNE 2020
	NOTES	\$'000	\$'000
Assets			
Financial assets			
Cash and deposits	6.3	227,457	170,167
Receivables	5.1	16,853	45,864
Total Financial Assets		244,310	216,031
Non-financial assets			
Prepayments		1,314	1,123
Land inventory	5.3	809,282	777,032
Property, plant and equipment	4.1	15,722	18,043
Intangible assets	4.2	155	332
Total non-financial Assets		826,473	796,530
Total Assets		1,070,783	1,012,561
Liabilities			
Payables	5.2	153,779	175,943
Land sale deposits	5.5	24,098	24,512
Borrowings	6.1	593,044	533,291
Right-of-use Lease Liability		12,964	14,661
Employee related provisions	5.6	5,573	5,253
Provisions	5.6	62,186	50,489
Total liabilities		851,644	804,149
Net assets		219,139	208,412
Equity			
Contributed capital		125,765	125,765
Accumulated surplus		93,374	82,647
Net worth		219,139	208,412

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement for the Financial Year Ended 30 June 2021

		30 JUNE 2021	30 JUNE 2020
	NOTES	\$'000	\$'000
Cash flows from operating activities			
Receipts			
Receipts from customers	6.3	551,897	422,601
Goods and services tax recovered from the ATO		-	10,344
Interest received		706	1,648
Total receipts		552,603	434,593
Payments			
Payments to suppliers and employees	6.3	(415,903)	(436,633)
Interest and other costs of financials paid		(15,864)	(15,182)
Land purchases		(115,434)	(22,278)
Goods and services tax paid to the ATO		(3,266)	-
Total payments		(550,467)	(474,093)
Net cash flows from/ (used in) operating activities	6.3.1	2,136	(39,500)
Cash flows from investing activities			
Purchases of non-financial assets		(715)	(484)
Net cash flows from/ (used in) investing activities		(715)	(484)
Cash flows from financing activities			
Dividends paid	8.2	(1,300)	-
Borrowing costs	3.4	(427)	(742)
Proceeds from borrowings		725,530	794,274
Repayment of borrowings		(665,776)	(743,287)
Repayment of principal portion of lease liabilities		(2,158)	(2,239)
Net cash flows from/ (used in) financial activities		55,869	48,006
Net increase/(decrease) in cash and deposits		57,290	8,022
Cash and cash equivalents at the beginning of the financial period		170,167	162,145
Cash and cash equivalents at the end of financial period	6.3	227,457	170,167

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the Financial Year Ended 30 June 2021

	ACCUMULATED SURPLUS	CONTRIBUTIONS BY OWNER	TOTAL
NOTES			\$'000
Balance at 1 July 2019	55,150	125,765	180,915
Net result for the period	27,497	-	27,497
Balance at 30 June 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

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 judgment 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.

- Judgments 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); and
 - the provision for property and development related costs (Refer to Note 5.6);
 - 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 FRD103I. 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 2021. 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 re-assesses 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.

In 2020-2021, Development Victoria established one further wholly owned unit trust for the purposes of property management, in addition to the three existing. 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 which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that 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	52
2.2	Land sales	52
2.3	Interest income	53
2.4	Other income	53

2.1 SUMMARY OF INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES		2021	2020
	NOTES	\$'000	\$'000
Land sales	2.2	284,867	181,561
Interest income	2.3	555	1,560
Other income	2.4	14,870	7,609
Total income from transactions		300,292	190,730

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	2021	2020
	\$'000	\$'000
Property Development land sales	258,923	138,995
Precinct lands sales	13,515	29,087
Project management fees	12,429	13,479
Total land sales	284,867	181,561

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 precinctual 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 INTEREST INCOME	2021	2020
	\$'000	\$'000
Interest from bank deposits	555	1,560
Total interest from financial assets at amortised cost	555	1,560
Total interest income	555	1,560

Interest income includes interest received on bank deposits and bank term deposits. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

2.4 OTHER INCOME	2021	2020
	\$'000	\$'000
Property rental income	8,417	7,352
Rental relief reimbursement	6,186	-
Other revenue	267	257
Total other income	14,870	7,609

Rental income reflects amounts due from lessees under operating leases and are 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 five 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.

In the year ending 30 June 2021, due to the impact of COVID-19 and in response to Federal and State Government directions, Development Victoria offered rental relief to tenants totaling \$4.3m. The Victorian State Government reimbursed a total of \$6.2m relating to both 2019-20 and 2020-21.

2.4.1 LEASE RECEIVABLES		2021
		\$'000
Non-cancellable operating lease receivables		
No longer than one year	7,287	
Longer than one year but not longer than five years	22,568	
Longer than five years	17,500	
Total rental income		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 2021.

