

An aerial photograph of the Melbourne skyline, featuring numerous high-rise buildings and a harbor filled with boats. The image is overlaid with a semi-transparent blue rectangle that serves as a background for the title and subtitle.

# Places Victoria

Annual Report 2017

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# Chairman's Report



In accordance with the *Financial Management Act 1994*, I am pleased to present the Places Victoria Annual Report for the reporting period 1 July 2016 – 31 March 2017.

During this year, Places Victoria began its transition to Development Victoria, however, the team remained focused on achieving strong financial results and delivering exceptional performance and projects for the state.

The achievements of the reporting period are a direct result of the commitment of the staff at Places Victoria, led by Chief Executive Gregory Anderson and the Leadership Team.

It was an honour to be appointed as the Chair of Places Victoria by the Minister for Major Projects, Jacinta Allan, MP, in November 2016.

I would like to acknowledge Tony De Domenico, who was the Chair of Places Victoria for two years. Tony ably led Places Victoria during a period of significant organisational change. I am pleased to have Tony as the Deputy Chair of Development Victoria.

Development Victoria brings together the expertise and capabilities of staff from Places Victoria and Major Projects Victoria as a statutory authority created to deliver the government's property development and civic works projects that will return economic and social value to Victoria.

With Melbourne set to become Australia's biggest city by 2030 and Victoria's population projected to hit 10 million by 2051, it is important that Development Victoria's urban renewal projects meet the needs of our growing population and the Government's policy agenda.

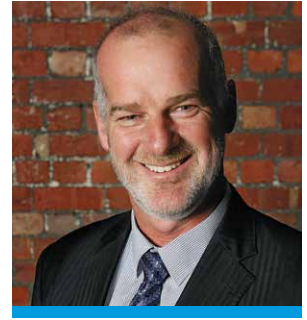
I would like to thank Gregory Anderson and the Places Victoria team for their hard work throughout the year and congratulate them on the outstanding results achieved in the reporting period. I acknowledge our two new Board Members, Rebecca Casson and Justin Hanney, as well as Christine Wyatt, Tamara Brezzi and Graeme Parton for their contributions to the Board. I would also like to thank Gary Phibbs for his outstanding effort as a Board member.

As an organisation, we are looking forward to the challenges and opportunities ahead as we transition towards Development Victoria.



**James MacKenzie**  
Chair/Chairman

# Chief Executive Officer's Report



The past year has been one of significant change for Places Victoria as we prepared for the transition to Development Victoria in April 2017. During this time, Places Victoria remained firmly focused on the delivery of our key projects.

Places Victoria's Precincts team continued to play a key role in shaping our state. Melbourne's Docklands precinct is now more than 60 per cent complete. It is home to some 13,000 residents and more than 58,000 people work in the area. To date, Docklands has attracted some \$12 billion in private investment and in the reporting period, Places Victoria returned the Dockland's upfront infrastructure costs with interest to the Victorian Government.

Our project to revitalise Central Dandenong continues to build momentum. In December 2016, the \$22 million Quest Apartment Building officially opened its doors. In March 2017, Places Victoria signed a development agreement with the Orion International Group (Orion Foster) for a \$60 million residential development to deliver a major apartment and retail complex within the precinct.

At our Junction Place project, which is transforming central Wodonga, Places Victoria endorsed a master plan for a residential, retail and entertainment precinct to be known as Station 73. Junction Place also won industry recognition at the Urban Development Institute of Australia and the Victorian Landscape Architecture awards.

Places Victoria delivered a Net Profit After Tax of \$43.1 million for the reporting period. This positive result was achieved through strong sales at our residential estates including Riverwalk at Werribee, which also recorded steady price growth and saw increased development activity in the reporting period. At Valley Lake, the final residential stage sold out in July 2016.

During the reporting period, Places Victoria reassessed its portfolio and reviewed the strategic direction and potential of a range of projects. A review of the Aurora Town Centre, Cairnlea and Sunshine developments resulted in profit projections increasing over the life of the projects.

