




Development Victoria
Annual Report 2022-23





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

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Foreword

As we reflect upon the past year, we are proud to celebrate our achievements as we continue to deliver on our purpose, to transform and create places that enrich people's lives.

Many projects have reached key milestones, as we have continued to work with other parts of government and the private sector to develop places where people can live, work, visit and enjoy.

Construction works started this year on the \$1.7 billion Melbourne Arts Transformation, Australia's largest ever cultural infrastructure project set to transform our cultural precinct right in the heart of Melbourne.

We completed the stunning \$140 million Geelong Arts Centre – the biggest regional performing arts centre in Australia filled with beautiful new theatres, performing, dining and entertainment centres.

On the sporting front, we advanced the expansion of the State Basketball Centre, which will make it one of Australia's premier basketball facilities with 12 new indoor courts, as well as areas for training, administration new gymnastics facilities.

Our regional footprint grew further with the practical completion of Galkangu, an office building in Bendigo, that will provide 1,000 local and Victorian Government employees with state-of-the-art facilities. The building features outstanding artwork inspired by Dja Dja Wurrung shields and connection to country.

The transformation of the former Fitzroy Gasworks continues in an enviable location on the edge of Melbourne's CBD. Complementing the secondary school is a new sports centre, which is well underway, with housing - including affordable options - and open spaces to follow.

We know that housing supply and affordability remain key challenges for Victorians, so we are pleased that in the last year we provided 214 new homes and land to people across the state. This will continue to be a focus for us, as we work actively with other parts of government, the private and not for profit sectors to increase supply and affordability in the new home, land and rental markets. Of our sales, 21% were to those on those on incomes eligible for affordable housing and 39% to first home buyers.

This year, we've also seen continued investment and growth in our precincts, particularly in Docklands, Arden, Central Dandenong and opportunities in Wodonga.

At Development Victoria, we have the privilege of working on First Peoples country and we are committed to and passionate about the road to reconciliation. This year, we developed a First Peoples Partnership Strategy to help First Peoples realise self-determination and meaningful outcomes. We also embarked on our next reconciliation action plan, Innovate, to guide our work.

Importantly, we know that the way we work is as important as what we work on.

In the spirit of a more inclusive and diverse workforce, we introduced new training across the themes of behaviours of inclusion, First Nations, LGBTQIA+, domestic violence and mental health and expanded our mentoring and intern programs. We participated for the first

time in the annual Pride March and built a stronger approach across the organisation on key days of significance in the Diversity, Equity and Inclusion calendar – including International Women's Day, NAIDOC Week, National Reconciliation Week and International Day for People with a Disability.

We acknowledge the strong support of the Deputy Premier, the Hon Jacinta Allan this year and other ministers across our portfolio. The creation of the Department of Transport and Planning in the last year brings stronger opportunities for integrated land and transport planning through our projects.

We sincerely thank the Development Victoria team, including our Executive team and Board for their support, and ongoing hard work and passion. An organisation is only as good as its people, and we are extremely proud of what our team has achieved together.



Angela Skandarajah
Chief Executive Officer
14 September 2023



Megan Haas
Chairperson
14 September 2023

About Development Victoria

We're a government agency partnering with industry and communities to transform ambitious ideas into reality.

We balance community needs with commercial discipline – and our experience shows that sustainable, liveable places deliver the best long-term return for all.

We reimagine iconic places like the Melbourne Arts Precinct and State Basketball Centre to transform them for future generations.

We develop entire precincts like Docklands and Fitzroy Gasworks, unlocking public land to create connected, sustainable places where people can live, work play and thrive.

We build homes close to jobs, services and transport – and we sell them to Victorians on average incomes, so they too can have the security of a place to call home.

Together, we deliver places that make a genuine difference to the people of Victoria.

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.



SUSTAINABILITY: INTEGRATE + EMBED IN EVERYTHING WE DO

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



Making Victoria a great place to live.

Collaborate



We are stronger as a team
We embrace partnerships
We are passionate

Innovate



We find new ways
We strive to be better
We are empowered to grow and adapt

Deliver



We find complete solutions
We add value
We are all accountable

Corporate Governance

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

Responsible Minister

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

Treasurer

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

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

Development Victoria Board

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

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

Legislation

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

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

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

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

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

Department of Transport and Planning

Development Victoria is part of Victoria's transport and planning portfolio, led by the Department of Transport and Planning (DTP).

DTP delivers an integrated approach to Victoria's transport and planning system to support inclusive, prosperous, and sustainable community outcomes. DTP enables more liveable communities across Victoria through the realisation of local economic and community opportunities.

DTP serves five Ministers and a Parliamentary Secretary and unites transport, planning, precincts, land use, property, building and heritage to support our vision of thriving places, connected communities for all Victorians.

While Development Victoria is an independent statutory authority, its initiatives are key contributors to the transport and planning portfolio.

Statutory authority:
Development Victoria

Governing Act:
Development Victoria Act 2003

Incorporated:
1 April 2017

Registered address:
Level 9, 8 Exhibition Street
Melbourne 3000

ABN: 61 868 774 623

Declared projects and Ministerial Directions

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

The following projects are declared projects which were, or are currently being, completed by Development Victoria as at 30 June 2023:

- Arden Precinct
- Ballarat West Employment Zone Development
- Fitzroy Sports Centre
- Geelong Arts Centre Redevelopment – Stage 3
- Kew Residential Services Redevelopment
- Melbourne Arts Precinct Transformation
- Parkville Gardens
- Revitalising Central Dandenong
- State Basketball Centre Redevelopment
- Twelve Apostles Precinct Redevelopment
- Ballarat Saleyards.

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



Artist Impression: Melbourne Arts Precinct Transformation

At a glance



Places

We create places for people

31 Projects

81% Metro

19% Regional



People

We are a place for people

333 people

55.3% female

44.7% male

0% self defined

14 languages spoken



Partnerships

We work with others

7/11 Registered Aboriginal Parties

20+ Private Sector partners

22+ government agencies and departments

30+ local councils and communities



Policy

We bring government policy to life

Housing

TARGET 25% affordable

214 sales of new homes

21% to those on incomes eligible for affordable housing

39% to First Home Buyers

Economic Development

PROJECT SPEND \$566 million on development and infrastructure

Jobs

SUPPORTED 6,300 jobs

Sustainability

TARGET projects to be Carbon Neutral by 2030

Corporate operations certified Carbon Neutral by the Australian Government's Climate Active initiative. Emissions were reduced by over 40% from the previous year.

One Green Star Community certified, with a further three communities registered for certification.

One Green Star Building certified in FY22, with a further six buildings registered for certification.

Five Leadership in Energy and Environmental Design (LEED) Gold certified buildings.

Year in review

Works kick off

- Nyaal Banyul Geelong Convention and Event Centre
- Werribee Open Range Zoo redevelopment
- Melbourne Arts Precinct transformation
- Soccer facilities on Templestowe Road.



Early Works Started

- Fishermans Bend Innovation Precinct
- Redevelopment of the old Kyneton Primary School.



Ballarat West Employment Zone (BWEZ)

Another 600 jobs were announced as part of Stage two of the Ballarat West Employment Zone (BWEZ), and early works also started on the Intermodal Freight Hub at the site.

Galkangu - Bendigo GovHub

Practical Completion of Galkangu - Bendigo GovHub.



Fitzroy Sports Centre

Works started on Fitzroy Sports Centre as part of the Fitzroy Gasworks redevelopment, with the Development Plan for the overall project also approved.



Junction Place, Wodonga

The inaugural Community Reference Group at Junction Place, Wodonga, was announced.



Engagement commenced

On the Twelve Apostles Redevelopment project, the redevelopment of Central Pier in Docklands, Junction Place in Wodonga, Fitzroy Gasworks and the Melbourne Arts Precinct Transformation.



Taylor's Quarter

A new park was completed for the community at this residential project.

State Basketball Centre redevelopment

Structural steel installed at the State Basketball Centre redevelopment.



Geelong Arts Centre

Unveiling of First Nations artwork at Geelong Arts Centre.

Giving more Victorians the opportunity to own their home

21% of homes sold to those on incomes eligible for affordable housing

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.



Galkangu - Bendigo GovHub

Galkangu is a new state of the art building to support the creation of jobs, boost the local economy and deliver a range of local and state government services. It will centralise the delivery of a range of government services and accommodate up to 1,000 council and Victorian Government workers.

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

Project objective

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

Policy objective

Economic development
Urban renewal

2022-23 achievements

- The base build of Galkangu was completed in November 2022.
- Fit out and interior completion occurred in first half of 2023.
- Practical Completion achieved in May 2023.



Geelong Arts Centre – Stage 3

The redeveloped Geelong Arts Centre has significantly expanded the capacity of the Centre, introducing multiple new performance venues, an upgraded box office and refurbished back-of-house and administration facilities.

The redevelopment will also help the Geelong Arts Centre 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. At completion, the Geelong Arts Centre is now Australia’s largest regional arts centre.

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

2022-23 achievements

- The project has effectively optimised local employment and local content, with Lendlease employing approximately 270 workers from the G21 region, representing approximately 36% of site inductions conducted. Suppliers on the project included several significant contracts with Geelong based firms including Viridian Industries, Godfrey Hirst and Jacaranda Industries.
- The project has worked with four leading First Nations Artists to embed significant artworks into the fabric of the project. Artists featured in the project include Wadawurrung First Nations Artist Kait James, Worimi man Gerard Black, Gunditjmara Keerray Woorroong artist Tarryn Love and Ngarrindjeri and Gunditjmara man Mick Ryan.
- The Little Malop Street Redevelopment reached substantial Practical Completion in June 2023 ahead of a grand opening event scheduled for August 2023, which was announced by the Premier at a site visit in May 2023.
- The project has delivered a \$5 million upgrade of the surrounding precinct streetscape as part of the Geelong City Deal (Arts and Cultural Public Realm Improvements) and will be completed in August 2023.





Melbourne Arts Precinct Transformation

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

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

- The Fox: NGV Contemporary gallery
- Significant upgrades to Arts Centre Melbourne’s Theatres Building
- 18,000 square metres of urban garden
- New connections into and through the arts precinct
- Improved all-abilities access
- New restaurants and bar spaces.

Project objective

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

Policy objective

Social and economic infrastructure

2022-23 achievements

- Ground breaking event to mark the start of early works in July 2022.
- The permanent closure of Sturt Street between City Road and Southbank Boulevard, via formal Gazettal, to enable works to progress on the project.
- Early Works on the Northern Package completed according to programme and on budget to enable the Main Works to commence.
- The appointment and announcement of Lendlease in April 2023 as the main works contractor for the Northern Package works, including Arts Centre Melbourne.
- Design phases for the Public Realm and The Fox: NGV Contemporary substantially progressed.
- Contractor appointed for the Deconstruction of 77 Southbank Boulevard and for the early works on NGV International.
- Removal of the bridge structure connecting The Primrose Potter Australian Ballet Centre and the Arts Centre Melbourne buildings and a temporary bridge installed to enable works on the Northern Package to continue.



New Soccer Facilities at Templestowe Road, Bulleen

The North East Link Program has partnered with Development Victoria to deliver a new facility for the Bulleen Lions soccer club, who will be relocated from their current location in Bulleen Park to a new facility off Templestowe Road.

The relocation is part of an early works package for the North East Link.

The project will deliver:

- A new pavilion
- Sports lighting
- Three soccer pitches
- 176 car parks
- Road and drainage works
- Enhanced Yarra River frontage.

Project objective

Relocation of soccer facilities at Bulleen Park to facilitate the North East Link redevelopment.

Policy objective

Social and economic infrastructure

2022-23 achievements

- Completion of the design documentation and awarding of the main works construction contract.
- Commenced construction on the project and completed major earth works and piling works for the pavilion.
- Negotiated and entered into a licence agreement with Parks Victoria to support works on their land.



Nyaal Banyul Geelong Convention and Event Centre

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

The project is designed to attract a broad range of conferences, exhibitions, banquets, trade shows and live events to Geelong. The facility will operate in a complementary manner with the Melbourne Convention and Exhibition Centre to increase the state’s share of these markets.

Regional Development Victoria is responsible for the implementation of the Geelong City Deal and is working in partnership with Development Victoria to deliver the procurement and construction of the Nyaal Banyul Geelong Convention and Event Centre. The Victorian Government is the majority funding party, with additional contributions from the Australian Government and City of Greater Geelong.

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

Project objective

Position Nyaal Banyul Geelong Convention and Event Centre as Victoria’s premium regional convention and event destination, contribute to the revitalisation of central Geelong, and drive the region’s visitor and knowledge economies.

Policy objective

Social and economic infrastructure

Urban renewal

2022-23 achievements

- Release of the Expression of Interest (EOI) to the PPP market and the shortlisting of three consortia, followed by the release of a Request for Proposal (RFP) to the shortlisted consortia.
- Engagement with Geelong entities, business networks, the Wadawurrung Traditional Owners Aboriginal Corporation (WTOAC) and the community to develop the Project Scope and Functional Requirements.
- The completion of a number of archaeological investigations on site in partnership with the WTOAC and Heritage Victoria.
- Development of a partnership model with Geelong social enterprises to ensure the project will achieve strong social procurement and employment outcomes.



Werribee Open Range Zoo Expansion

Zoos Victoria and Development Victoria have partnered to expand the Werribee Open Range Zoo as part of the 2020-2021 State Capital Program.

The Werribee Open Range Zoo Expansion will deliver:

- An elephant sanctuary
- A visitor walking trail
- Utilities upgrades.

Project objective

Successful delivery of the new habitat for elephants on behalf of Zoos Victoria

Policy objective

Social and economic infrastructure

2022-23 achievements

- Completion of the design process.
- Tender of works for an awardable scope within the project budget.
- Development of a Project Cooperation Agreement with Greater Western Water for the portable water upgrade to the Werribee Zoo.
- Early facilitation works, including animal relocation to facilitate the commencement of construction.
- Commencement of major construction works.

Precincts

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



Ballarat West Employment Zone

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

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

Project objective

Economic development and jobs for a growing regional community.

Policy objectives

- Economic development
- Housing

2022-23 achievements

- Development and sale of \$21m of industrial land at Stage 2, sustaining 394 jobs.
- Design of the Ballarat Intermodal Freight Hub.
- EOI for Circular Economy development opportunities in partnership with the City of Ballarat.
- Identified a preferred contractor for the civil infrastructure works for Stage 2.