Structure		
3.1	Expenses incurred in delivery of goods and services	54
3.2	Cost of sales	54
3.3	Employee benefits expenses	54
3.4	Borrowing cost	56
3.5	Other operating expenses	57

3.1 EXPENSES INCURRED IN DELIVERY OF GOODS AND SERVICES	2021	2020
	NOTES	
	\$'000	\$'000
Cost of sales	3.2	250,989
Employee benefit expenses	3.3.1	15,589
Borrowing costs	3.4	427
Other operating expenses	3.5	9,894
Total expenses incurred in delivery of goods and services	276,899	158,379

3.2 COST OF SALES	2021	2020
	\$'000	\$'000
Cost of land sales	231,648	113,963
Salaries, wages, long service leave and on costs	19,341	17,611
Total cost of sales	250,989	131,574

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	2021	2020
	NOTES	
	\$'000	\$'000
Salaries and wages, annual and long service leave and on costs	12,351	13,275
Defined benefit superannuation expense	3.3.3	21
Defined contribution superannuation expense	3.3.3	3,098
Termination benefit	119	801
Total employee expenses	15,589	17,066

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 are employer contributions to defined benefit and defined contribution superannuation plans that are paid or payable during the 12 month reporting period.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for those benefits. Development Victoria recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3.3.2 EMPLOYEE BENEFITS IN THE BALANCE SHEET	2021	2020
	\$'000	\$'000
Current Provisions		
Employee benefits - Annual leave		
Unconditional and expected to be settled within 12 months	2,020	1,740
Employee benefits - Long service leave		
Unconditional and expected to be settled within 12 months	778	812
Unconditional and expected to be settled after 12 months	1,286	1,212
On-costs		
Unconditional and expected to be settled within 12 months	276	328
Unconditional and expected to be settled after 12 months	127	117
Total current provisions for employee benefits (Note 5.6)	4,487	4,209
Non-current provisions:		
Employee benefits	988	952
On-costs	98	92
Total non-current provisions for employee benefits (Note 5.6)	1,086	1,044
Total provisions for employee benefit	5,573	5,253

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 LSL 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 LSL 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 LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL 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 for which it 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. 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	2021	2020
	\$'000	\$'000
Paid contribution for the period		
Defined benefit plan	21	20
Defined contribution plans	2,850	2,763
Contribution outstanding at period end		
Defined contribution plans	248	207
Total contribution outstanding at period end	248	207

3.4 BORROWING COST	2021	2020
	\$'000	\$'000
Interest on loans from Treasury Corporation of Victoria (TCV)	9,957	11,531
Financial accommodation levy	5,621	4,358
Right-of-use interest expense	317	379
	15,895	16,268
Borrowing costs capitalised to inventories	(15,468)	(15,526)
Total Borrowing costs	427	742

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 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.

3.5 OTHER OPERATING EXPENSES	2021	2020
	\$'000	\$'000
Marketing expenses	3,094	3,879
Operating expenses	5,888	4,291
Insurance	912	827
Total other operating expenses	9,894	8,997

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.

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	57
4.2	Intangible assets	60

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

4.1 TOTAL PROPERTY, PLANT AND EQUIPMENT	2020		
	\$'000		
	GROSS CARRYING AMOUNT	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT
Plant and equipment	2,012	(1,396)	616
Leasehold improvements	5,584	(2,456)	3,128
Buildings	575	(575)	-
Right-of-use asset	16,783	(2,484)	14,299
Total property, plant and equipment	24,954	(6,911)	18,043

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				2021
				\$'000
	RIGHT OF USE	PLANT & EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
Carrying amount at the start of the financial period	14,299	616	3,128	18,043
Additions	460	614	102	1,176
Disposals	[3]	-	-	[3]
Depreciation	[2,522]	[323]	[649]	[3,494]
Carrying amount at the end of the financial period	12,234	907	2,581	15,722

4.1.1 RECONCILIATION OF MOVEMENTS IN CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT				2020
				\$'000
	RIGHT OF USE	PLANT & EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
Carrying amount at the start of the financial period	-	607	3,704	4,311
Adjusted balance at 1 July 2020	16,840	607	3,704	21,151
Additions	59	349	10	418
Depreciation	[2,600]	[340]	[586]	[3,526]
Carrying amount at the end of the financial period	14,299	616	3,128	18,043

4.1.2 DEPRECIATION AND AMORTISATION		2021	2020
Charge for the period		\$'000	\$'000
Plant and equipment		323	340
Leasehold improvements		649	586
Capitalised software		177	214
Right-of-use asset		2,522	2,600
Total depreciation and amortisation		3,671	3,740

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 adjustments made where appropriate.