Strong market conditions and the implementation of cost saving initiatives also resulted in increased profit projections for Officer, Riverwalk and Docklands.

Our award-winning LOGIS eco-industrial business park in Dandenong also achieved its final sale this year, realising a record sales price for industrial land in Melbourne's south east.

At our development site in Officer, a new e-waste recycling facility will be developed by Outlook, a social enterprise that provides jobs and ongoing employment support services to people with disabilities and from disadvantaged backgrounds. The new facility will enable Outlook to provide 26 jobs, create a further 12 ongoing jobs and continue to support disadvantaged people.

I would like to thank the Minister for Major Projects, the Hon. Jacinta Allan MP, and the Minister for Suburban Development, the Hon. Lily D'Ambrosio MP, the Board and committees of Places Victoria for their support over the past year. I would also like to thank the team at Places Victoria for their continued commitment to delivering high-quality projects for the people of Victoria and the energy and enthusiasm they have demonstrated as we transition to Development Victoria.

With Victoria's population continuing to grow, urban renewal must focus on communities, on the public realm and on projects that deliver great places to live, work and play. Development Victoria will provide a strategic approach to the development, renewal and revitalisation of public land and delivery of civic projects in Victoria.



**Gregory Anderson**  
Chief Executive Officer

21 August 2017



# About Places Victoria

## BACKGROUND

In 2016, the Victorian Government endorsed in principle a proposal to consolidate the government's property development activities (Places Victoria) and civic projects (Major Projects Victoria) into a new entity known as Development Victoria.

Places Victoria continued to deliver its current projects throughout the reporting period until the formal establishment of Development Victoria on 1 April 2017. This annual report covers the nine-month period from 1 July 2016 to 31 March 2017, with all content referring to Places Victoria during that period.

## PLACES VICTORIA'S PURPOSE

Places Victoria was the Victorian Government's property development agency responsible for urban renewal. It contributed to the implementation of government urban planning and development policies by revitalising surplus or underutilised government land to make a responsible profit to support government policy.

Places Victoria was a sustainable business delivering a dividend to the Victorian Government. This was done by appropriately balancing the need to optimise the risk-adjusted returns on surplus or underutilised government land and the facilitation of policy outcomes that would not occur through market forces alone.

We acted responsibly, and applied commercial rigour to our projects. Where appropriate, we worked with the Victorian Government, the private and not-for-profit sectors to deliver policy outcomes around diverse and affordable housing, environmentally sustainable design, transport connections, and community-building infrastructure including parks, playgrounds and community centres.

Places Victoria demonstrated its commercial and responsible business practices by delivering a Net Profit After Tax of \$43.1 million for the period ending 31 March 2017. We began work on several new projects in the reporting period and continued to grow a pipeline of further new development opportunities which have been transferred to the newly created Development Victoria. Places Victoria was recognised as a centre of excellence and the developer of choice for the Victorian Government and this will continue as Development Victoria.

## PLACES VICTORIA'S ROLE

Places Victoria was uniquely equipped to deliver enhanced commercial outcomes on surplus government land by leveraging our skills, industry experience and networks. We allowed revenue on government land to be reinvested to support government policy outcomes.

We established centres of expertise that fostered collaboration and enabled us to focus on project outcomes. Places Victoria had a team of specialists who were highly experienced across the property development spectrum including site acquisition, feasibility analysis, master planning, land preparation, community engagement, contamination management, the planning process, project management, property development, media management and complex stakeholder negotiations. We had a proven ability to address complex challenges, such as contamination, multiple titles, mixed ownership and tenures and heritage issues.

We translated big picture planning into reality by delivering the bricks and mortar, the roads and footpaths, the parks and playgrounds. Our knowledge and experience around diverse and affordable housing, the challenges of population growth, accessibility to transport, healthcare, education and employment were entrenched in our thinking.