Docklands

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

Project objective

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

Policy objectives

- Urban renewal
- Economic development

2022-23 achievements

- Support of Shed 21 in Bolte Precinct West to encourage visitors to Docklands, including sponsorship of Melbourne Fringe Festival and Melbourne Fashion Week. Sponsorship also extended to events such as the Melbourne Boat Show and Diwali Festival activities in Docklands in October 2022.
- Committed funding to the Victoria Point landscaping upgrade project, with early works starting in February 2023.
- Planning progress and appointment of a contractor for the removal of Central Pier from the water.
- Work completed to remove the western tip of Central Pier from the water and investigative works started on removing the main structure from the water.
- Public consultation process for the future revitalisation of Central Pier and the adjacent waterfront.



Fishermans Bend Innovation Precinct

The Fishermans Bend Innovation Precinct is located 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 Stage 1 of the Fishermans Bend Innovation Precinct development.

Project objective

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

Policy objectives

Urban renewal

Economic development

2022-23 achievements

- Stage 1 Early Works contract awarded, with bulk excavation, earthworks, removal of redundant services and structures and remediation works underway.
- EOI released for Stage 1 Main Works.
- Fishermans Bend Innovation Project registered for Greenstar Communities.



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

Housing

Urban renewal

Social and economic infrastructure

2022-23 achievements

- Established a Community Reference Group (CRG) of eight community members and an independent Chairperson as a conduit between the community and Development Victoria.
- The CRG has met six times in first half of 2023 and developed a statement of community aspirations that has been included in an EOI document to develop the remaining land at Junction Place.



Revitalising Central Dandenong

Development Victoria is working with the City of Greater Dandenong and other stakeholders to create a vibrant precinct that provides commercial, residential, retail, and community services, as well as public open spaces.

Project objective

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

Policy objectives

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

2022-23 achievements

- Engagement and communication with stakeholders and the community continued on the new masterplan prepared by Capital Alliance for Precincts 11-15. Over a 20-year period this will:
 - deliver a new Little India precinct
 - inject \$600 million into the Dandenong economy during its development and construction phase
 - create 2,600 construction jobs, and 5,000 ongoing jobs when it is operational
 - deliver 470 new dwellings and 2,500 square metres of community space
 - deliver new commercial and retail spaces, including a new supermarket and food market hall
 - transform central Dandenong into a vibrant and thriving destination
 - deliver social enterprise initiatives
 - improve public safety and amenity.
- Launch celebration of the new Salvation Army community hub in central Dandenong in February 2023.



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 – an urban village with diverse housing options, a senior high school, sports centre and public open spaces.

This mixed-use development will set a new benchmark for urban renewal and inner-city housing.

Project objective

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

Policy objectives

- Housing
- Urban renewal
- Social and economic infrastructure

2022-23 achievements

- Development Plan approved by the Minister for Planning.
- Remediation works completed.
- Planning permit was obtained for Parcel A part of the site.
- Regular meetings with the Fitzroy Gasworks Project Community Reference Group.



Fitzroy Sports Centre

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

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

The sports centre will provide much-needed new facilities for a range of local sports clubs, including basketball, netball, volleyball and futsal, in the heart of Fitzroy. It will integrate with the Wurun Senior Campus' two indoor sports courts to enable shared use and create a six-court facility outside of school hours.

Project objective

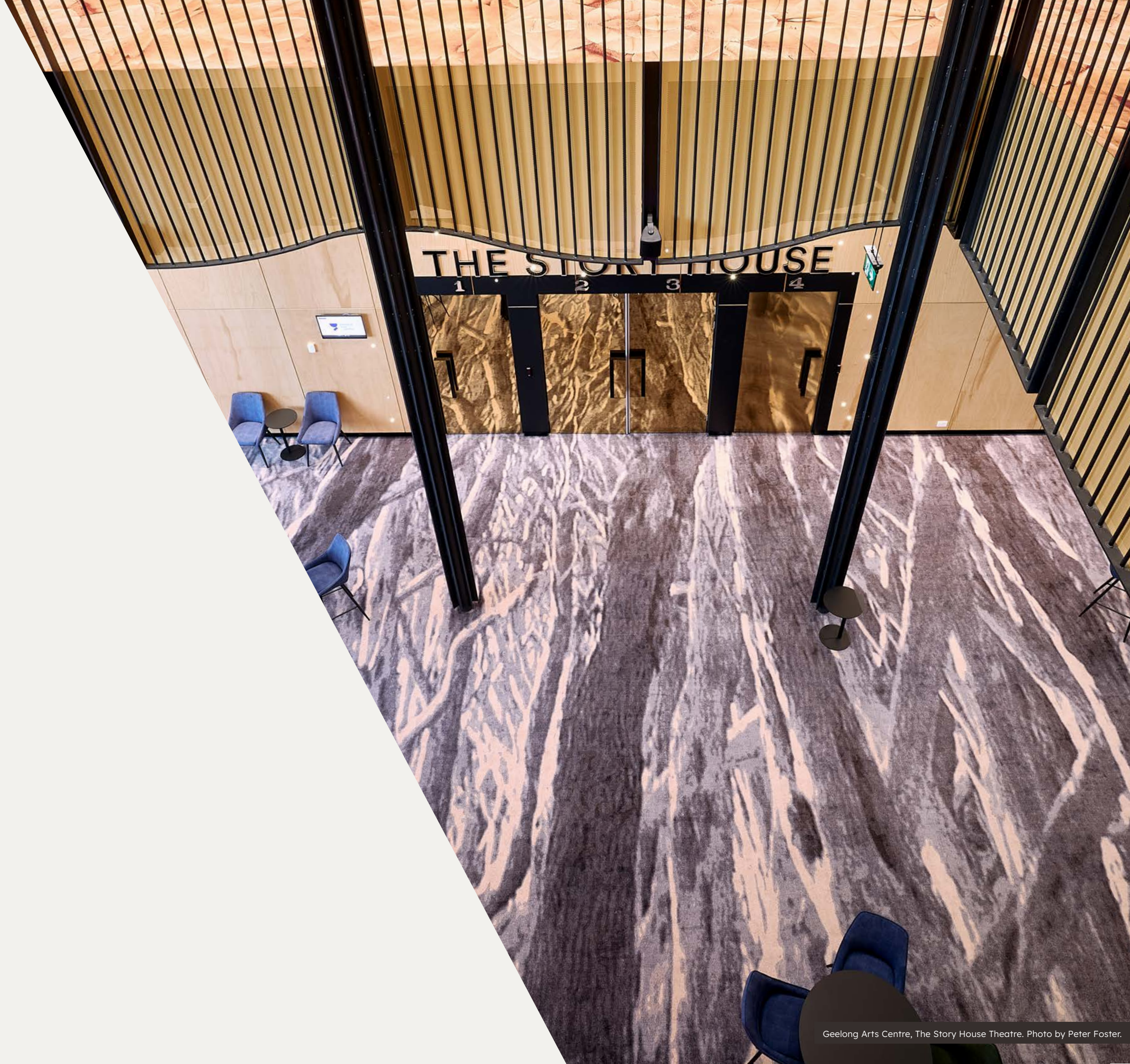
Contribute to the Victorian Government's vision for the Fitzroy Gasworks Precinct and help to address the shortage of indoor sports facilities within Melbourne's inner northern region, particularly in the City of Yarra.

Policy objective

Social and economic infrastructure

2022-23 achievements

- Design and Construct contract awarded, with early works commencing in late 2022.
- Main construction works commenced in April 2023.



Housing

Through its housing activities, Development Victoria creates communities which are well connected, well serviced and well designed to create liveable and thriving neighbourhoods. Development Victoria delivers and promotes housing affordability and choice, housing diversity, social and affordable housing, economic development and mixed-use projects.



Alfie

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

Project objective

Deliver diverse and affordable housing for a growing community.

Policy objectives

Housing

Urban renewal

2022-23 achievements

- Settlements completed for Stage 1 (45 homes) and Stage 2 (37 homes).
- Stages 1 and 2 of the Central Park completed.
- 45 homes in Stage 3 under construction, with completion progressing.



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 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 future development.

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

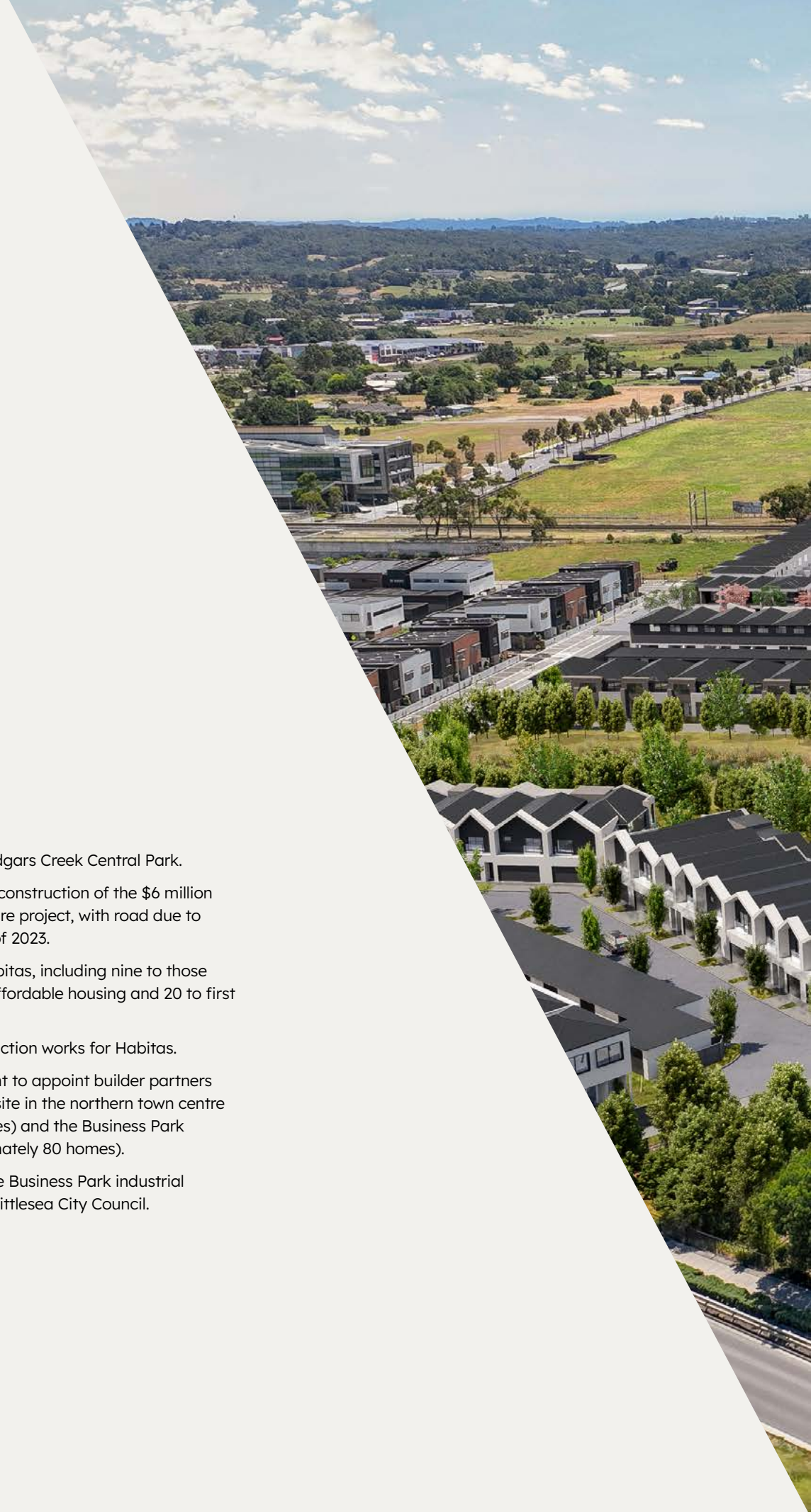
Economic development

Urban renewal

Social and economic infrastructure

2022-23 achievements

- Delivery of \$1.6 million Edgars Creek Central Park.
- Substantially completed construction of the \$6 million Edgars Road infrastructure project, with road due to open in the second half of 2023.
- Sold 26 properties at Habitas, including nine to those on incomes eligible for affordable housing and 20 to first home buyers.
- Commenced civil construction works for Habitas.
- Commenced procurement to appoint builder partners for a further townhouse site in the northern town centre (approximately 120 homes) and the Business Park residential site (approximately 80 homes).
- Permit application for the Business Park industrial subdivision issued by Whittlesea City Council.





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 complemented by a variety of neighbourhood services.

Policy objectives

- Housing
- Urban renewal
- Economic development

2022-23 achievements

- Request for Proposal (RFP) process commenced to source a contractor for remediation works at the site.
- Consultation with Brimbank City Council regarding the proposed Planning Scheme Amendment for the site.



Coomoora, Springvale South

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

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

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

Project objective

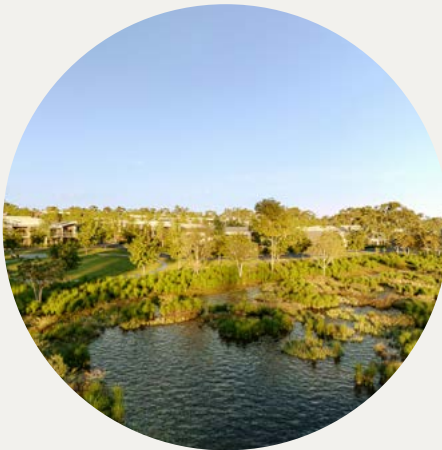
The development offers a diverse range of housing, so people will have greater choice in both size and price within close proximity to existing jobs, services and transport.

Policy objective

- Housing

2022-23 achievements

- Obtained subdivision and built form planning permits.
- Launched the sales campaign and achieved 40 sales, including six to those on incomes eligible for affordable housing.
- Substantially progressed subdivision civil construction works on site.



Knoxfield

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

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

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

Subject to a range of approvals, sales and construction are planned to commence in early to mid-2023.

Project objective

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

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

Policy objectives

- Housing
- Urban renewal
- Social and economic infrastructure

2022-23 achievements

- Masterplan further refined, and next subdivision permit application lodged with Council.
- Ongoing proactive engagement with the community.



LUMA, Sunshine North

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

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

Project objective

Deliver a development built with a diverse range of housing options and quality open-space amenities.

Policy objectives

Housing

Urban renewal

2022-23 achievements

- Stage 1 civil subdivision works completed.
- Stage 1 houses sold out.
- Stage 2 civil subdivision works contract awarded to BMD Urban and works commenced.