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; and

Level 3 - valuation techniques for which the lowest input that is significant to the fair value measurement is unobservable

	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

	2020 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	GROSS CARRYING AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3
Right-of-use asset	14,299	-	-	14,299
Plant and equipment	616	-	-	616
Leasehold improvements	3,128	-	-	3,128
Total property, plant and equipment	18,043	-	-	18,043

4.1.4 RECONCILIATION OF LEVEL 3 FAIR VALUE				2021
				\$'000
	RIGHT-OF-USE	PLANT & EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
Opening balance	14,299	616	3,128	18,043
Purchases	460	614	102	1,176
Disposals	[3]	-	-	[3]
Depreciation	[2,522]	[323]	[649]	[3,494]
Closing balance	12,234	907	2,581	15,722

4.1.4 RECONCILIATION OF LEVEL 3 FAIR VALUE				2020
				\$'000
	RIGHT-OF-USE	PLANT & EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
Opening balance	16,840	607	3,704	21,151
Purchases	59	349	10	418
Depreciation	[2,600]	[340]	[586]	[3,526]
Closing balance	14,299	616	3,128	18,043

Description of significant unobservable inputs to Level 3 valuations.

Fair value measurement at end of reporting period using:

2021	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE	RANGE (WEIGHTED)	SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS
Right-of-use asset	Current replacement cost	Lease term	2 to 10 years	A significant increase or decrease in the estimated useful life of the asset is unlikely to occur as it is initially matched to the contractual lease term.
Plant & Equipment	Current replacement cost	Useful life of plant and equipment	3 to 10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Leasehold Improvements	Current replacement cost	Useful life of leasehold improvements	7 to 15 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation

4.2 INTANGIBLE ASSETS	2021 \$'000	2020 \$'000
	SOFTWARE	SOFTWARE
Gross Carrying Amount		
Opening balance	4,268	4,139
Additions	-	129
Disposals	-	-
Closing balance	4,268	4,268
Accumulated depreciation and amortisation		
Opening balance	(3,936)	(3,722)
Amortisation of intangible non-produced assets	(177)	(214)
Disposals	-	-
Closing balance	(4,113)	(3,936)
Net book value at end of the financial period	155	332

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible produced assets with finite lives are amortised on a straight-line basis over their useful lives. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. Intangible assets are tested annually for impairment.

5. OTHER ASSETS AND LIABILITES

INTRODUCTION

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

Structure

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5.1 RECEIVABLES	2021	2020
	\$'000	\$'000
Contractual		
Trade receivables	5,025	15,048
Provision for estimated credit loss	(146)	(104)
Amounts receivable under development agreements	5,854	28,606
Other receivables	1,517	404
Statutory		
GST input tax credit recoverable	4,603	1,910
Total receivables	16,853	45,864
Represented by:		
Current receivables	13,913	40,009
Non-current receivables	2,940	5,855
Total receivables	16,853	45,864

Receivables consist of:

- contractual receivables, such as debtors in relation to the sale of land and services; and
- statutory receivables include 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 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.

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
2021	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED				
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	GREATER THAN 1 YEAR	EXPECTED CREDIT LOSS
Trade receivables	5,025	4,722	-	29	128	-	146
Amounts receivable under development agreements	5,854	5,854	-	-	-	-	-
Other receivables	1,517	1,517	-	-	-	-	-
Total	12,396	12,093	-	29	128	-	146

AGEING ANALYSIS OF CONTRACTUAL RECEIVABLES							\$'000
2020	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED				
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	GREATER THAN 1 YEAR	EXPECTED CREDIT LOSS
Trade receivables	15,048	537	11,170	84	3,153	-	104
Amounts receivable under development agreements	28,606	28,606	-	-	-	-	-
Other receivables	404	404	-	-	-	-	-
Total	44,058	29,547	11,170	84	3,153	-	104

Note: 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	2021	2020
	\$'000	\$'000
Contractual		
Trade payables	4,401	2,335
Other creditors	7,153	18,441
Other creditors - Civic projects	99,810	132,775
Accrued expenses	6,378	6,430
Dividends declared not paid	7,600	-
Deferred income	222	-
Total contractual payables	125,564	159,981
Statutory		
Accrued expenses	3,223	864
Other taxes payable	24,992	15,098
Total statutory payables	28,215	15,962
Total payables	153,779	175,943
<i>Represented by:</i>		
Current payables	153,731	175,895
Non-current payables	48	48
Total payables	153,779	175,943

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
2021	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED			
			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	-

AGEING ANALYSIS OF CONTRACTUAL PAYABLES						\$'000
2020	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED			
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	GREATER THAN 1 YEAR
Trade payables	2,335	553	1,747	30	5	-
Other creditors	151,215	151,215	-	-	-	-
Accrued expenses	6,430	6,430	-	-	-	-
Deferred income	-	-	-	-	-	-
	159,980	158,198	1,747	30	5	-

5.3 INVENTORIES	2021	2020
	\$'000	\$'000
Inventories		
Development properties	276,375	172,524
Land under development	415,926	372,566
Undeveloped land	116,981	231,942
Total inventories	809,282	777,032

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:

- (a) the cost of acquiring the land and buildings;
- (b) land improvement costs;
- (c) borrowing costs directly attributable to the acquisition of land or construction of a building; and
- (d) 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 (2020: \$0.09m).