Places Victoria oversaw the development of Australia's largest urban renewal project in Docklands, and significant urban renewal projects at Dandenong and Wodonga, as well as delivering a broad portfolio of other residential and commercial property developments across Victoria. This will continue as Development Victoria.

As Development Victoria, the organisation will continue to work in partnership with government agencies and the private sector to:

- deliver a pipeline of new development projects in existing neighbourhoods that unlock the value of surplus or underutilised government land
- build the foundations for communities by planning for the community infrastructure that makes great neighbourhoods
- deliver a dividend from our projects that can support key government policy initiatives
- facilitate the creation of urban renewal opportunities by being a conduit across state, local and federal government and the private sector, and
- develop recreational, cultural and civic projects.

## Legislation

Places Victoria operated under the *Urban Renewal Authority Victoria Act 2003*.

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

- carry out or manage or co-ordinate the carrying out of urban renewal projects;
- contribute to the implementation of government urban planning and development policies;
- undertake declared projects; and
- complete the development of the Docklands area.

The Act required Places Victoria to carry out its functions on a commercial basis.

Places Victoria also had powers under the *Docklands Act 1991* to undertake the Docklands project.

On 13 March 2013 Places Victoria was declared a reorganising body under Section 7 of the *State Owned Enterprises Act 1992*.

Places Victoria ceased trading on 31 March 2017, with legislation passed to formally acknowledge the establishment of Development Victoria on 1 April 2017.

# Places Victoria's Board of Directors

## James MacKenzie (Chair)

James MacKenzie is an experienced Australian company director. He currently serves as Chairman of Victorian Funds Management Corporation, President of the Victorian Arts Centre Trust and director of Building Queensland. James was previously Chairman of the Transport Accident Commission (TAC) and Worksafe Victoria, Managing Director of Funds Management and Insurance at the ANZ Banking Group, Chief Executive Officer of Norwich Union Australia, and TAC Chief Executive Officer. He has been a member of the COAG Business Advisory Forum and a previous director of VFMC. James has a Bachelor of Business from Swinburne University, and is a Fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants in Australia. In 2001, he was awarded the Centenary Medal for services to Public Administration.

## Tony De Domenico (Deputy Chair)

Tony's 40-year career has incorporated various roles across the government and higher education sectors and international diplomacy. For the 10 years before his appointment as Places Victoria's Chair/Chairman, he led the Victoria Division of the Urban Development Institute of Australia as its Executive Director where he was responsible for managing all aspects of the organisation and was a regular media commentator on industry issues. Before joining the UDIA, Tony was Deputy Chief Minister of the ACT, with ministerial responsibilities for Urban Service. He was also Industrial Relations, Economic Development, Employment and Tourism and Regulatory Reform Minister. Most recently, he has served as Deputy Chancellor of La Trobe University from 2009 and as President of the Italian Chamber of Commerce and Industry. Tony is currently the Chair/Chairman of the Australian Housing and Urban Research Institute (AHURI), Director of Common Equity Housing Limited and Chair/Chairman of Abalone Victoria (Central Zone). He is also a Director of Prahran Market and the Italian Chamber of Commerce.

Having previously held the role of Chair/Chairman of Places Victoria from October 2014, Tony was appointed Deputy Chair/Chairman in December 2016, pending the establishment of Development Victoria.

## Tamara Brezzi

Tamara Brezzi is a partner in the international law firm Norton Rose Fulbright. She is based in Melbourne and has practised in planning and environment law for more than 20 years. Before entering private practice in 1998, she worked for the City of Stonnington. As well as being a lawyer, Tamara is a qualified town planner. She practices in all aspects of planning law including statutory and strategic planning approvals for major project developments,

commercial, industrial and residential planning projects and local government work. She regularly appears on behalf of clients in planning appeals at the Victorian Civil Administrative Tribunal and planning scheme amendments at Planning Panels Victoria. Tamara is also President of the Victorian Planning and Environmental Law Association (VPELA) which is a multi-disciplinary professional industry association focusing on education, debate and networking through seminars, thought leadership and events.