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 the creation of job opportunities in Melbourne’s southeast.

Policy objectives

Economic development

Housing

2022-23 achievements

- Completion of market based EOI process for part of Town Centre.
- Completed the sale of the Community land within the Town Centre.
- Completed the sale of the former land sales office site.



Olio, Officer

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

Development Victoria’s ‘Priority Access’ initiative has helped ensure affordable housing at Olio gets into the hands of those who need it most. Priority Access provides those on incomes eligible for affordable housing 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 (Phase 1), comprising 93 double storey townhouses.

Project objective

Deliver diverse and affordable housing for a growing community.

Policy objectives

Housing

Urban renewal

2022-23 achievements

- Construction completed for Stages 3 and 4 in Phase 1.
- Titles Registered for Stages 2, 3 and 4 in Phase 1.
- Settlements completed for Stages 2, 3 and 4 in Phase 1.
- Sales campaign for Olio Phase 2 commenced in March 2023 achieving nine sales, three to those on incomes eligible for affordable housing and six to first homebuyers.
- Preparation for the tender of Phase 2 civil construction works.





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

2022-23 achievements

- Substantial completion of construction of Stage 9 apartment tower, which comprises 151 social housing apartments.



Riverwalk, Werribee

The Riverwalk project is being delivered through a partnership between Melbourne Water and Development Victoria to transform 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

Economic development

Housing

Urban renewal

Social and economic infrastructure

2022-23 achievements

- Civil construction completed on Stages 29, 31, 32 and 33.
- Civil construction underway on Stages 34 and 25.
- Construction of Farm Road upgrade and intersection works completed.
- Construction of the acoustic wall in Permit Area 6 completed.
- Development Plan Amendment approved by Wyndham City Council.
- 143 sales, 29 to those on incomes eligible for affordable housing and 41 to first home buyers.
- Structural design approval of Permit Area 6 acoustic wall plans.





Development Victoria's Board of Directors

Megan Haas (Chairperson)

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

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

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

Natalie MacDonald (Deputy Chairperson from 1 April 2023)

Natalie MacDonald is Chief Executive Officer of the Country Fire Authority. Prior to their appointment to this role in February 2021, Natalie was Vice-President (Strategy & Development) at La Trobe University. Natalie has also been the Director-General of Housing and of Public Works in Queensland.

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 been involved in and led precinct development in multiple jurisdictions and has promoted innovation and inclusion in infrastructure development. She has served and is serving on a number of Commonwealth and state bodies and not for profit entities.

Graeme Parton (Deputy Chairperson until 31 March 2023)

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

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

Having retired from his position as Partner and Director at Charter Keck Cramer, Graeme now owns 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 Advisory Board Member of the City of Melbourne entity, Homes Melbourne, an independent director of the Melbourne Anglican Diocesan Corporation Limited, a Council Member of the 53rd Anglican Diocese of Melbourne (the governing body) and Advisor to the Archbishop.

Lou Farinotti

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

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

Over the years, Lou has acted for several of Melbourne's major property developers in over 100 major apartment and property projects. Lou headed up Holding Redlich's China/Asia initiative for several years, which

has provided Lou with valuable experience and an understanding of Chinese and Asian business attitudes and culture. Lou was until recently on the board of and was the Victorian, Australian and Asia Pacific President of the Italian Chamber of Commerce and as a consequence, benefited from experiences and relationships and contacts established during his time with the Chamber.

Jacqui Walters

Jacqui Walters is an experienced executive and non-executive director who has worked across many industries, including renewable energy, transport, infrastructure and professional services.

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

Jacqui is a non-executive director and Chair of the Risk and Audit Committee of Slater & Gordon Ltd, a non-executive Director of the Port of Brisbane Pty Ltd and a non-executive director of the not-for-profit food rescue organisation, Second Bite. Jacqui is also the National Rail Manufacturing Advocate, supporting the growth of rail manufacturing in Australia.

James Flintoft

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

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

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

Sonya Miller

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

Prior to establishing Armitage Jones, Sonya worked for a range of private and public property and construction companies in senior management roles. She has led significant development projects where she has delivered projects of up to \$1 billion in end value across commercial, residential and industrial sectors. 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.

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 of 30 June 2023, the Board is comprised of six Directors. During the year, no new Directors were appointed, and one Director resigned.

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

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

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 people.

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

- James Flintoft (Chairperson)
- Megan Haas – Director
- Graeme Parton - Previous Deputy Chairperson of the Board (member until 31 March 2023)
- Sonya Miller – Director

Development Victoria Board attendance

Development Victoria held 8 Board meetings in 2022-23.

BOARD MEMBER	ELIGIBLE TO ATTEND	ATTENDED	NOTE
Megan Haas	8	8	
Graeme Parton	6	6	
Natalie MacDonald	8	8	
Lou Farinotti	8	5	
Jacqui Walters	8	7	
James Flintoft	8	8	
Sonya Miller	8	8	

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:

- Jacqui Walters (Chairperson)
- Natalie MacDonald – Deputy Chairperson of the Board
- Megan Haas – Director
- James Flintoft – Director

Investment Committee

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

The Investment Committee consists of the following members:

- Sonya Miller – Director (Chairperson effective 1 April 2023)
- Graeme Parton – Previous Deputy Chairperson of the Board (Chairperson until 31 March 2023)
- Lou Farinotti – Director
- Megan Haas – Director (Member effective 10 May 2023)
- Jacqui Walters – Director

Development Victoria Committee Membership and Attendance 1 July 2022 to 30 June 2023

COMMITTEE MEMBER	AUDIT AND RISK COMMITTEE		INVESTMENT COMMITTEE		PEOPLE, CULTURE AND REMUNERATION COMMITTEE		
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	NOTE
Natalie MacDonald	4	3	-	-	-	-	
Megan Haas	4	4	1	1	3	3	Appointed as IC Member effective 10 May 2023
Graeme Parton	-	-	2	2	3	3	IC Chairperson until 31 March 2023. PCRC Member until 31 March 2023.
James Flintoft	4	4	-	-	3	3	
Lou Farinotti	-	-	3	1	-	-	
Jacqui Walters	4	4	3	3	-	-	
Sonya Miller	-	-	3	3	3	3	Appointed as IC Chairperson effective 1 April 2023

Executive Leadership Team

Chief Executive Officer - Angela Skandarajah

With over 25 years' experience in the real estate sector, Angela has broad based expertise in property development, urban renewal and infrastructure projects. She previously headed up MinterEllison's National Real Estate, Environment and Planning team and has been a long term contributor to various industry bodies.

Since joining Development Victoria in 2017 she has been part of the leadership of the organisation in various roles and was appointed acting CEO in April 2018, with a formal appointment in February 2019.

Angela is passionate about creating a positive culture and learning environment at Development Victoria, where people are encouraged to be themselves, develop and maximise their potential, whilst achieving great outcomes for the community.

Head of Strategic Projects, Geoff Ward

Geoff has more than 30 years' experience in planning and delivering precinct, civic and infrastructure projects. He has broad local and international experience within the private sector and government organisations. His previous roles have included Group Head, Precincts at Development Victoria and also led the Fishermans Bend Taskforce.

Group Head, Precincts - Niall Cunningham

Niall Cunningham 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.

Niall has worked in various property related senior executive roles in the private and public sectors, both nationally and internationally. He has over 25 years' experience in property development projects with particular experience in precinct scale development. His expertise also includes working with stakeholders and communities in the planning and delivery of complex urban regeneration projects that deliver community focused outcomes.

Group Head, Housing – Penny Forrest

Penny Forrest leads the Housing 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 25 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 Chairperson of the Property Council Australia's Victorian Residential Developers Committee and a former member of the Surveyors Registration Board Victoria.

Group Head, Operations – André van Baalen

André van Baalen leads the delivery of finance, technology, and asset management services at Development Victoria.

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

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

Group Head, Civic Infrastructure – Hannah Clement

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

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

Prior to joining Development Victoria, Hannah delivered complex and challenging major projects across Australia, the Middle East and South-East Asia. With a

background in civil engineering, she spent more than 10 years in the engineering consultancy sector, with a specialisation in the delivery of major sporting, event and social infrastructure.

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, Culture and Transformation – Sonja Ruddock

Sonja Ruddock leads the People, Culture and Transformation team, which enables Development Victoria to deliver on its purpose by sourcing and developing great talent, building a diverse workforce and inclusive culture, and enabling our people to perform at their best.

Sonja has over 20 years' experience in organisational development and human resources. She is passionate about the power of great culture and leadership to transform organisations, and since taking up the role has been particularly focused on building capability across the organisation. Prior to joining Development Victoria, Sonja held senior human resource and business leadership roles at NAB, Bupa and Greater Western Water.

Sonja is a Registered Psychologist, who has specialised in organisational psychology through her career.

Group Head, Legal and Advisory – Bernard Stute

Bernard leads the Legal, Risk, Procurement and Advisory 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.

Group Head, Regional Infrastructure Program – Joanne Wandel

Joanne Wandel leads the Regional Infrastructure Program at Development Victoria.

With more than 25 years' experience leading construction and major projects in the public and private sectors, she has led some of Victoria's largest public infrastructure, urban renewal and housing projects. This includes the delivery of social and affordable housing at Homes Victoria as part of the \$5.3 billion Big Housing Build, the City of Melbourne's largest capital works program to revitalise the Queen Victoria Market and delivery of the Melbourne Docklands project.

Report on Operations

Financial summary

For the 12 months ended 30 June 2023, Development Victoria produced an underlying Net Result from Transactions after Income tax equivalent expense of \$27.3m.

After adjusting for other economic flows, the comprehensive profit result was \$26.7m.

Total equity of Development Victoria as at 30 June 2023 was \$258.2m.

The Net Cash Inflow from Operating activities for the 12-month period ending 30 June 2023 was \$67.7m.

PERIOD ENDED 30 JUNE	2023 \$'000	2022 \$'000
Operating results		
Revenue	303,864	212,399
Cost of sales	(238,032)	(155,483)
Operating expenses	(38,499)	(32,748)
Other economic flows	(616)	522
Income tax equivalent	-	-
Total costs	(277,147)	(187,709)
Comprehensive result	26,717	24,690
Financial status		
Total assets	1,200,962	1,208,435
Total liabilities	(942,759)	(973,406)
Total equity	258,203	235,029

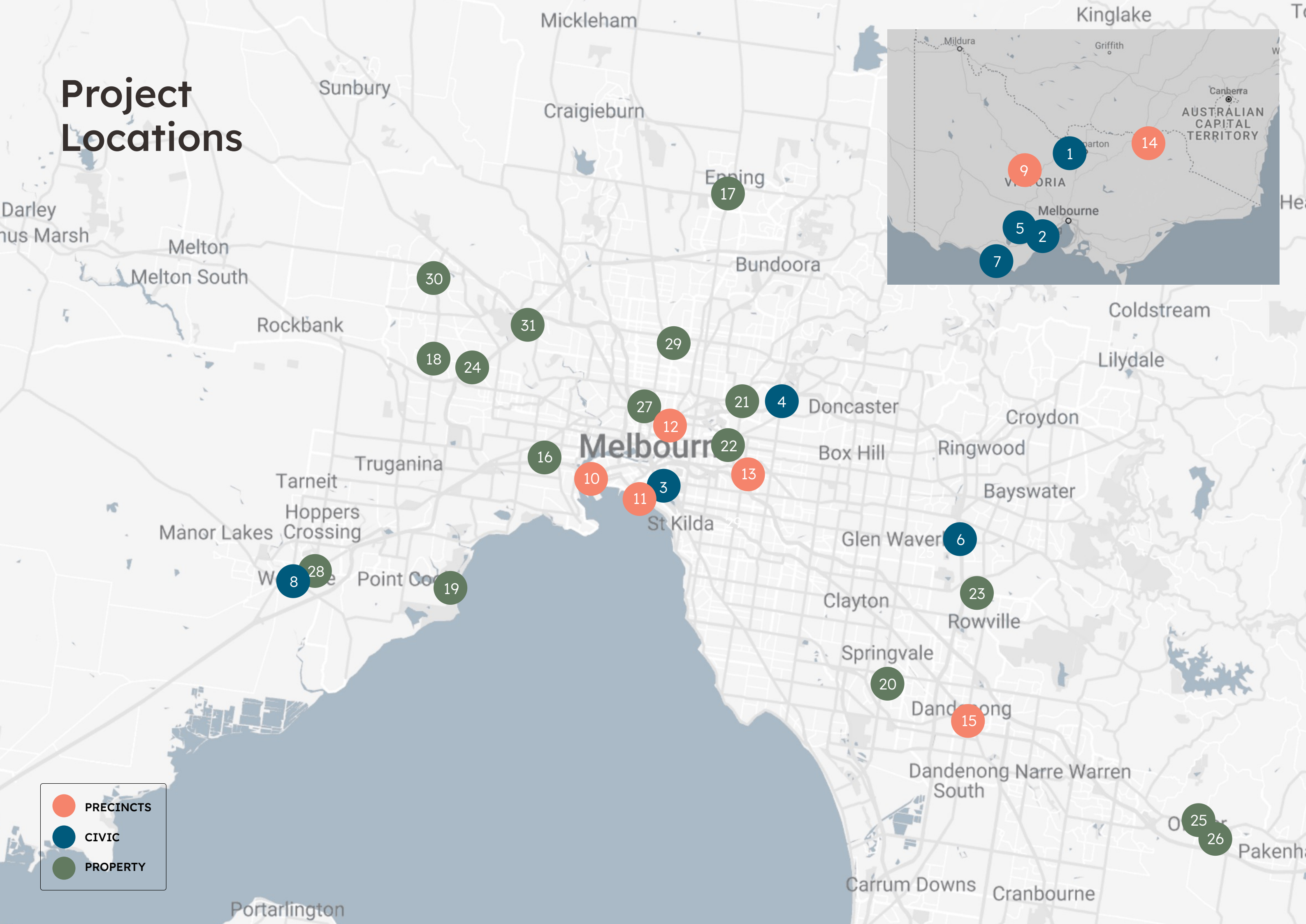
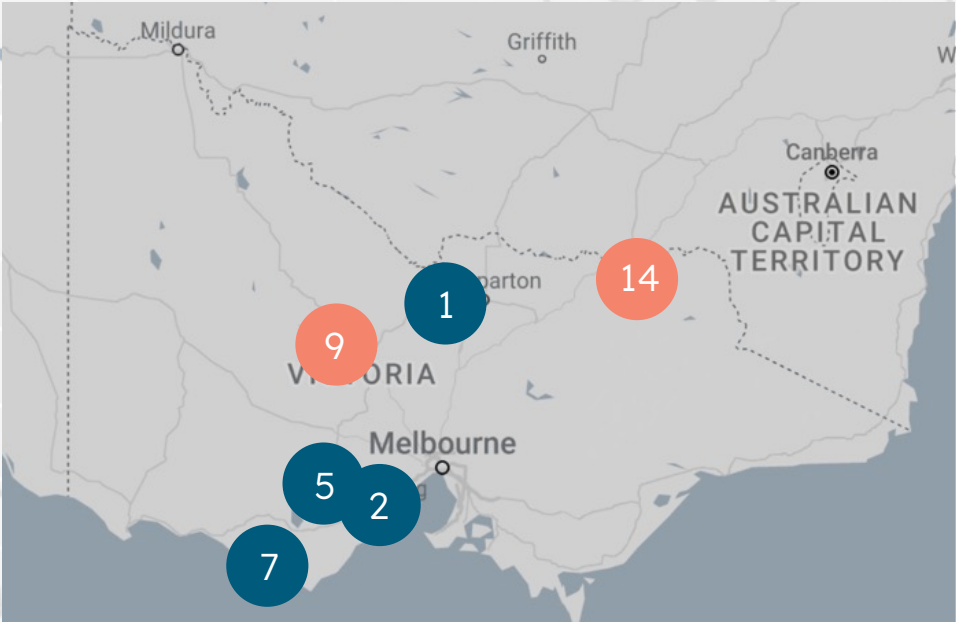
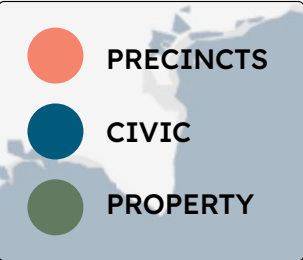
Project List 2022-23