Of the \$32.2m increase in Inventory in the period, \$15.2m relates to borrowing costs, \$96.7m relates to purchase of land, \$134.8m relates to payments made to Development Victoria's suppliers and partially offset by \$214.6m Inventory released into 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 *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.

(a) Income tax equivalent (expense)/benefit	
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*.

[a] Income tax equivalent (expense)/benefit

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	2020 \$'000
Accounting profit/(loss) from continuing activities before income tax equivalent expense	28,611
Accounting profit/(loss) from ordinary activities subject to income tax equivalent expense	15,216

Prima facie income tax calculated at 30%	4,565
Effect of tax losses not recognised as deferred tax assets	-
Effect of temporary differences not recognised as deferred tax assets and liabilities	(4,565)
Aggregate income tax equivalent expense/ (benefit)	-

	2020 \$'000	2020 \$'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	14,008
Deferred tax liability	(14,008)
	-

[e] Unrecognised deferred tax assets

Unused tax losses for which no deferred tax assets have been recognised are \$22,021,000.

5.5 LAND SALE DEPOSITS

	2021	2020
	\$'000	\$'000
Land sale deposits	24,098	24,512
Total land sale deposits	24,098	24,512
<i>Represented by:</i>		
Current payables	1,823	2,397
Non-current payables	22,275	22,115
Total land sale deposits	24,098	24,512

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

	2021	2020
	\$'000	\$'000
Current provisions		
Property and development related costs (a)	32,314	19,451
Employee benefits	4,487	4,209
Other provision	500	500
Total current provisions	37,301	24,160
Non-current provisions		
Property and development related costs (a)	28,830	29,995
Other provision	542	543
Employee benefits	1,086	1,044
Total non-current provisions	30,458	31,582
Total provisions	67,759	55,742
Employee related provisions	5,573	5,253
Provisions	62,186	50,489

(a) Property and development related costs relate to present obligations to carry out future development works under relevant planning permits or development agreements. The property and development related costs of \$62.1m (2020: \$49.0m) relates to Docklands infrastructure of \$31.5m (2020: \$31.6m) and development project portfolio of \$30.6m (2020: \$17.4m).

RECONCILIATION OF MOVEMENT IN PROVISIONS

	PROPERTY AND DEVELOPMENT RELATED COSTS	ONEROUS CONTRACTS	EMPLOYEE BENEFITS	OTHER PROVISIONS	2021 \$'000
Opening balance	49,446	-	5,252	1,043	55,741
Additional provisions recognised	99,208	-	2,600	-	101,808
Amounts utilised during the year	(87,511)	-	(2,279)	-	(89,790)
Reductions resulting from remeasurement	-	-	-	-	-
Closing balance	61,143	-	5,573	1,043	67,759

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

6.1

Borrowings

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6.2

Leases

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6.3

Cash flow information and balances

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6.4

Commitments for expenditure

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6.1 BORROWINGS	2021	2020
	\$'000	\$'000
Current borrowings		
Loans from TCV	239,544	239,791
Total current borrowings	239,544	239,791
Non-current borrowings		
Loans from TCV	353,500	293,500
Total non-current borrowings	353,500	293,500
Total borrowings	593,044	533,291

Borrowings refer to interest bearing liabilities mainly raised from public borrowings raised through 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.

Defaults and breaches: 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							
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 TCV	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

MATURITY ANALYSIS OF BORROWINGS							
2020	MATURITY DATES						
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS - 1 YEAR	1- 5 YEARS	5+ YEARS
Loans from TCV	533,291	533,291	84,791	60,000	95,000	271,500	22,000
Total	533,291	533,291	84,791	60,000	95,000	271,500	22,000

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 are capitalised to inventories. Other borrowing costs are recognised as expenses in the period in which they are incurred.

INTEREST EXPENSE INCLUDING CAPITALISED BORROWING COST	2021	2020
	\$'000	\$'000
Interest on government loans	15,578	15,889
Total interest expense	15,578	15,889

6.2 LEASES

Development Victoria leases various properties, IT equipment and motor vehicles. The lease contracts are typically made for fixed periods of 1-10 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:

	2021	2020
	\$'000	\$'000
Interest expense on lease liabilities	317	379
Total amount recognised in the consolidated comprehensive operating statement	317	379

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 2021 relating to leases.

	2021	2020
	\$'000	\$'000
Total cash outflow for leases	(2,477)	(2,618)

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; and
- 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.