## Rebecca Casson

Rebecca has a background in government, industry and not for profit sector roles, including senior responsibilities in international engagement, government relations, major projects and policy. She holds an MA by Research in Politics and Government, and has experience in economic development, inward investment, international engagement, tourism, planning and urban development. Rebecca has worked across all tiers of government, and in the UK/USA she held the position of Executive Director of the British Committee for Jamestown which was formed to strengthen UK/USA relations and facilitate economic development through the commemoration of America's 400th Anniversary. Rebecca moved to Australia in 2009 and was appointed CEO of the Committee for Geelong in January 2013. She has since become an Australian citizen. Rebecca is a Trustee of the Kardinia Park Stadium Trust and a member of the Visitor Economy Ministerial Advisory Committee.

## Justin Hanney

As the Head of the Employment, Investment and Trade Group at the Department of Economic Development, Jobs, Transport and Resources, Justin Hanney's role encompasses economy-wide work to attract and facilitate international and domestic investment, grow employment and expand Victoria's offshore trade. Within this, Justin has responsibility for development of the state's key sectors which includes: Food, Fibre and Agriculture; Resources; the Creative and Visitor Economies; International Education; Medical Technologies and Pharmaceuticals; Defence, Transport, Construction and Manufacturing, Digital Technology; Retail and TDL; and Professional Services. He is also responsible for oversight of key entities including Regional Development Victoria, Visit Victoria, Development Victoria, Agriculture Victoria, Trade and Investment Victoria, Small Business Victoria as well as the delivery of Victorian Government nominated major projects. With the Group providing a primary interface between business and Government, Justin oversees a network of domestic and international Victorian Government Business Offices responsible for delivering information, advisory and referral services to Victorian businesses.

## Graeme Parton

Graeme is a highly experienced property and development adviser with over 40 years' experience and has worked in high-rise commercial projects, publicly listed companies and development/property trust management organisations in Australia. Having retired from his position as Partner and Director at Charter Keck Cramer, he now owns Aequitas Advisory Pty Ltd, a strategic property consultancy. Graeme has provided advice to local, state and federal governments, major corporations and superannuation funds, and private family businesses on property investment and development. He is Chair/Chairman of RMIT's School of Property Construction and Project Management Advisory Board, a Council Member of the 52nd Anglican Diocese of Melbourne Diocesan Council (the governing body) and Adviser to the Archbishop, Director of St John's of East Malvern Foundation Limited, a member of the Anglican Diocesan Corporation, and a Board Committee Member of the Australian Ballet. Graeme is a member of the Property Council of Australia's Diversity Committee and is also a graduate of the Australian Institute of Company Directors.

## Christine Wyatt

Christine Wyatt is Deputy Secretary of Planning at the Department of Environment, Land, Water and Planning (DELWP). Christine is responsible for DELWP's collaborative work with local government and other key public and private stakeholders in state and metropolitan development, leading strategic and statutory planning, development regulation and environmental assessment. Christine previously worked in consulting where she led planning and assessment for some of the largest infrastructure projects in Australia. Examples include the Victorian Desalination Project, Peninsula Link and the Melbourne Urban Growth Boundary Strategic Assessment.

## Garry Phibbs

During his time as a Director of Places Victoria Garry was a Senior Commercial Adviser at the Victorian Department of Treasury and Finance (DTF). Garry's career at DTF spanned over 30 years. In that time, he worked in a number of senior management roles and undertook a variety of major projects particularly with a focus on risk management and corporate governance for government entities. Before taking up this role, Garry led the Shareholder Advisory Services Group for six years. This group has responsibility for the commercial governance and shareholder monitoring of corporatised Government Business Enterprises. Garry has previously served on the board of Parks Victoria.

Garry Phibbs was a Director of Places Victoria's Board until 31 December 2016.

## THE BOARD

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

The Governor in Council appointed Directors for periods not exceeding five years. The Board was to consist of a Chair/Chairman, a Deputy Chair/Chairman and no more than seven other Directors.