PROJECT		LOCATION
MAP No.	CIVIC INFRASTRUCTURE	
1	Galkangu - Bendigo GovHub	Bendigo
2	Geelong Arts Centre – Stage 3 Redevelopment	Geelong
3	Melbourne Arts Precinct, comprising: - Public Realm - Arts Centre Melbourne - NGV Contemporary - 1 City Road	Southbank
4	New soccer facilities on Templestowe Road	Bulleen
5	Nyaal Banyul Geelong Convention and Event Centre	Geelong
6	State Basketball Centre	Knox
7	Twelve Apostles Precinct Redevelopment	Great Ocean Road
8	Werribee Open Range Zoo Expansion	Werribee South
MAP No.	PRECINCTS	
9	Ballarat West Employment Zone (BWEZ)	Ballarat
10	Docklands	Docklands
11	Fishermans Bend Innovation Precinct	Fishermans Bend
12	Fitzroy Gasworks	Fitzroy North
13	Highett former gasworks site	Highett
14	Junction Place	Wodonga
15	Revitalising Central Dandenong	Dandenong

MAP No.	HOUSING	
16	Alfie	Altona North
17	Aurora	Epping
18	Cairnlea	Cairnlea
19	CIRQ	Point Cook
20	Coomoora	Springvale South
21	Ivanhoe	Ivanhoe
22	Kew Residential Services Redevelopment	Kew
23	Knoxfield	Knox
24	LUMA	Sunshine North
25	Officer Town Centre	Officer
26	Officer Residential – Olio	Officer
27	Parkville Gardens	Parkville
28	Riverwalk	Werribee
29	Sydney Road	Coburg
30	Taylors Quarter	Taylors Lake
31	Valley Lake	Keilor East



Project Locations



Our People

At Development Victoria, we are creating places for people and supporting the ongoing growth and development of diverse and sustainable communities across Victoria.

We also want to be a great place for our people. We celebrate diversity and foster an inclusive workplace where everyone feels safe, valued and respected. We believe that a diverse and representative workforce better enables us to create and transform places that people of different backgrounds, cultures, languages, ages, abilities and genders can more fully experience and enjoy.

We are proud to support a culture where our people thrive because of the diversity they bring. Collaboration, Innovation and Delivery are the core values that underpin our work. In striving for excellence, employees are encouraged to prioritise their continued development through a wide variety of professional experiences and learning opportunities.

The results of the annual People Matter survey reflect the focus we place on supporting and growing our people, and we have maintained an overall Engagement Index of 73%, compared to 67% for the public sector benchmark.

We value contributions from a diverse range of viewpoints, and this is strengthened by our gender-balanced workforce. Consistent with the Gender Equality Act 2020, in 2022-23 Development Victoria achieved a Board composition of 57% women, 43% men and an Executive Leadership Team composition of 55% women, 45% men.

Development Victoria values people with non-binary gender identities and acknowledges that due to historic and current barriers to disclosure of non-binary gender identities, people may not choose to disclose this information.

During 2022-2023, Development Victoria undertook a range of initiatives, including:

- Developing the inaugural First Peoples Partnership Strategy and investing in a dedicated team to lead this work.
- Launching our first Belonging Survey to provide a snapshot of our diverse organisation and our employees' sense of belonging and inclusion.
- Developing a multi-year Diversity and Inclusion Framework to progress change across five focus areas: Gender Equality, First Peoples, Pride, Universal Design and Culturally Diverse.
- Increasing the opportunities for a broad range of leaders and employees to be involved in and leading D&I initiatives by expanding our Employee D&I Working Groups, with over 25% of our workforce volunteering to be involved.
- Offering a Behaviours of Inclusion Workshop to all Development Victoria leaders and employees, a key first-year deliverable of our Gender Equity Action Plan.
- Continuing to invest in building the capability of our leaders to support the mental wellbeing of their teams through Leading Mental Health at Work training.
- Increasing our Mental Health First Aid program, with over 70 additional mental health first aiders trained across the organisation.
- Introducing Family and Domestic Violence Contact Officer training and resources.
- Supporting the ongoing growth of the organisation by onboarding 120 new starters, and career development of our people with 39 employees promoted.

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 Safety Leadership and to continue expanding the capability and engagement throughout the organisation.

Development Victoria's safety and environmental management system is regularly reviewed to ensure it remains streamlined, relevant, and embedded. Recent updates emphasise the focus on psychological safety, with training and other supporting programs being rolled out. Development Victoria maintains its safety engagement with industry through Master Builders Association of Victoria forum and via proactive positive project team engagement with principal contractors.

Development Victoria continues to promote transparency on incidents and a total of 83 incidents were recorded for the reporting period. This is minor reduction in incidents from the previous reporting period, despite an increase in the overall number of projects in construction. An analysis of the data shows that of all incidents, just over 60% were safety related (50 incidents), 28 were related to property, and five were environmental. Of the safety incidents, 14% (seven) resulted in lost time injury (two Development Victoria employees, five Principal Contractor/Subcontractor employees), 54% (27) resulted in an injury (either first aid or medical treatment injury) and near misses accounted for 16% (eight).

The Development Victoria's OHS Committee has Health and Safety Representatives from across the business; a recent update was undertaken to reflect internal organisational changes. There were five meetings held in the reporting period; all were well attended. In the last quarter, the Committee has also refreshed its strategy and engagement with the broader organisation.

Workforce data

Figure 1 Details of employment levels at 30 June 2023

All employees		Ongoing				Fixed Term	
Headcount	FTE	Full-time Headcount	Part-time Headcount	FTE	Headcount	FTE	
Gender							
Male	149	146.4	108	4	110.8	37	35.6
Female	184	174.1	117	31	140	36	34.1
Self-described	0	0	0	0	0	0	0
Total	333	320.5	225	35	250.8	73	69.7
Age							
Under 25	10	7.8	5	2	6	3	1.8
25-34	98	95.5	87	8	92.9	3	2.6
35-44	103	96.9	64	20	78.9	19	18
45-54	88	86.9	53	3	55.4	32	31.5
55-64	29	28.4	14	2	15.6	13	12.8
Over 64	5	5	2	0	2	3	3
Total	333	320.5	225	35	250.8	73	69.7
Classification							
ISBP	4	2.4	0	0	0	4	2.4
Level 1	11	9	6	4	8.4	1	0.6
Level 2	67	64.9	56	8	61.9	3	3
Level 3	92	89.9	77	11	85.8	4	4
Level 4	15	14.2	12	3	14.2	0	0
Level 5	85	82.4	74	9	80.5	2	1.9
Executive	59	57.8	0	0	0	59	57.8
Total	333	320.6	225	35	250.8	73	69.7



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 those on incomes eligible for affordable housing, 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 as other government agencies, to maximise the social and economic benefits from this investment – and give more people a place to call home.

In 2022-23, the following outcomes were delivered in line with Development Victoria's commitment to housing affordability:

- 47 homes sold to those on incomes eligible for affordable housing – equating to 21% of total sales.
- First home buyers constituted 39% of total sales.

Development Victoria's Priority Access initiative was included in releases at Habitas Aurora in Epping and Coomoora in Springvale. For the year ending 30 June 2023, seven homes were sold via Priority Access, which gives those on incomes eligible for affordable housing seven days of priority access to purchase ahead of the general market.



Our Sustainability Strategy in action

Since the 2020 launch of our Sustainability Strategy, Development Victoria's commitment to sustainable outcomes for our communities has focussed on embedding real and consistent actions across our portfolio. Since the Strategy's formalisation, we have worked to foster innovation and ensure that we are well placed to lead Victoria's action on climate change and deliver a sustainable future for all Victorians.

In 2022-23 we continued to lead our projects through challenging times to explore the potential of what's possible for Development Victoria projects.

Our Sustainability Strategy sets out three key goals that consistently define and shape how we work. In 2022-23, we achieved the following outcomes aligned to these goals:

1. Deliver Best Practice

The definition of "Best Practice" is based on a review of global influences, trajectories from peak national bodies, Victorian State Government policies, relevant case studies and review of our own live projects, and is embodied in a series of requirements embedded into projects. These requirements cover the broad themes of Resilience, Circular Economy, Materials and Waste, Water, Nature, Energy and Carbon, and Health, Wellbeing and Liveability.

This year, we progressed our work in a number of areas, including whole of life carbon reduction, circular economy and nature. In addition, we continued to advance our data capture, reporting and lessons learned processes, which are essential to ensure that we can confidently claim robust outcomes, identify and reduce project and portfolio risk and leverage opportunities.

Policy and community sentiment continues to evolve, and expectations from our stakeholders are increasing. We continue to refine our approach to engagement and communication of our Best Practice outcomes to ensure that stakeholders, including residents, recognise the value of sustainable approaches.

In 2022-23 we delivered on the following outcomes:

- Integrated our best practice approach in all our business cases, exploring world-leading sustainability outcomes. This includes working to define an approach to valuing sustainability so that both quantitative and qualitative benefits can be meaningfully captured in whole of life considerations.
- Integrated our Minimum Standard for Homes across all our new projects and future stages of existing projects. This mandate includes being fossil-fuel free, and the journey towards making that a reality on all new and existing projects.
- Developed sustainability implementation plans for every live project across the organisation, and monitoring delivery across the project's lifecycle.
- Advanced circular economy outcomes on a range of projects, including the review of opportunities across our largest precincts and elevating consideration of leveraging these opportunities across our portfolio.
- Registered a number of projects for Green Star, using the Buildings and Communities rating tools.
- Developed Nature Based Solutions Guidelines for our projects, to advance guide the increase in implementation of biodiverse urban greening outcomes across our portfolio.



2. Carbon Neutral by 2030

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

Since 2019-20, Development Victoria’s operations have been certified Carbon Neutral under the Australian Government’s Climate Active scheme. This was supported by the following carbon reduction efforts:

- continuing to use paperless real estate contracts for residential projects, saving hundreds of thousands of A4 sheets of paper
- team education initiatives
- the use of sustainable IT hardware management processes, including “green on-sell” options with our provider and the use of responsible disposal pathways
- the use of flexible working practices has enabled us to grow the organisation significantly without any associated increase in office footprint.
- the transition of our head office and site offices across to Green Power, significantly reducing our related carbon emissions, which accounts for over 50% of our organisation’s total
- offsetting our FY22 footprint, and forward purchasing credits for our FY23 emissions, with Biodiverse Reforestation Carbon Offsets (BRCOs). These credits combine support for the Mount Sandy Biodiverse Reforestation project with carbon reduction efforts of the Everbright Landfill Gas project.

We have also publicly committed to Carbon Neutral Developments, including Fitzroy Gasworks and Knoxfield, ensuring we are leading by example and demonstrating what is possible.

Our focus for the next year is to embed practices to ensure projects account for their carbon footprints, continuing to work with our partners to expand our reduction ambition, and mapping our impacts to enable key decision making on embodied carbon and whole of life foot-printing, including on the assets and developments we deliver for others.

3. Invest in Transformation

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

This goal is focussed on fostering continuous improvement across the built environment, leveraging our position as a government agency, providing clear market signals and amplifying the outcomes of our work. We support our people to bring this mindset into all our projects and regularly explore ways Development Victoria can improve as an organisation.

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

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

Nature Positive Developments

In early 2022, we commissioned a study into the strategies we can employ across our portfolio to enhance urban greening for the benefit of building users, including residents, and the broader communities in which our projects are located. During the first half of 2023, we have worked with ecologists and technology providers to test emerging processes that might help us make more robust and impactful interventions, earlier in project. In combination with our Nature Based Solutions Guidelines, we are working to enhance our processes to optimise nature and biodiversity outcomes. To support our work in this space, we have undertaken first phases of establishing the Taskforce on Nature-related Financial Disclosures reporting practices.

Advancing Building Performance across Whole of Life

We continue to explore the development of high-performance buildings across our portfolio, with a particular focus on the nexus between sustainability and affordable living. To this end, we have funded works to examine the evolution required in the process of designing and constructing high performance buildings and undertaken necessary works to examine alternate solutions for building code compliance. Following testing of these works, we anticipate sharing them with industry.

Advancing Circular Economy Outcomes

In the pursuit of a truly circular economy, it is necessary to examine all parts of the development lifecycle. We have explored a number of initiatives this year, including testing the market for circular outcomes in demolition (or deconstruction) scopes, supporting multiple streams of undergraduate research into circular outcomes related to our projects, and interrogating circular economy and decarbonisation in civil works. We look forward to progressing these works in FY24.