	2021	2020
	\$'000	\$'000
Cash at bank and on hand	227,457	170,167
Cash and cash equivalents	227,457	170,167

6.3.1 RECONCILIATION OF NET RESULT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES	2021	2020
	\$'000	\$'000
Net result for the period	19,627	27,497
Non-cash movements:		
Depreciation and amortisation of non-current assets	1,145	1,140
Depreciation of right-of-use assets	2,526	2,600
Net (gain)/loss on financial instruments	42	62
Impairments of land inventory	-	962
Other (gains)/losses from other economic flows	53	90
Movements included in investing and financing activities:		
Borrowing costs expensed not relating to operating activities	427	742
Movements in assets and liabilities:		
(Increase)/decrease in receivables	28,972	6,970
(Increase)/decrease in prepayments	(191)	(112)
(Increase)/decrease in land inventory	(32,249)	(99,061)
Increase/(decrease) in payables	(29,765)	20,099
Increase/(decrease) in land sale deposits	(414)	(1,011)
Increase/(decrease) in employee related provisions	267	919
Increase/(decrease) in provisions	11,697	(397)
Net cash flows from/ (used in) operating activities	2,136	(39,500)

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 which is recoverable from, or payable to, the taxation authority are 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 line 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 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

6.4.1 TOTAL COMMITMENTS PAYABLE				\$'000
NOMINAL AMOUNTS 2020	LESS THAN 1 YEAR	1-5 YEARS	5+ YEARS	TOTAL
Capital commitments payable (a)	149,460	-	-	149,460
Total commitments (inclusive of GST)	149,460	-	-	149,460
Less GST receivable	6,796	-	-	6,796
Total commitments (exclusive of GST)	142,664	-	-	142,664

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

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.

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
	FINANCIAL ASSETS AT AMORTISED COST (AC)	FINANCIAL LIABILITIES AT AMORTISED COST (AC)	
2021			TOTAL
Contractual financial assets			
Cash and deposits	227,457	-	227,457
Receivables			
Sale of goods and services	12,395	-	12,395
Total contractual financial assets	239,852	-	239,852
Contractual financial liabilities			
Payables			
Supplies and services	-	125,564	125,564
Borrowings			
Right-of-use lease liability	-	12,964	12,964
Loans from TCV	-	593,044	593,044
Total contractual financial liabilities	-	731,572	731,572

7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION			\$'000
	FINANCIAL ASSETS AT AMORTISED COST (AC)	FINANCIAL LIABILITIES AT AMORTISED COST (AC)	
2020			TOTAL
Contractual financial assets			
Cash and deposits	170,167	-	170,167
Receivables			
Sale of goods and services	44,059	-	44,059
Total contractual financial assets	214,226	-	214,226
Contractual financial liabilities			
Payables			
Supplies and services	-	159,980	159,980
Borrowings			
Right-of-use lease liability	-	14,661	14,661
Loans from TCV	-	533,291	533,291
Total contractual financial liabilities	-	707,932	707,932

The total amounts disclosed here exclude statutory amounts (e.g. 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 which are individually determined to be impaired.

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 & other receivables (a)	-	6,541	6,541
Amounts receivable under development agreements	-	5,854	5,854
Total contractual financial assets	227,457	12,395	239,852

CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PASSED DUE NOR IMPAIRED	\$'000		
2020	GOVERNMENT AGENCIES (AAA RATING)	OTHER (MIN BBB CREDIT RATING)	TOTAL
Cash and deposits	170,167	-	170,167
Trade & other receivables (a)	-	15,452	15,452
Amounts receivable under development agreements	-	28,607	28,607
Total contractual financial assets	170,167	44,059	214,226

Notes:

(a) The total amounts disclosed here exclude statutory amounts (e.g. 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 select the expected credit loss rate based on Development Victoria's past history, 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 2021	CURRENT	31-60 DAYS	61-90 DAYS	91-365 DAYS	365+ DAYS
Expected Loss Rate	0%	0%	0%	53%	100%
Gross carrying amount of contractual receivables	12,091	-	29	275	-
Loss allowance	-	-	-	146	-

	\$'000				
30 JUNE 2020	CURRENT	31-60 DAYS	61-90 DAYS	91-365 DAYS	365+ DAYS
Expected Loss Rate	0%	0%	0%	3%	100%
Gross carrying amount of contractual receivables	29,548	11,170	84	3,250	6
Loss allowance	-	-	-	98	6

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

	\$'000	
	2021	2020
Balance at beginning of the year	(104)	(104)
Increase in provision recognised in the net result	[42]	-
Balance at end of year	(146)	(104)

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 an 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 below.