Seven Directors were appointed to the Board of Places Victoria. One Director's term-of-office expired during the reporting period.

The Board ensured that the government was informed of all major issues affecting Places Victoria. Board meetings were held monthly or more frequently if required. The Chief Executive Officer and the Chief Financial and Accounting Officer were 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 19 and 23 of the financial statements. [Check cross-references – this will be finalised in the final design version]

### Places Victoria Board Attendance – 1 July 2016 to 31 March 2017

BOARD MEMBER	ELIGIBLE TO ATTEND	ATTENDED
James MacKenzie	3	3
Tony De Domenico	9	9
Tamara Brezzi	9	7
Rebecca Casson	3	2
Justin Hanney	3	2
Graeme Parton	9	9
Christine Wyatt	9	8
Garry Phibbs (Director until 31/12/2016)	7	7



## COMMITTEES OF THE BOARD

Places Victoria had 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 assisted the Board by overseeing and advising on matters of accountability and internal control relating to financial, risk and compliance management. The Committee routinely received reports from both internal and external auditors. Natalie MacDonald, an independent external member, was appointed Chair/Chairman in early 2017.

From 22 February 2017, the Audit and Risk Committee consisted of the following members:

- Natalie MacDonald (Chair/Chairman)
- James MacKenzie – Chair/Chairman of the Board
- Tony De Domenico – Director
- Tamara Brezzi – Director

From 1 July 2016 to 21 February 2017, the Committee had the following members:

- Garry Phibbs (Chair/Chairman) – Director (until 31 December 2016)
- Christine Wyatt – Director
- Tony De Domenico – Director
- Natalie MacDonald – external member

### Natalie MacDonald

Natalie MacDonald is the Vice-President (Administration) at La Trobe University and has responsibilities for ICT, systems and process improvement, Student Services and Administration, Risk and Safety, Human Resources, Infrastructure and Operations, Marketing, Finance, Community Engagement, Planning and Institutional Performance, and Legal and Governance. Natalie was previously Director-General of the Queensland Government's Department of Housing and Public Works. She has also served on a number of Commonwealth and State bodies and not-for-profit, superannuation and research boards.

### Investment Committee

The Investment Committee ensured the appropriate oversight of Places Victoria's project acquisitions and made recommendations to the Board in relation to the financial and technical viability of real estate development proposals.

From 22 February 2017, the Investment Committee consisted of the following members:

- Graeme Parton (Chair/Chairman) – Director
- James MacKenzie – Chair/Chairman of the Board
- Justin Hanney – Director
- Christine Wyatt – Director
- Gregory Anderson – Chief Executive Officer of Places Victoria

From 1 July 2016 to 21 February 2017, the Committee had the following members:

- Christine Wyatt (Chair/Chairman) – Director
- Graeme Parton – Director
- Gregory Anderson – Chief Executive Officer of Places Victoria
- Chris Bailey – external member
- Stephen Canterbury – external member (until 23 July 2016)

### Chris Bailey

Chris Bailey has more than 35 years' experience in the banking and finance industry with particular expertise in the structuring, evaluation and execution of property development finance and investment proposals. His professional career includes 12 years at Macquarie Bank where he was a Division Director within the Property Investment Banking Division, leading teams specialising in Real Estate Structured Finance.

Chris holds professional qualifications in business (B. Bus), accounting (CPA), finance (F.Fin) and is a licenced credit adviser. Chris is regularly engaged by University of Melbourne in the Faculty of Architecture Building and Planning to provide specialist guidance and tuition within its property major. Chris has been a member of the Investment Committee since May 2014.