First Peoples Partnerships

Acknowledging that all our projects are on First Peoples Country, Development Victoria has committed to a range of actions to foster existing and new partnerships with First Peoples communities and embed a consistent, targeted approach to realising self-determination and meaningful outcomes with these communities.

In 2022-23, we developed our First Peoples Partnership strategy and established a new First Peoples Partnerships team to elevate our focus and impact this area.

This team has led actions targeted at:

1. Taking a more coordinated, transparent and proactive approach to foster partnerships with Traditional Owner groups at an organisation-wide level.
2. Raising the cultural capability of our team members to deeply listen to, understand, collaborate with, and celebrate First Peoples ways of knowing, being and doing.
3. Seeking out opportunities to partner with Traditional Owner groups throughout the project lifecycle, particularly from the feasibility and / or business case phase.

Development Victoria's outcomes in 2022-23 include:

- Working closely with Registered Aboriginal Parties across the state to embed their culture, language and stories into the built form and open spaces, including Galkangu - Bendigo GovHub on Dja Dja Wurrung Country; Central Pier, Fitzroy Gasworks and the Fitzroy Gasworks Sports Centre on Wurundjeri Woi Wurrung Country; Geelong Arts Centre on Wadawurrung Country; and Twelve Apostles Visitor Centre on Eastern Marr Country.
- Embedding Aboriginal Cultural Awareness training for all team members across the business. This training has been enhanced by on-Country learning for project teams, a new library of resources, including cultural competency learning materials, Country profiles, and tailored contract models designed to improve Registered Aboriginal Parties' experience of working with Development Victoria.
- Commencing a partnership with Kinaway Aboriginal Chamber of Commerce and sponsorship of its 2022 Business Awards. The partnership is focused on enhancing our understanding of the Aboriginal-owned business sector and increasing our procurement from Aboriginal-owned businesses (both directly and through the social procurement commitments of our contractors).
- Embarking on our next Innovate Reconciliation Action Plan with Reconciliation Australia.

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 2022-23 we worked with the community across the following projects:

Junction Place, Wodonga

Development Victoria has formed a new Community Reference Group that comprises eight community members and an independent Chairperson. The purpose of the CRG is to ensure communication occurs between developer(s), Development Victoria and the community. Since its inception in early 2023, the group has met six times and has undertaken one community engagement session at Junction Place. The involvement of the CRG has allowed Development Victoria to bring the community up to date on the project progress and has allowed the community aspirations and values to be reflected in the EOI to develop the remaining land at Junction Place.

Fitzroy Gasworks

Development Victoria has worked closely with the Fitzroy community to identify local priorities and aspirations for the site of the planned Fitzroy Gasworks development. A CRG was established with 18 members representing the broader community. In February 2023 the membership was refreshed with new community members representing local sporting groups and businesses.

Revitalising Central Dandenong

Development Victoria worked with the City of Greater Dandenong and Capital Alliance – the developer of five key sites within the Revitalising Central Dandenong project – to provide information about the planning process and seek input into early plans for the redevelopment of sites 11-15 in central Dandenong. This included a specific session for traders within the precinct to advise of the program of activity, and public sessions where Capital Alliance provided information about the development of a master plan for the site. The public sessions were held at the City of Greater Dandenong office meeting rooms to encourage local participation and attendance. Development Victoria has also been working with local traders in the Little India Precinct to develop a tenancy transition strategy for those impacted by the first stage of development.

Revitalisation of Central Pier and adjacent waterfront

Development Victoria ran an engagement program in late 2022 to gain community input into the development of Place Principles that will help shape future revitalisation of the area. The program consisted of an online survey completed by 245 people, and an online workshop with 33 participants and 17 people who participated in small group discussions. Work to complete the Place Principles continued through the first half of 2023 and will be published in late 2023.

Twelve Apostles

Funded by the Geelong City Deal, the \$108.15 million Twelve Apostles Precinct Redevelopment projects delivers infrastructure projects in the Shipwreck Coast region. Development Victoria is delivering the coastal and main works (\$84.75m).

The first stage of engagement consisted of a survey, an online webinar, a community information session in Port Campbell and an emergency service stakeholder briefing. Engagement focused on providing project briefings and understanding the community's aspirations for the site and current challenges they face when using the precinct.

Nyaal Banyul Geelong Convention and Event Centre

Development Victoria's engagement on the Nyaal Banyul Geelong Convention and Event Centre focused on prioritising project objectives to guide preparation of the Request for Proposal documents, which were issued to developers and builders in late 2022. Engagement consisted of an online survey, stakeholder briefings, an in-person community drop-in session and online community information session.

Melbourne Arts Precinct Transformation

Development Victoria, working with Melbourne Arts Precinct Corporation, has established a CRG with eight community members and an independent Chairperson. The project team has also met with local residents to talk about the project and receive feedback about how the project will impact them.



Artist Impression: Nyaal Banyul Geelong Convention and Event Centre

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, Skills, Industry and Regions, the department 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:

- Two Standard Local Jobs First projects commenced
- No Standard Local Jobs First projects were completed
- Two Strategic Local Jobs First projects commenced
- Two Strategic Local Jobs First project were completed.

Social Procurement Framework

Transparent and effective procurement underpins every project undertaken by Development Victoria. As an organisation, Development Victoria strives to obtain the best value for money to ensure the effective use of public funds 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 to the Victorian economy whilst supporting the objectives of the Social Procurement Framework.

Development Victoria has taken advantage of the scalable approach to Social Procurement to familiarise suppliers with the concepts of the Social Procurement Framework as well as implement strategies to support suppliers to deliver Social Procurement outcomes. This approach has been developed in consultation with client agencies and policy owner stakeholders. Development Victoria regularly assesses its own spend to achieve greater social benefit outcomes. A key element of Development Victoria’s procurement strategy is embedding Social Procurement within Development Victoria’s procurement function and become “business as usual”.

Development Victoria supports 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.

This has resulted in engagement of a Victorian Aboriginal business to deliver traffic management services on one of Development Victoria’s projects as well as a head contractor providing employment for 21 Victorian Aboriginal people and spending over \$790,000 with Aboriginal controlled businesses on another project. 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.

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

Modern slavery reporting

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

Development Victoria’s Modern Slavery Policy is published on Development Victoria’s webpage and reviewed annually to ensure relevance. All suppliers required to sign a declaration that they have read and agree to comply with this policy and agree to support Development Victoria’s modern slavery compliance activities.

A risk assessment of key suppliers has been undertaken and the overall risk of modern slavery was determined to be very low as Development Victoria does not

outsource any of its operations and the categories of specialist services Development Victoria procures 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. Processes have been introduced to identify suppliers with known industry risks and to issue a questionnaire to assess the processes the supplier has in place to address modern slavery risks.

Ongoing training and development of people is critical to assessing any ongoing or residual modern slavery risks within Development Victoria’s supply chain. An online training module is being proposed for development and should be introduced during the next reporting period. Development Victoria also liaises with agencies within the portfolio group to benchmark best practice in modern slavery risk mitigation.



Artist Impression: LUMA, Sunshine North

Government advertising expenditure

Development Victoria undertook five 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 2022-23	NON-ADVERTISING (MEDIA) EXPENDITURE 2022-23	RESEARCH AND EVALUATION EXPENDITURE 2022-23
Coomoora, Springvale South	Coomoora is both a land and townhouse development in Springvale South. Marketing activity, including advertising was undertaken to drive property sales	July 2022	Will continue into 2023-24	\$124,497	\$38,840	\$1,091
Habitas Aurora	Habitas is a townhouse development in Wollert. Marketing activity, including advertising was undertaken to drive property sales	July 2022	Will continue into 2023-24	\$43,194	\$30,038	\$1,091
LUMA, Sunshine North	LUMA is a townhouse development in Sunshine North. LUMA is a townhouse development in Sunshine North. Marketing activity, including advertising was undertaken to maintain brand awareness whilst the project was off market	July 2022	Will continue into 2023-24	\$6,644	\$128,601	\$1,091
Olio, Officer	Olio is a townhouse development in Officer. Marketing activity, including advertising was undertaken to drive property sales	July 2022	Will continue into 2023-24	\$65,751	\$75,273	\$1,091
Riverwalk, Werribee	Riverwalk is a land development in Werribee. Marketing activity, including advertising was undertaken to drive property sales	July 2022	Will continue into 2023-24	\$144,624	\$130,589	\$1,091

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 2022 Awards for Excellence Affordable Development Award	\$9,500
Property Council of Australia	Victorian Future Directions Partnership	\$19,000
National Association of Women in Construction (NAWIC)	Sponsorship of the Lifecycle Series - Melbourne & Olympic Park Redevelopment	\$3,300
WayPoint Foundation	Sponsorship of the Alma Doepel Gala Luncheon	\$2,500
City of Melbourne	Sponsorship of the Boating Industry Association Boating Showcase	\$200,000
Kinaway Chamber of Commerce	Sponsorship of the Kinaway Business Awards	\$5,000
University of Melbourne	Partnership with Remix Raingardens - Repurposing Local Waste For Good	\$10,000

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

For the reporting period, there were 26 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 \$1,713,856 (excluding GST).

It is noted this report includes a change in the identification and reporting of consultancies from previous years, resulting in an increase in the number of contracts identified to have met the definition of consultancy work under FRD 22 *Standard Disclosures* in the Report of Operations. In particular, the identification and reporting of both corporate consultancy work and project specific consultancy work.

Details of individual consultancies are outlined below. All consultancies were completed within the relevant approved fee scope and estimate.

CONSULTANT	PURPOSE	EXPENDITURE (EX GST)
Corporate Consultancy		
Aurecon Australasia Pty Ltd	Professional Services and Advice	\$45,625
Deloitte Risk Advisory Pty Limited	Professional Services and Advice	\$40,575
Escient Pty Ltd	Professional Services and Advice	\$121,000
Greenshoot Consulting Pty Ltd	Professional Services and Advice	\$77,850
Nation Partners Pty Ltd	Professional Services and Advice	\$40,243
Slattery Australia Pty Ltd	Professional Services and Advice	\$29,800
TOTAL		\$355,093
Project Consultancy		
Allens	Professional Services and Advice	\$67,362
Arup Australia Pty Ltd	Professional Services and Advice	\$29,500
AW Maritime Pty Ltd	Professional Services and Advice	\$16,220
Biosis Pty Ltd	Professional Services and Advice	\$210,966
Capire Consulting Group Pty Ltd	Professional Services and Advice	\$84,396
Contour Consultants Australia Pty Ltd ATF Contour Unit Trust	Professional Services and Advice	\$44,503
Echelon Planning Pty Ltd	Professional Services and Advice	\$44,274
Ecology & Heritage Partners Pty Ltd	Professional Services and Advice	\$91,271
Fender Katsalidis (Aust) Pty Ltd	Professional Services and Advice	\$17,700
MGAC (Australia) Pty Ltd	Professional Services and Advice	\$65,000
Minter Ellison	Professional Services and Advice	\$93,561
Northrop Consulting Engineers Pty Limited	Professional Services and Advice	\$10,140
One Mile Grid Pty Ltd	Professional Services and Advice	\$19,100
PricewaterhouseCoopers Consulting (Australia) Pty Limited	Professional Services and Advice	\$ 399,225
PSA Project Consulting P/L	Professional Services and Advice	\$35,560
Range Consulting Pty Ltd	Professional Services and Advice	\$27,375
Six Degrees Architects	Professional Services and Advice	\$74,860
The Trustee For Metricon Homes Unit Trust	Professional Services and Advice	\$10,000
Traffix Group Pty Ltd	Professional Services and Advice	\$17,750
TOTAL		\$1,358,763

Details of consultancies under \$10,000

For the 12-month reporting period from 1 July 2022 to 30 June 2023, there were 16 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 \$55,347 (ex GST).

Information And Communication Technology Expenditure

For the 2022-23 reporting period, Development Victoria had a total Information and Communication Technology (ICT) expenditure of \$2,834,613, 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 \$ thousand)	Non-Business as usual (Non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
\$2,254,730	\$579,884	\$404,669	\$175,215

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 2022 to 30 June 2023, Development Victoria received no new requests.

REPORTING PERIOD – 1 JULY 2022 TO 30 JUNE 2023	
Source of Requests received in 2022-23	
FOI Requests from Members of Parliament	0
FOI Requests from media	0
Other FOI Requests	0
TOTAL	0
Decisions made on FOI requests in 2022-23 ^	
Access granted in full	0
Access granted in part	2
Access refused	0
Documents not located/do not exist	0
Transferred to another agency	0
Other	1
TOTAL ^	3
^ all FOI requests were lodged in previous reporting periods	
Processing time	
Decision made in accordance with timeframes prescribed by the FOI Act	0
Decision made outside timeframes prescribed by the FOI Act	2
Currently being processed	0
Not applicable	1
Decisions under review ^	
Total FOI Commissioner reviews	1 [differed to DV’s decision]
Total VCAT reviews	3 [one settled prior to hearing, two in progress]
^all VCAT reviews were lodged in previous reporting periods.	



Artist Impression: LUMA, Sunshine North

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 \$31.80 applies (effective 1 July 2023). The application fee may be waived in certain circumstances. Access charges may also be payable (for example, photocopying and search and retrieval charges).

Further information

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

Compliance with the Building Act 1993

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

Competitive neutrality policy

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

The Department ensures Victoria fulfils its requirements on competitive neutrality reporting as required under the Competition Principles Agreement and Competition and Infrastructure Reform Agreement.

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

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

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

COMPLAINTS MADE UNDER COMPETITIVE NEUTRALITY POLICY	2022-23 NUMBER	2021-22 NUMBER
The number of complaints made by an individual to the Department and notified to Better Regulation Victoria		
Assessable disclosures	0	0

Compliance with the Public Interest Disclosures Act 2012

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

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

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

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), the Victorian Ombudsman or the Victorian Inspectorate:

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).

The Victorian Ombudsman

Level 2
570 Bourke Street
Melbourne VIC 3000

Telephone: 03 9613 6222

Website: <https://www.ombudsman.vic.gov.au/>

The Victorian Inspectorate

PO Box 617
Collins Street West
Melbourne VIC 8007

Telephone: 1800 518 197

Website: <https://www.vicovicinspectorate.vic.gov.au/>

Development Victoria’s Policy and Procedure, for reporting disclosures to the IBAC, the Victorian Ombudsman and the Victorian Inspectorate is available on Development Victoria’s website.