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	
2021	CARRYING AMOUNT	COMPREHENSIVE RESULT	EQUITY	COMPREHENSIVE RESULT	EQUITY
Contractual financial assets:					
Cash and cash deposits (a)	227,457	[2,275]	[2,275]	2,275	2,275
Receivables (c)	12,395	-	-	-	-
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

INTEREST RATE RISK SENSITIVITY					
	\$'000	DECREASE BY 100 BASIS POINTS		INCREASE BY 100 BASIS POINTS	
2020	CARRYING AMOUNT	COMPREHENSIVE RESULT	EQUITY	COMPREHENSIVE RESULT	EQUITY
Contractual financial assets:					
Cash and cash deposits (a)	170,167	[1,702]	[1,702]	1,702	1,702
Receivables (c)	44,059	-	-	-	-
Contractual financial liabilities:					
Payables (c)	159,980	-	-	-	-
Right-of-use lease liability	14,661	-	-	-	-
Borrowings (b)	533,291	[848]	[848]	848	848
Total impact		(2,550)	(2,550)	2,550	2,550

Notes:

- (a) 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: [\$227,457m x 0.01 = \$2.27m].
- (b) Sensitivity of borrowings to a one per cent movement in market interest rate. Only the liabilities with a variable rate are subject to the sensitivity.
- (c) The total amounts disclosed here exclude statutory amounts (e.g. 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
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		1,516	-	-	1,516
Total contractual financial assets		239,852	-	227,457	12,395
Financial liabilities					
Payables (b)					
Trade & other payables		125,564	-	-	125,564
Borrowings					
Right-of-use lease liability	2.13%	12,964	12,964	-	-
Loans from TCV	2.34%	593,044	593,044	-	-
Total contractual financial liabilities		731,572	606,008	-	125,564

INTEREST RATE RISK EXPOSURE OF FINANCIAL INSTRUMENTS					\$'000
2020	WEIGHTED AVERAGE INTEREST RATE %	TOTAL CARRYING AMOUNT PER BALANCE SHEET	FIXED INTEREST RATE	FLOATING INTEREST RATE	NON- INTEREST BEARING
Financial assets					
Cash and deposits	1.05%	170,167	-	170,167	-
Receivables (a)					
Trade receivables		15,048	-	-	15,048
Amounts receivable under development agreements		28,607	-	-	28,607
Other receivables		404	-	-	404
Total contractual financial assets		214,226	-	170,167	44,059
Financial liabilities					
Payables (b)					
Trade & other payables		159,980	-	-	159,980
Borrowings					
Right-of-use lease liability	2.13%	14,661	14,661	-	-
Loans from TCV	2.83%	533,291	448,500	84,791	-
Total contractual financial liabilities		707,932	463,161	84,791	159,980

Notes:

(a) The total amounts disclosed here exclude statutory amounts (e.g. 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 2021 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	
	Borrowings:
	• Loans from TCV

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 2021	FAIR VAUE 2021	CARRYING AMOUNT 2020	FAIR VAUE 2020
Financial liabilities				
Payables				
Loans from TCV	593,044	601,409	533,291	549,348

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	2021	2020
	\$'000	\$'000
Contingent assets		
Bank guarantees (a)	80,775	73,251
Total	80,775	73,251

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;
- 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	2021	2020
	\$'000	\$'000
Bank guarantees (a)	22,671	18,153
Total	22,671	18,153

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 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.

	2021	2020
	\$'000	\$'000
Net gain/ (loss) on non-financial assets		
Impairments of Inventory	-	(962)
Total net gain/ (loss) on non-financial assets (a)	-	(962)
Net gain/ (loss) on financial instruments		
Impairment of:		
Loans and Receivables	(42)	(62)
Total net gain/ (loss) on financial instruments	(42)	(62)
Other gains/ (losses) from other economic flows		
Net gain/ (loss) arising from revaluation of long service liability	(53)	(90)
Total other gains/ (losses) from other economic flows (b)	(53)	(90)
Total	(95)	(1,114)

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	2021
	\$'000
Development Victoria paid 2018-19 Dividends on 28 October 2020, in accordance with a consultation letter from the Treasurer of the State of Victoria dated 27 October 2020.	1,300
Total dividends paid	1,300
Development Victoria deferred 2019-20 Dividends to 28 October 2021, in accordance with a consultation letter from the Treasurer of the State of Victoria dated 27 October 2020.	7,600
Total dividends declared not paid	7,600
Total dividends paid and declared	8,900

8.3 SUBSIDIARIES

In the 2020-21 financial year, Development Victoria established one further wholly owned Australian subsidiary unit 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	2021	2020
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 \$107.7m (2020: \$8.4m).

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 (2020-2021)
The Hon. Jacinta Allan	Minister for Transport Infrastructure	1 July 2020 to 30 June 2021
The Hon. Martin Pakula	Minister for Business Precincts	1 July 2020 to 30 June 2021
James MacKenzie	Chairperson	1 July 2020 to 30 June 2021
Graeme Parton	Deputy Chairperson	1 July 2020 to 30 June 2021
Natalie MacDonald	Board member	1 July 2020 to 30 June 2021
Lou Farinotti	Board member	1 July 2020 to 30 June 2021
Megan Haas	Board member	1 July 2020 to 30 June 2021
Jacqui Walters	Board member	1 July 2020 to 30 June 2021
James Flintoft	Board member	1 July 2020 to 30 June 2021
Sonya Miller	Board member	1 October 2020 to 30 June 2021
Angela Skandarajah	Chief Executive Officer (Accountable Officer)	1 July 2020 to 30 June 2021

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: \$470,000 - \$479,000 for the reporting period (2020: \$470,000 - \$479,000).