DISCLOSURES UNDER THE PUBLIC INTEREST DISCLOSURES ACT 2012	2022-23 NUMBER	2021-22 NUMBER
The number of disclosures made by an individual to the department and notified to the Independent Broad-based Anti-corruption Commission		
Assessable disclosures	0	0

Other disclosures

Compliance with *Carers Recognition Act 2012*

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

These include:

- updating our workplace flexibility policy to communicate a variety of flexible working options available to support our people
- providing every employee with 4G enabled laptops and tablet devices, delivering physical flexibility in relation to working locations, which gives employees greater control over how they perform their roles
- providing access to parental leave - in the last year, 15 people have accessed parental leave
- results from the 2022 People Matter Survey indicating that 85% of employees are confident that a request for flexible work arrangement would be given due consideration.

Compliance with the *Disability Act 2006*

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

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

This includes:

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

- updating our recruitment candidate application practices to promote our support for employee accessibility and inclusion
- engaging with disability service providers on employment opportunities.

Disclosure of Emergency Procurement

There were no emergency procurements undertaken during the reporting period.

Office-based environmental impacts

In 2022-23, Development Victoria's operations were again certified carbon neutral by the Australian Government's Climate Active initiative.

During the reporting period, emissions reductions were achieved by:

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

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 49)
- Commitment to employment and conduct principles (page 49)
- Committees of the Board of Development Victoria (pages 36-37)

Information that is not applicable

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

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

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

Development Victoria is required to comply with the Standing Directions 2018 of the *Financial Management Act 1994*, which set the standard for financial management by Victorian Government agencies. Development Victoria undertakes an annual internal review of its performance against these Directions, reviewed by a formal internal audit program. Development Victoria has not identified any Material Compliance Deficiencies in relation to the 2022-23 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 2023



Development Victoria Financial Report

12 months to 30 June 2023

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Consolidated Comprehensive Operating Statement for the Financial Year ended 30 June 2023

		2023	2022
	NOTES	\$'000	\$'000
Continuing operations			
Income from transactions			
Land sales	2.2	277,521	198,627
Interest income		6,339	589
Other income	2.3	20,004	13,183
Total income from transactions		303,864	212,399
Expenses from transactions			
Costs of sales	3.2	(238,032)	(155,483)
Employee benefits	3.3.1	(23,858)	(20,228)
Depreciation and amortisation	4.1.2	(4,300)	(3,522)
Other operating expenses	3.4	(10,341)	(8,998)
Total expenses from transactions		(276,531)	(188,231)
Net result from transactions before income tax equivalent expense		27,333	24,168
Net result from transactions after income tax equivalent expense		27,333	24,168
Other economic flows included in net result			
Net gain/(loss) on disposal of property plant and equipment	8.1	(1)	17
Net gain/(loss) on financial instruments	8.1	-	124
Other gains/(losses) from other economic flows	8.1	(615)	381
Total other economic flows included in net result		(616)	522
Net result		26,717	24,690
Comprehensive result		26,717	24,690

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet as at 30 June 2023

		2023	2022
	NOTES	\$'000	\$'000
Assets			
Financial assets			
Cash and deposits	6.3	236,609	208,508
Receivables	5.1	50,671	89,286
Shared equity investment	4.2	1,996	1,951
Total financial assets		289,276	299,745
Non-financial assets			
Prepayments		1,475	1,100
Land inventories	5.3	899,014	894,710
Property, plant and equipment	4.1	11,147	12,804
Intangible assets		50	76
Total non-financial assets		911,686	908,690
Total assets		1,200,962	1,208,435
Liabilities			
Payables	5.2	189,640	194,092
Land sale deposits	5.5	22,115	24,166
Borrowings	6.1	642,428	675,261
Right-of-use lease liability		8,963	10,989
Employee related provisions	3.3.2	7,692	6,133
Provisions	5.6	71,921	62,765
Total liabilities		942,759	973,406
Net assets		258,203	235,029
Equity			
Contributed capital		125,765	125,765
Accumulated surplus		132,438	109,264
Net worth		258,203	235,029

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement for the Financial Year Ended 30 June 2023

		2023	2022
	NOTES	\$'000	\$'000
Cash flows from operating activities			
Receipts			
Receipts from customers		626,695	410,790
Interest received		6,513	623
Total receipts		633,208	411,413
Payments			
Payments to suppliers and employees		(517,873)	(332,448)
Interest and other costs of financials paid		(21,897)	(13,390)
Land inventory purchases		(17,388)	(144,626)
Goods and services tax paid to the ATO (a)		(8,329)	(1,069)
Total payments		(565,487)	(491,533)
Net cash flows from/(used in) operating activities	6.3.1	67,721	(80,120)
Cash flows from investing activities			
Purchases of non-financial assets		(254)	(373)
Shared equity investment	4.2	(45)	(1,767)
Net cash flows from/(used in) investing activities		(299)	(2,140)
Cash flows from financing activities			
Dividends paid	8.2	(3,543)	(16,400)
Borrowing costs		(778)	(379)
Repayments of borrowings		(640,197)	(469,470)
Proceeds from borrowings		607,364	551,687
Repayment of principal portion of lease liabilities		(2,166)	(2,127)
Net cash flows from/(used in) financing activities		(39,320)	63,311
Net increase/(decrease) in cash and deposits		28,102	(18,949)
Cash and cash equivalents at the beginning of the financial period		208,507	227,457
Cash and cash equivalents at the end of the financial period	6.3	236,609	208,508

The accompanying notes form part of these financial statements.

Note:

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

Consolidated Statement of Changes in Equity for the Financial Year Ended 30 June 2023

	ACCUMULATED SURPLUS	CONTRIBUTIONS BY OWNER	TOTAL
NOTES	\$'000	\$'000	\$'000
Balance at 1 July 2021	93,374	125,765	219,139
Net result for the year	24,690	-	24,690
Dividends paid and declared	8.2 (8,800)	-	(8,800)
Balance at 30 June 2022	109,264	125,765	235,029
Net result for the year	26,717	-	26,717
Dividends paid and declared	8.2 (3,543)	-	(3,543)
Balance at 30 June 2023	132,438	125,765	258,203

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 FRD103.

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

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

BASIS FOR CONSOLIDATION

The consolidated financial statements comprise the financial statements of Development Victoria and its subsidiaries at 30 June 2023. 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.

Development Victoria holds four wholly owned Australian subsidiary trusts for property development. 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	80
2.2	Land sales	80
2.3	Other income	81

2.1 Summary of income that funds the delivery of our services		2023	2022
	NOTES	\$'000	\$'000
Land sales	2.2	277,521	198,627
Interest income		6,339	589
Other income	2.3	20,004	13,183
Total income from transactions		303,864	212,399

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

2.2 Land sales		2023	2022
		\$'000	\$'000
Property development land sales		96,106	98,213
Precincts land sales		149,983	79,237
Project management fees		31,432	21,177
Total land sales		277,521	198,627

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 Other income		2023	2022
		\$'000	\$'000
Property rental income		19,815	12,224
Other revenue		189	959
Total other income		20,004	13,183

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.

LEASE 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.

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

2.3.1 Lease receivables		2023	2022
		\$'000	\$'000
Non-cancellable operating lease receivables			
No longer than one year		9,391	8,390
Longer than one year but not longer than five years		15,353	17,396
Longer than five years		24,579	24,975
Total lease receivables		49,323	50,680

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 2023.

Structure

3.1	Expenses incurred in delivery of goods and services	82
3.2	Cost of sales	82
3.3	Employee benefits expenses	82
3.4	Other operating expenses	84

3.1 Expenses incurred in delivery of goods and services		2023	2022
	NOTES	\$'000	\$'000
Cost of sales	3.2	238,032	155,483
Employee benefit expenses	3.3.1	23,858	20,228
Other operating expenses	3.4	10,341	8,998
Total expenses incurred in delivery of goods and services		272,231	184,709

3.2 Cost of sales		2023	2022
		\$'000	\$'000
Cost of land sales		207,143	133,651
Salaries, wages, long service leave and on-costs		30,889	21,832
Total cost of sales		238,032	155,483

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		2023	2022
	NOTES	\$'000	\$'000
Salaries and wages, annual and long service leave and on costs		18,843	16,178
Defined benefit superannuation expense	3.3.3	24	23
Defined contribution superannuation expense	3.3.3	4,907	3,951
Termination benefit		84	76
Total employee expenses		23,858	20,228

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.

3.3.2 Employee benefits in the balance sheet	2023	2022
	\$'000	\$'000
Current provisions		
Employee benefits – annual leave		
Unconditional and expected to be settled within 12 months	2,666	2,336
Employee benefits – long service leave		
Unconditional and expected to be settled within 12 months	1,745	1,159
Unconditional and expected to be settled after 12 months	1,044	1,275
On-costs		
Unconditional and expected to be settled within 12 months	437	325
Unconditional and expected to be settled after 12 months	103	118
Total current provisions for employee benefits (Note 5.6)	5,995	5,213
Non-current provisions:		
Employee benefits	1,544	842
On-costs	153	78
Total non-current provisions for employee benefits (Note 5.6)	1,697	920
Total provisions for employee benefit	7,692	6,133

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

WAGES, SALARIES AND ANNUAL LEAVE

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

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

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

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

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

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

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

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

Any gain or loss following revaluation of the present value of non-current long service leave 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:

3.3.3 Superannuation contributions	2023	2022
	\$'000	\$'000
Paid contribution for the period		
Defined benefit plan	24	23
Defined contribution plans	4,435	3,628
Contribution outstanding for the period		
Defined contribution plans	472	323
Total contribution paid and payable for the period	4,931	3,974

3.4 Other operating expenses	2023	2022
	\$'000	\$'000
Marketing expenses	1,479	2,021
Operating expenses	6,473	5,369
Insurance	1,611	1,229
Borrowing costs	778	379
Total other operating expenses	10,341	8,998

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

Borrowing costs include interest on short-term and long-term borrowings, in accordance with AASB 123 *Borrowing Costs*.

Borrowing costs of \$22.68m (2022: \$12.98m) directly attributable to the acquisition or construction of a qualifying asset are capitalised to inventories. Other borrowing costs are recognised as expenses in the period in which they are incurred.

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

4. KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY

INTRODUCTION

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

Structure

4.1	Total property, plant and equipment	85
4.2	Shared equity investment	88

4.1 Total property, plant and equipment	2023		
	\$'000		
	GROSS CARRYING AMOUNT	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT
Plant and equipment	3,249	(2,466)	783
Leasehold improvements	5,632	(4,266)	1,366
Buildings	2,002	(890)	1,112
Right-of-use assets	17,149	(9,263)	7,886
Total property, plant and equipment	28,032	(16,885)	11,147

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

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					2023
					\$'000
	RIGHT OF USE ASSETS	BUILDINGS	PLANT & EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
Gross amount at the start of the financial period					
Opening balance	17,009	-	2,775	5,632	25,416
Additions	-	2,002	476	-	2,478
Disposals	-	-	(2)	-	(2)
Other adjustments	140	-	-	-	140
Closing balance	17,149	2,002	3,249	5,632	28,032
Accumulated depreciation					
Opening balance	(6,980)	-	(1,968)	(3,664)	(12,612)
Depreciation	(2,283)	(890)	(499)	(602)	(4,274)
Disposals	-	-	1	-	1
Closing balance	(9,263)	(890)	(2,466)	(4,266)	(16,885)
Carrying amount at the end of the financial period	7,886	1,112	783	1,366	11,147

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

4.1.2 Depreciation and amortisation	2023	2022
Charge for the period	\$'000	\$'000
Plant and equipment	499	474
Leasehold improvements	602	613
Buildings	890	-
Intangible assets	26	79
Right-of-use assets	2,283	2,356
Total depreciation and amortisation	4,300	3,522

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 assets are 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
Buildings	4 to 20 years
Plant and equipment	3 to 10 years
Leasehold improvements	7 to 15 years
Intangible assets	5 years
Right-of-use assets	2 to 10 years

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

4.1.3 PROPERTY, PLANT AND EQUIPMENT AT FAIR VALUE

Structure

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

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

All property, plant and equipment are measured at level 3.

Right-of-use assets are carried at fair value as at 30 June 2023. No revaluation surplus is recognised in the current year.

4.2 Shared equity investment	2023	2022
	\$'000	\$'000
Gross carrying amount		
Opening balance	1,951	184
Additions	45	1,643
Shared equity investment measured at fair value	-	124
Closing balance	1,996	1,951

Development Victoria participated in the Victorian Government’s pilot shared equity initiative, administered by HomesVic and State Trustees as Victoria’s public trustee. The scheme assists Victorian low-middle income earners who are buying their first home by the Victorian Government making a financial contribution of up to 25% towards the purchase of the property in exchange for a proportional interest in the property.

5. OTHER ASSETS AND LIABILITES

INTRODUCTION

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

Structure

5.1	Receivables	89
5.2	Payables	90
5.3	Land inventories	91
5.4	Income and deferred tax	92
5.5	Land sale deposits	95
5.6	Provisions	95

5.1 Receivables	2023	2022
	\$'000	\$'000
Contractual		
Trade receivables	20,944	54,027
Provision for estimated credit loss	(146)	(146)
Amounts receivable under development agreements	27,042	26,524
Other receivables	2,152	4,304
Statutory		
GST input tax credit recoverable	679	4,577
Total receivables	50,671	89,286
Represented by:		
Current receivables	47,731	62,762
Non-current receivables	2,940	26,524
Total receivables	50,671	89,286

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 recognized 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.

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
2023	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED				EXPECTED CREDIT LOSS
			LESS THAN 1 MONTH	1 – 3 MONTHS	3 MONTHS – 1 YEAR	GREATER THAN 1 YEAR	
Trade receivables	20,944	14,732	5,348	322	375	21	146
Amounts receivable under development agreements	27,042	27,042	-	-	-	-	-
Other receivables	2,152	2,152	-	-	-	-	-
Total	50,138	43,926	5,348	322	375	21	146

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

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

Further analysis of Expected Credit Loss 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	2023	2022
	\$'000	\$'000
Contractual		
Trade payables	2,545	4,165
Other creditors	11,466	7,936
Other creditors – Civic projects	114,537	135,147
Accrued expenses	7,668	12,803
Deferred income	-	124
Total contractual payables	136,216	160,175
Statutory		
Accrued expenses	12,173	385
Other taxes payable	41,251	33,532
Total statutory payables	53,424	33,917
Total payables	189,640	194,092
<i>Represented by:</i>		
Current payables	189,640	194,092
Non-current payables	-	-
Total payables	189,640	194,092

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
2023	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED				EXPECTED CREDIT LOSS
			LESS THAN 1 MONTH	1 – 3 MONTHS	3 MONTHS – 1 YEAR	GREATER THAN 1 YEAR	
Trade payables	2,545	1,853	461	133	80		18
Other creditors	11,466	11,466	-	-	-		-
Other creditors – Civic projects	114,537	114,537	-	-	-		-
Accrued expenses	7,668	7,668	-	-	-		-
Deferred income	-	-	-	-	-		-
Total	136,216	135,524	461	133	80		18

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

5.3 Land Inventories	2023	2022
	\$'000	\$'000
Inventories		
Development properties	295,818	297,922
Land under development	368,888	360,545
Undeveloped land	234,308	236,243
Total land inventories	899,014	894,710

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

Cost includes:

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

Overhead allocations and salaries are not capitalised into inventory.

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

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

A land inventory impairment can be reversed by either:

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

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

Management has undertaken an assessment of inventory impairment in the year and no impairment was deemed necessary (2022: nil).

Of the \$4.3m increase in Inventory in the period, \$22.3m relates to borrowing costs, \$17.4m relates to purchase of land, \$148.4m relates to payments made to Development Victoria’s suppliers and partially offset by \$183.8m. This inventory is 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 declared projects is exempt from the National Tax Equivalent Regime in accordance with section 67 of the *Development Victoria Act 2003*.

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

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

(a) Current tax

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

(b) Deferred tax

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

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

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

5.4 Income and deferred tax	2023
	\$'000

(a) Income tax equivalent (expense)/benefit

The major components of the income tax equivalent expense are:

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

(b) Amounts charged or credited directly to equity

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

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

Accounting profit/(loss) from continuing activities before income tax equivalent expense	27,333
Accounting profit/(loss) from ordinary activities subject to income tax equivalent expense	3,460
Prima facie income tax calculated at 30%	1,038
Effect of tax losses not recognised as deferred tax assets	(1,038)
Effect of temporary differences not recognised as deferred tax assets and liabilities	-
Aggregate income tax equivalent expense/ (benefit)	-

(d) Recognised deferred tax assets and liabilities

Development Victoria has not recognised any deferred tax asset or deferred tax liabilities in the balance sheet for the year ended 30 June 2023.

(e) Unrecognised deferred tax assets

The unrecognised net deferred tax assets are \$21,877,483, of which deferred tax asset of \$23,475,147 are presented under NTER and a deferred tax liability of \$1,597,663 under the Income Tax Assessment Act 1997.

5.4 Income and deferred tax	2022
	\$'000
(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	
Accounting profit/(loss) from continuing activities before income tax equivalent expense	24,168
Accounting profit/(loss) from ordinary activities subject to income tax equivalent expense	(5,951)
Prima facie income tax calculated at 30%	(1,785)
Effect of tax losses not recognised as deferred tax assets	1,785
Effect of temporary differences not recognised as deferred tax assets and liabilities	-
Aggregate income tax equivalent expense/ (benefit)	-

(d) Recognised deferred tax assets and liabilities

Development Victoria has not recognised any deferred tax asset or deferred tax liabilities in the balance sheet for the year ended 30 June 2022.

(e) Unrecognised deferred tax assets

Unrecognised net deferred tax assets from tax losses are \$22,987,452 of which deferred tax asset of \$24,704,583 are presented under NTER and a deferred tax liability of \$1,717,131 under the Income Tax Assessment Act 1997.

5.5 Land sale deposits	2023	2022
	\$'000	\$'000
Land sale deposits	22,115	24,166
Total land sale deposits	22,115	24,166
<i>Represented by:</i>		
Current payables	198	2,051
Non-current payables	21,917	22,115
Total land sale deposits	22,115	24,166

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	2023	2022
	\$'000	\$'000
Current provisions		
Property and development related costs (a)	37,471	31,051
Employee benefits	5,995	5,213
Total current provisions	43,466	36,264
Property and development related costs (a)	33,854	31,152
Other provisions	596	562
Employee benefits	1,697	920
Total non-current provisions	36,147	32,634
Total provisions	79,613	68,898
Employee related provisions	7,692	6,133
Provisions	71,921	62,765

- (a) Property and development related costs present obligations as contracted commitments or estimates of anticipated costs that are periodically reviewed to reflect current market conditions to carry out future development works under relevant planning permits or development agreements. The property and development related costs of \$71.3m (2022: \$62.2m) relates to Docklands infrastructure of \$31.1m (2022: \$30.9m) and development project portfolio of \$40.2m (2022: \$31.3m).

Reconciliation of movement in provisions	2023			
	PROPERTY AND DEVELOPMENT RELATED COSTS	EMPLOYEE BENEFITS	OTHER PROVISIONS	\$'000 TOTAL
Opening balance	62,203	6,133	562	68,898
Additional provisions recognised	130,241	5,994	-	136,235
Amounts utilised during the year	(121,119)	(3,820)	-	(124,939)
Other movements and fair value adjustment	-	(615)	34	(581)
Closing balance	71,325	7,692	596	79,613

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	96
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6.4	Commitments for expenditure	100

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

6.1 Borrowings	2023	2022
	\$'000	\$'000
Current borrowings		
Loans from Treasury Corporation of Victoria	239,387	264,829
Total current borrowings	239,387	264,829
Non-current borrowings		
Loans from Treasury Corporation of Victoria	403,041	410,432
Total non-current borrowings	403,041	410,432
Total borrowings	642,428	675,261

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

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

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

Maturity analysis of borrowings	\$'000						
2023	MATURITY DATES						
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1 – 3 MONTHS	3 MONTHS – 1 YEAR	1 – 5 YEARS	5+ YEARS
Loans from Loans from Treasury Corporation of Victoria	642,428	642,428	4,748	174,328	60,311	312,440	90,601
Total	642,428	642,428	4,748	174,328	60,311	312,440	90,601

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

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	2023	2022
	\$'000	\$'000
Interest on Treasury Corporation of Victoria loans	22,822	13,086
Total interest expense	22,822	13,086

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 RECOGNISED IN THE CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT

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

	2023	2022
	\$'000	\$'000
Interest expense on lease liabilities	234	270
Total amount recognised in the consolidated comprehensive operating statement	234	270

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 2023 relating to leases.

	2023	2022
	\$'000	\$'000
Total cash outflow for leases	(2,400)	(2,396)

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.

	2023	2022
	\$'000	\$'000
Cash at bank	236,609	208,508
Cash and cash equivalents	236,609	208,508

6.3.1 Reconciliation of net result for the period to cash flows from operating activities	2023	2022
	\$'000	\$'000
Net result for the period	26,717	24,690
Non-cash movements:		
Depreciation and amortisation of non-current assets	2,016	1,166
Depreciation of right-of-use assets	2,282	2,357
Reclassification to non-current asset	(2,223)	-
(Gain)/loss on disposal of non-current assets	1	-
Other (gains)/losses from other economic flows	615	(381)
Movements included in investing and financing activities:		
Borrowing costs expensed not relating to operating activities	778	379
Movements in assets and liabilities:		
(Increase)/decrease in receivables	38,602	(70,580)
(Increase)/decrease in prepayments	(374)	214
(Increase)/decrease in land inventory	(4,304)	(85,287)
Increase/(decrease) in payables	(4,438)	45,735
Increase/(decrease) in land sale deposits	(2,051)	68
Increase/(decrease) in employee related provisions	944	559
Increase/(decrease) in provisions	9,156	960
Net cash flows from/(used in) operating activities	67,721	(80,120)

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 2023	LESS THAN 1 YEAR	1 – 5 YEARS	5+ YEARS	TOTAL
Capital commitments payable (a)	67,373	-	-	67,373
Total commitments (inclusive of GST)	67,373	-	-	67,373
Less GST receivable	(6,125)	-	-	(6,125)
Total commitments (exclusive of GST)	61,248	-	-	61,248

(a) Capital commitments relate to a contractual obligation at 30 June 2023 to purchase land or property after this date..

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

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

7. RISK, CONTINGENCIES AND JUDGEMENTS

INTRODUCTION

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

Structure

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7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

INTRODUCTION

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

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

CATEGORIES OF FINANCIAL ASSETS UNDER AASB 9

Financial assets at amortised cost

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

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

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

The following assets are recognised in this category:

- cash and deposits; and
- receivables.

Financial assets at fair value through net result

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

The following assets are recognised in this category:

- shared equity investment.

Categories of financial liabilities

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

Development Victoria recognises the following liabilities in this category:

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

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

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

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

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

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

Reclassification of financial instruments: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when Development Victoria’ 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	FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
2023			
Contractual financial assets			
Cash and deposits	236,609	-	236,609
Receivables			
Sale of goods and services	50,138	-	50,138
Total contractual financial assets	286,747	-	286,747
Contractual financial liabilities			
Payables			
Supplies and services	-	136,216	136,216
Borrowings			
Right-of-use lease liability	-	8,963	8,963
Loans from Treasury Corporation of Victoria	-	642,428	642,428
Total contractual financial liabilities	-	787,607	787,607

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

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

7.1.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Development Victoria has minimal exposure to credit risk, liquidity risk and market risk (i.e. interest rate risk). Development Victoria’s Debt and Treasury Management policy sets out to manage these risks and the associated volatility of its financial performance. Risk management is carried out by Finance under policies approved by the Board.

Financial instruments: Credit risk
Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Credit risk arises from the contractual financial assets of Development Victoria, which comprise cash and deposits and non-statutory receivables. Development Victoria’s exposure to credit risk arises from the potential default of a counter party in their contractual obligations resulting in financial loss to Development Victoria.
Credit risk is measured at fair value and is monitored monthly by the 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
	GOVERNMENT AGENCIES (AA RATING)	OTHER (MIN BBB CREDIT RATING)	TOTAL
2023			
Cash and deposits	236,609	-	236,609
Trade and other receivables (a)	-	23,096	23,096
Amounts receivable under development agreements	-	27,042	27,042
Shared equity investment	-	1,996	1,996
Total contractual financial assets	236,609	52,134	288,743

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

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

Impairment of financial assets under AASB 9
Development Victoria records the allowance for expected credit loss for the relevant financial instruments with AASB 9’s Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes Development Victoria’s contractual receivables, statutory receivables and its investment in debt instruments.
Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost
Development Victoria applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Development Victoria has grouped contractual receivables on shared credit risk characteristics and days past due and 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 2023	CURRENT	31-60 DAYS	61-90 DAYS	91-365 DAYS	365+ DAYS	TOTAL
Expected loss rate	0%	0%	0%	0%	87%	
Gross carrying amount of contractual receivables	43,926	5,348	-	697	167	50,138
Loss allowance	-	-	-	-	146	146

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

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

			\$'000
		2023	2022
Balance at beginning of the year	(146)	(146)	
Increase in provision recognised in the net result	-	-	
Balance at end of year	(146)	(146)	

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

Statutory receivables at amortised cost

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

Financial instruments: Liquidity risk

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

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

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

Development Victoria manages liquidity risk by:

- maintaining 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 on the next page.

Interest rate risk

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

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

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

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

Sensitivity disclosure analysis

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

Interest rate risk sensitivity					\$'000
	CARRYING AMOUNT	DECREASE BY 100 BASIS POINTS		INCREASE BY 100 BASIS POINTS	
		COMPREHENSIVE RESULT	FAIR VALUE THROUGH OCI REVALUATION RESERVE	COMPREHENSIVE RESULT	FAIR VALUE THROUGH OCI REVALUATION RESERVE
2023					
Contractual financial assets:					
Cash and cash deposits (a)	236,609	(2,366)	(2,366)	2,366	2,366
Receivables (c)	50,138	-	-	-	-
Shared equity investment	1,996	-	-	-	-
Contractual financial liabilities:					
Payables (c)	136,216	-	-	-	-
Right-of-use lease liability	8,963	-	-	-	-
Borrowings (b)	642,428	(47)	(47)	47	47
Total impact		(2,413)	(2,413)	2,413	2,413

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

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: (\$236m x .0.01 = \$2.36m).
- (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
2023	WEIGHTED AVERAGE INTEREST RATE %	TOTAL CARRYING AMOUNT PER BALANCE SHEET	FIXED INTEREST RATE	FLOATING INTEREST RATE	NON- INTEREST BEARING
Financial assets					
Cash and deposits	3.13%	236,609	-	236,609	-
Receivables (a)					
Trade receivables		20,944	-	-	20,944
Amounts receivable under development agreements		27,042	-	-	27,042
Other receivables		2,152	-	-	2,152
Shared equity investment		1,996	-	-	1,996
Total contractual financial assets		288,743	-	236,609	52,134
Financial liabilities					
Payables (b)					
Trade and other payables		136,216	-	-	136,216
Borrowings					
Right-of-use lease liability	2.52%	8,963	8,963	-	-
Loans from Treasury Corporation of Victoria	3.68%	642,428	637,680	4,748	-
Total contractual financial liabilities		787,607	646,643	4,748	136,216

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

- 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 2023 reporting period.

These financial instruments include:

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

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

Fair value of financial instruments measured at amortised cost				\$'000
	CARRYING AMOUNT 2023	FAIR VALUE 2023	CARRYING AMOUNT 2022	FAIR VALUE 2022
Financial liabilities				
Payables				
Loans from Treasury Corporation of Victoria	642,428	618,680	675,261	651,900

Financial assets and liabilities measured at fair value

	2023 \$'000	Fair value measurement at the end of the reporting period using:		
	CARRYING AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3
Shared equity investment	1,996	-	-	1,996
Total	1,996	-	-	1,996

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

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	2023	2022
	\$'000	\$'000
Contingent assets		
Bank guarantees (a)	87,037	63,504
Total	87,037	63,504

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.

Quantifiable contingent liabilities	2023	2022
	\$'000	\$'000
Bank guarantees (a)	27,815	18,302
Total	27,815	18,302

Note:

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

8. OTHER DISCLOSURES

INTRODUCTION

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

Structure

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8.1 OTHER ECONOMIC FLOWS INCLUDED IN THE NET RESULT

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

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

	2023	2022
	\$'000	\$'000
Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property plant and equipment	(1)	17
Total net gain/ (loss) on non-financial assets (a)	(1)	17
Net gain/ (loss) on financial instruments		
Shared equity investment measured at fair value	-	124
Total net gain/(loss) on financial instruments	-	124
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	(615)	381
Total other gains/ (losses) from other economic flows (b)	(615)	381
Total	(616)	522

Notes:

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

8.2 DIVIDENDS PAID

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

Paid And Declared	2023
	\$'000
Development Victoria paid 2021-22 dividends on 19 October 2022, in accordance with direction from the Treasurer of the State of Victoria dated 17 October 2022.	3,543
Total dividends paid	3,543

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

8.3 SUBSIDIARIES

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

The consolidated financial statements of the Development Victoria Group include:

	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	2023	2022
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 \$127.7m (2022: \$132.9m).