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:

	2021	2020
\$20,000 - \$29,999	1	1
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	5	4
\$50,000 - \$59,999	-	1
\$100,000 - \$119,999	1	1
Total number of responsible persons	8	8
Total remuneration (\$'000)	383	392

Remuneration of the relevant Minister is included in the financial statements of the Department of Parliamentary Services.

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	2021	2020
	\$'000	\$'000
Short-term employee benefit	9,888	9,434
Post-employment benefit	975	898
Other long-term benefit	177	347
Termination benefit	213	709
Total remuneration (a)	11,253	11,388
Total number of executives	47	41
Total annualised employee equivalent (AEE) (b)	46.50	40.80

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.entities. These transactions were undertaken in the ordinary course of operations.

GOVERNMENT-RELATED ENTITIES	NATURE OF TRANSACTION	2021 \$'000	2020 \$'000
Receipt			
Department of Environment, Land Water and Planning	Project cost recovery	216	-
Department of Health and Human Services Victoria	Project cost recovery	110	355
Department of Health and Human Services Victoria	Cost reimbursements for staff secondments	-	213
Department of Jobs, Precincts and Regions	Capital provided towards civic infrastructure projects	36,559	24,209
Department of Jobs, Precincts and Regions	Project cost recovery	5,331	2,261
Department of Premier and Cabinet	Project cost recovery	-	151
Department of Treasury & Finance	Sale of property	123,830	-
Department of Transport	Project cost recovery	1,643	-
Department of Transport	Rental revenue	211	334
Department of Transport	Rent relief recovery	6,186	-
Docklands Studio Melbourne Pty Ltd	Capital provided towards civic infrastructure projects	40,002	-
Melbourne and Olympic Parks Trust	Capital provided towards civic infrastructure projects	74,814	134,019
Regional Development Victoria	Cost reimbursements for staff secondments	375	-
Regional Development Victoria	Project cost recovery	30,121	13,352
State Library Victoria	Capital provided towards civic infrastructure projects	-	20,494
Suburban Rail Loop Authority	Cost reimbursements for staff secondments	282	238
State Sport Centres Trust	Capital provided towards civic infrastructure projects	23,996	41,409
The Trustee for Geelong Performing Arts Centre Trust	Capital provided towards civic infrastructure projects	24,994	-
Payments			
City West Water	Authority fees	878	975
Cladding Safety Victoria	Ex gratia payment	1,000	-
Council of Trustees of the National Gallery of Victoria	Project costs	-	3,850
Department of Education and Training	Project costs	-	8,000
Department of Environment, Land Water and Planning	Authority fees	126	223
Department of Environment, Land Water and Planning	Land valuations	738	885
Department of Environment, Land Water and Planning	Project costs	289	-
Department of Health and Human Services	Project costs	-	6,294
Department of Jobs, Precincts and Regions	Client expenses	152	-
Department of Jobs, Precincts and Regions	Project cost recovery	300	915
Department of Transport	Project costs	1,103	2,362
Department of Treasury and Finance	Property purchase deposit	6,560	-
Department of Treasury and Finance	Recovery of costs	-	366
Department of Treasury and Finance	Dividends	8,900	-
Department of Treasury and Finance	Financial accommodation levy	5,469	4,337
Department of Treasury and Finance	Local government rate related charges & other charges	953	908
Melbourne and Olympic Parks Trust	Project costs	532	1,086

GOVERNMENT-RELATED ENTITIES	NATURE OF TRANSACTION	2021 \$'000	2020 \$'000
Payments			
Melbourne Water Corporation	Revenue share from development agreements	29	6,309
Melbourne Water Corporation	Authority contribution	309	-
State Library of Victoria	Client expenses	154	-
State Library of Victoria	Project costs	1,563	2,459
State Sport Centres Trust	Project costs	916	152
State Revenue Office	Land tax assessment	9,803	14,884
Victorian Managed Insurance Authority	Insurances	1,325	1,016
Victorian Planning Authority	Authority contribution	205	392
Victorian Rail Track	Project costs	-	200
Other			
TCV	Borrowings	593,044	533,291

The Department of Treasury and Finance guarantees Development Victoria’s TCV Borrowings detailed at Note 8.11.