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 (2022-2023)
The Hon. Jacinta Allan	Minister for Transport and Infrastructure	1 July 2022 to 30 June 2023
The Hon. Ben Carroll	Minister for Business Precincts	1 July 2022 to 4 December 2022
The Hon. Sonya Kilkenney	Minister for Planning	5 December 2022 to 30 June 2023
Megan Haas	Chairperson	1 July 2022 to 30 June 2023
Graeme Parton	Deputy Chairperson	1 July 2022 to 31 March 2023
Natalie MacDonald	Board member	1 July 2022 to 30 June 2023
Lou Farinotti	Board member	1 July 2022 to 30 June 2023
Jacqui Walters	Board member	1 July 2022 to 30 June 2023
James Flintoff	Board member	1 July 2022 to 30 June 2023
Sonya Miller	Board member	1 July 2022 to 30 June 2023
Angela Skandarajah	Chief Executive Officer (Accountable Officer)	1 July 2022 to 30 June 2023

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: \$520,000 - \$529,000 for the reporting period (2022: \$490,000 - \$499,000).

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:

	2023	2022
\$0 - \$9,999	-	1
\$10,000 - \$19,999	1	-
\$40,000 - \$49,999	-	6
\$60,000 - \$69,999	3	-
\$70,000 - \$79,999	1	-
\$80,000 - \$89,999	1	-
\$90,000 - \$99,999	-	1
\$130,000 - \$139,999	1	-
Total number of responsible persons	7	8
Total remuneration (\$'000)	505	352

Remuneration of the relevant Minister is included in the financial statements of the State’s Annual Financial Report.

8.6.2 REMUNERATION OF EXECUTIVES

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

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

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

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

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

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

Remuneration of Executive Officers	2023	2022
	\$'000	\$'000
Short-term employee benefits	14,200	10,824
Post-employment benefits	1,468	1,138
Other long-term benefits	559	177
Termination benefits	-	60
Total remuneration (a)	16,227	12,199
Total number of executives	64	51
Total annualised employee equivalent (AEE) (b)	63.80	50.00

Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Development Victoria under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Refer to Note 8.7).

(b) Annualised employee equivalent (AAE) is based on the time fraction worked over the reporting period.

8.7 RELATED PARTIES

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

Related parties of Development Victoria include:

- all key management personnel and their close family members and personal business interests;
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

Significant transactions with government-related entities

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

Government-related entities	Nature of transaction	2023 \$'000	2022 \$'000
Receipt			
Department of Energy Environment and Climate Action	Project Cost Recovery	121	693
Department of Jobs, Skills, Industry and Regions	Capital provided towards Civic Infrastructure Projects	46,443	52,731
Department of Jobs, Skills, Industry and Regions	Project Cost Recovery	36,881	65,775
Department of Transport and Planning	Project Cost Recovery	14,368	844
Department of Transport and Planning	Capital provided towards Civic Infrastructure Projects	21,111	2,780
Department of Treasury & Finance	Property Sale	114,523	-
Docklands Studios Melbourne Pty Ltd	Capital provided towards Civic Infrastructure Projects	-	7,017
Greater Western Water	Project Cost Recovery	-	162
Melbourne Arts Precinct Corporation	Capital provided towards Civic Infrastructure Projects	53,787	-
Melbourne Cricket Ground Trust	Project Cost Recovery	2,051	-
Melbourne & Olympic Parks Trust	Capital provided towards Civic Infrastructure Projects	-	14,557
Melbourne & Olympic Parks Trust	Project Cost Recovery	-	396
Melbourne Sports Centres	Project Cost Recovery	-	500
Museums Victoria	Project Cost Recovery	-	1,054
North East Link	Capital provided towards Civic Infrastructure Projects	7,491	-
Royal Botanic Gardens Victoria	Project Cost Recovery	-	360
State Sport Centres Trust	Capital provided towards Civic Infrastructure Projects	68,550	46,704
Suburban Rail Loop Authority (SRLA)	Project Cost Recovery	500	-
Tennis Australia Limited	Project Cost Recovery	-	413
The Trustee for Geelong Performing Arts Centre Trust	Capital provided towards Civic Infrastructure Projects	37,947	71,282
Victorian Planning Authority (VPA)	Project Cost Recovery	-	540
Zoos Victoria	Capital provided towards Civic Infrastructure Projects	9,092	2,327

Government-related entities	Nature of transaction	2023 \$'000	2022 \$'000
Payments			
Central Highlands Region Water Corporation	Project Costs	-	176
Coliban Region Water Corporation	Project Costs	-	132
Council of Trustees of The National Gallery of Victoria	Project Costs	1,526	594
Department of Education and Training	Project Costs	-	1,352
Department of Energy Environment and Climate Action	Land Valuations	788	856
Department of Energy Environment and Climate Action	Project Costs	234	111
Department of Jobs, Skills, Industry and Regions	Client Expenses	-	841
Department of Jobs, Skills, Industry and Regions	Recovery of Costs	503	503
Department of Transport and Planning	Project Costs	135	2,947
Department of Treasury and Finance	Dividends	3,543	8,800
Department of Treasury and Finance	Financial Accommodation Levy	6,109	4,989
Department of Treasury and Finance	Land Tax Assessment	8,000	8,440
Department of Treasury and Finance	Local government rate related charges & other charges	731	871
Department of Treasury and Finance	Project Costs	5,023	20,195
Department of Treasury and Finance	Property Purchase	-	65,600
Department of Treasury and Finance	Shared Equity Investment	-	1,641
Department of Treasury and Finance	Statutory Payment	2,587	1,912
Greater Western Water	Authority Fees	1,113	659
Melbourne and Olympic Parks Trust	Client Expenses	4,759	940
Melbourne and Olympic Parks Trust	Government agency funding	1,381	-
Melbourne Convention & Exhibition Trust	Project Costs	-	370
Melbourne Water Corporation	Utility Contribution	1,747	691
Melbourne Water Corporation	Revenue share from development agreements	-	4
South East Water Corporation	Authority Fees	-	338
States Sport Centres Trust	Project Costs	786	1,342
Victorian Building Authority	Authority Fees	-	120
Victorian Government Solicitor's Office	Professional Fees	548	-
Victorian Managed Insurance Authority	Insurances	1,804	1,428
Victorian Planning Authority	Government Agency Funding	-	246
Yarra Valley Water Corporation	Authority Fees	278	
Yarra Valley Water Corporation	Property purchase	15,259	
Other			
Treasury Corporation of Victoria	Borrowings	642,428	675,261

The Department of Treasury and Finance guarantees Development Victoria’s Treasury Corporation of Victoria borrowings detailed in Note 6.1

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	2022-2023
Geoff Ward	Group Head Precincts	1 July 2022 to 7 August 2022
Geoff Ward	Interim Group Head, Commonwealth Games	8 August 2022 to 20 November 2022 2022
Geoff Ward	Head of Strategic Projects	21 November 2022 to 30 June 2023
Niall Cunningham	Acting Group Head Precincts	8 August 2022 to 31 March 2023
Niall Cunningham	Group Head Precincts	1 April 2023 to 30 June 2023
Andre van Baalen	CFO and Group Head Operations	1 July 2022 to 30 June 2023
Hannah Clement	Group Head Civic Infrastructure	1 July 2022 to 30 June 2023
Julie Browning	Executive Director Corporate Affairs and Engagement	1 July 2022 to 30 June 2023
Caroline Monzon	Executive Director People and Culture	1 July 2022 to 8 September 2022
Sonja Ruddock	Executive Director People and Culture	7 November 2022 to 30 June 2023
Joanne Wandel	Group Head Commonwealth Games	21 November 2022 to 30 June 2023
Penelope Forrest	Group Head Property Development	1 July 2022 to 5 March 2023
Penelope Forrest	Group Head Housing	6 March 2023 to 30 June 2023
Bernard Stute	Interim Group Head, Legal & Advisory	1 July 2022 to 5 March 2023
Bernard Stute	Group Head, Legal & Advisory	6 March 2023 to 30 June 2023

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

Compensation of Key Management Personnel	2023	2022
	\$'000	\$'000
Short-term employee benefits	3,690	3,127
Post-employment benefits	309	270
Other long-term benefits	129	16
Total compensation (a)	4,128	3,413

Note:
(a) KMPs (excluding the CEO) are also reported in the disclosure of remuneration of executive officers (Note 8.6.2).

Transactions and balances with key management personnel and other related parties

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

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

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

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

- Mr James Flintoft: Non-Executive Director Transport Accident Commission
- Ms Natalie MacDonald: Chief Executive Officer Country Fire Authority.

8.8 REMUNERATION OF AUDITORS

	2023 \$'000	2022 \$'000
Remuneration of the Victorian Auditor-General's Office for:		
Audit of the financial statements	160	145
Total remuneration of Victorian Auditor-General's Office	160	145

8.9 SUBSEQUENT EVENTS

Management has evaluated up to the date of 14th September 2023 and no subsequent events have been identified.

8.10 DEED OF SUPPORT

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

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

The Treasurer of the State of Victoria has provided a Deed of Support in favour of Development Victoria in respect of the loans for the Docklands project from Treasury Corporation of Victoria (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*.

8.11 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Development Victoria has assessed future accounting pronouncements issued but not effective for 2022-23 and has assessed there to be no material impact.

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

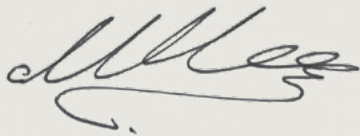
DECLARATION IN THE FINANCIAL STATEMENTS

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 2023 and financial position of Development Victoria at 30 June 2023.

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 attached statements for issue on 21st September 2023.



Megan Haas
Chairperson



Geoff Ward
Acting Chief Executive Officer



André van Baalen
Group Head, Operations



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 2023consolidated 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 2023 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 2023, 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>

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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

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

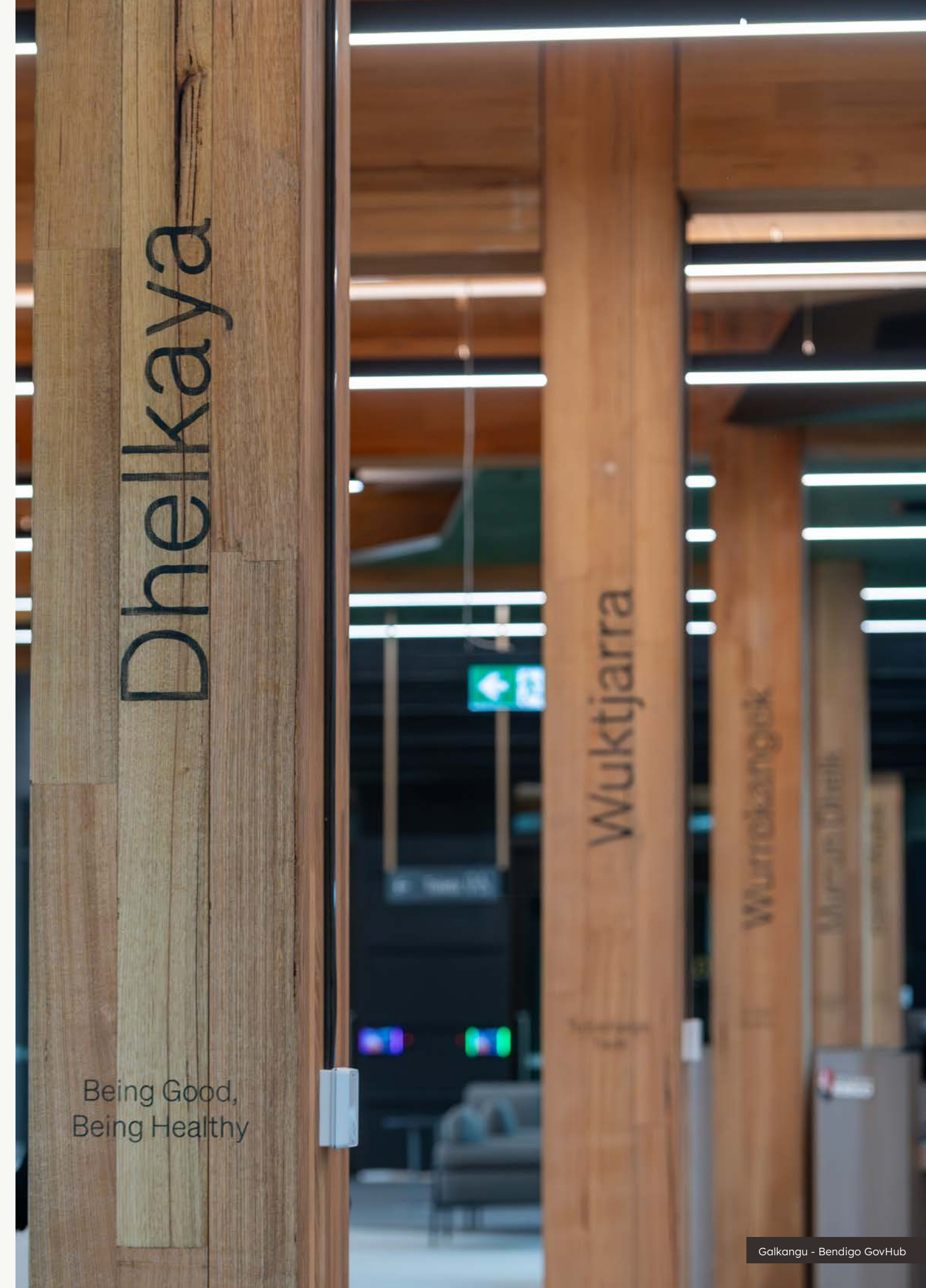
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial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

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

MELBOURNE
22 September 2023



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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Galkangu - Bendigo GovHub (Cover image)

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Geelong Arts Centre - Exterior Western Facade (Page 11)

Dry your dishes on my culture. Artwork by Kait James (Wadawurrung).

Photo by Peter Foster.

Geelong Arts Centre interior (Page 12)

Photo by Peter Foster.

Galkangu - Bendigo GovHub (Back cover image)

Wurreka (to yarn) by Troy Firebrace, trading as Firebrace Designs.

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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.

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