Details of transactions between Development Victoria and its wholly owned subsidiaries is detailed at 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	2020-2021
The Hon. Jacinta Allan	Minister for Transport Infrastructure	1 July 2020 to 30 June 2021
The Hon. Martin Pakula	Minister for Business Precincts	1 July 2020 to 30 June 2021
James MacKenzie	Chairperson	1 July 2020 to 30 June 2021
Graeme Parton	Deputy Chairperson	1 July 2020 to 30 June 2021
Natalie MacDonald	Board Member	1 July 2020 to 30 June 2021
Lou Farinotti	Board Member	1 July 2020 to 30 June 2021
Megan Haas	Board Member	1 July 2020 to 30 June 2021
Jacqui Walters	Board Member	1 July 2020 to 30 June 2021
James Flintoft	Board Member	1 July 2020 to 30 June 2021
Sonya Miller	Board Member	1 October 2020 to 30 June 2021
Angela Skandarajah	Chief Executive Officer (Accountable Officer)	1 July 2020 to 30 June 2021
Geoff Ward	Group Head Precincts	1 July 2020 to 30 June 2021
Manny Bikakis	Acting Group Head – Property Development	1 July 2020 to 6 January 2021
Manny Bikakis	Group Head Strategy	7 January 2021 to 30 June 2021
André van Baalen	Acting CFO and Group Head Operations	1 July 2020 to 6 January 2021
André van Baalen	CFO and Group Head Operations	7 January 2021 to 30 June 2021
Hannah Clement	Acting Group Head – Civic Infrastructure	1 July 2020 to 21 March 2021
Hannah Clement	Group Head – Civic Infrastructure	22 March 2020 to 30 June 2021
Brad Scott	Acting Senior Development Director – Advisory Services	1 July 2020 to 31 December 2020
Kathryn Lord	Acting Senior Development Director – Acquisitions	1 July 2020 to 31 December 2020
Julie Browning	Executive Director Corporate Affairs and Engagement	1 July 2020 to 30 June 2021
Caroline Monzon	Executive Director People and Culture	1 July 2020 to 30 June 2021
Penelope Forrest	Group Head Property Development	7 January 2021 to 30 June 2021
Bernard Stute	Executive Director Legal, Risk and Compliance	1 February 2021 to 30 June 2021

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister’s remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within Department of Parliamentary Services’ Financial Report.

	2021	2020
COMPENSATION OF KMPS	\$'000	\$'000
Short - term benefits	3,075	3,106
Post-employment benefits	258	258
Other long-term benefits	59	105
Termination benefits	-	254
Total compensation (a)	3,392	3,723

Note:

[a] Note that 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 e.g. 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:

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.

Ms Megan Haas: Suburban Rail Loop Authority Board Member.

Ms Natalie MacDonald: Chief Executive Officer Country Fire Authority.

Transactions with these entities are reported under **Significant transactions with government-related entities** above.

8.8 REMUNERATION OF AUDITORS

	2021 \$'000	2020 \$'000
Remuneration of the Victorian Auditor-General's Office for:		
Audit of the financial statements	145	142
Total remuneration of Victorian Auditor-General's Office	145	142

8.9 SUBSEQUENT EVENTS

Management has evaluated up to the date of 14th September 2021 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 (e.g. 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.

	2021 \$'000	2020 \$'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 TCV. 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 TCV 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

The table below outlines the accounting pronouncements that have been issued but not effective for 2020-21, applicable to Development Victoria, which may result in potential impacts on public sector reporting for future reporting periods.

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS COMMENCING AFTER	IMPACT ON ENTITY FINANCIAL STATEMENTS
AASB 17 <i>Insurance Contracts</i>	AASB 17 seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.	1 January 2023	Not anticipated to be a material impact upon Development Victoria's financial statements.
AASB 2021-3 <i>Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions beyond 30 June 2021</i>	Amends AASB 16 to extend by one year the application period of the practical expedient added to AASB 16 by AASB 2020-4 <i>Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions</i> .	1 April 2021	Not anticipated to be a material impact upon Development Victoria's financial statements.
AASB 2020-1 <i>Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current</i>	Amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2023.	Not anticipated to be a material impact upon Development Victoria's financial statements.
AASB 2020-8 <i>Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2</i>	Amends AASB 4, AASB 7, AASB 9, AASB 16, AASB 139 help entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements.	1 January 2021	Not anticipated to be a material impact upon Development Victoria's financial statements.

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

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 2021 and financial position of Development Victoria at 30 June 2021.

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 2021.



Megan Haas
Chairperson



Angela Skandarajah
Chief Executive Officer



André van Baalen
Group Head, Operations

AUDITOR GENERAL’S REPORT



Independent Auditor’s Report

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 2021consolidated 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 2021 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 2021, 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>
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

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority and the consolidated entity’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of 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.
- 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
21 September 2021



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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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.

This information does not purport to contain all the information a party may require. Development Victoria, its employees and consultants shall have no liability to any person under law of contract, tort, the principles of restitution or unjust enrichment or otherwise any loss, expense or damage which may arise from or be incurred or suffered as a result of anything contained in this document or otherwise arising in any way from the purchase of land from Development Victoria or building or development within any Development Victoria project.

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While all reasonable efforts have been made to ensure the information contained in this document is accurate and correct at the date of its issue, Development Victoria is not responsible for any errors in or omissions from this document, whether arising out of our negligence or otherwise.

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.



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