### Stephen Canterbury

Stephen Canterbury commenced in the Victorian Department of Treasury and Finance (DTF) in 1994 and is currently the Assistant Director, Shareholder Advisory Services. In this position, Stephen oversees the key shareholder role (performance monitoring, risk management and commercial input) for Places Victoria, VicTrack, V/Line, State Trustee Ltd and VicForests as well a range of smaller Government Business Enterprises. Stephen is also responsible for DTF oversight of Victorian major events and the Australian Formula 1 Grand Prix. Stephen was previously a director of Docklands Studios Melbourne Pty Ltd and Latrobe Regional Hospital Pty Ltd. Stephen was a member of the Investment Committee from May 2014 until July 2016.

### People, Culture and Remuneration Committee

The People, Culture and Remuneration Committee set the strategic direction for Places Victoria's management of its people and determines the policy and practice for executive remuneration.

From 22 February 2017, the People, Culture and Remuneration Committee consisted of the following members:

- Tony De Domenico (Chair/Chairman) – Deputy Chair/Chairman of the Board
- James MacKenzie – Chair/Chairman of the Board
- Rebecca Casson – Director

From 1 July 2016 to 21 February 2017, the Committee had the following members:

- Tony De Domenico (Chair/Chairman) – Deputy Chair/Chairman of the Board
- Tamara Brezzi – Director
- Graeme Parton – Director

Places Victoria Committee Membership and Attendance – 1 July 2016 to 31 March 2017

COMMITTEE MEMBER	AUDIT & RISK COMMITTEE		INVESTMENT COMMITTEE		PEOPLE, CULTURE & REMUNERATION COMMITTEE	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
Natalie MacDonald	3	3				
James MacKenzie	1	1	–	–	1	1
Tony De Domenico	3	3			3	3
Tamara Brezzi	1	1			2	1
Garry Phibbs	2	2				
Rebecca Casson					1	1
Graeme Parton			4	4	2	2
Justin Hanney			–	–		
Christine Wyatt			4	4		
Gregory Anderson			4	3		
Chris Bailey			4	4		
Stephen Canterbury			1	1		

# Leadership Team

## Gregory Anderson – Chief Executive Officer

The Chief Executive Officer's responsibilities included leading and managing the organisation, and driving excellence in development through strategic policy implementation. The CEO was appointed by the Board, with the approval of the responsible Minister, and reported to the Board.

## Manny Bikakis – General Manager Corporate Services

The Corporate Services division was led by the General Manager Corporate Services. As the Chief Financial and Accounting Officer, this role was responsible for providing strategic, operational and decision support across the business. The division included finance, risk management, legal and governance, human resources, and information, communications and technology.

## David Brown – General Manager New Business Development

The New Business Development team was responsible for sourcing new business opportunities and overseeing feasibility planning, design and marketing for all new projects. The team secured projects for Places Victoria by identifying, evaluating and acquiring suitable sites for development while working to support key government policy initiatives. During the reporting period, a number of projects sourced by the New Business Development team were transferred to other divisions as live projects.

## Peter Southwell – General Manager Development and Construction

The Development and Construction division was responsible for the delivery of large scale commercial projects and medium and high density residential developments, taking a lead role in the implementation of best practice urban outcomes. Projects include the Fitzroy Gasworks site, CIRQ, Point Cook, Dandenong LOGIS and the Officer Town Centre.

## Peter Vlitas – General Manager Land Development and Housing

The Land Development and Housing division was responsible for the delivery of projects in established areas of Melbourne and strategic regional locations, both as a sole developer and in partnership with other government agencies and private developers. The team delivered a diverse range of new housing and land supply projects to enhance neighbourhoods. Projects included Riverwalk in Werribee, Valley Lake in Keilor East and Tower Hill in Swan Hill.

## Simon Wilson – General Manager Precincts

The Precincts division played a significant role in facilitating the delivery of urban renewal in large areas of undeveloped or underutilised land. The division was responsible for projects including the delivery of Melbourne Docklands, the Revitalising Central Dandenong initiative and Junction Place in Wodonga.

## Tom Considine – General Manager Corporate Strategy

The Corporate Strategy division was responsible for corporate strategy and planning; policy, cabinet, ministerial and parliamentary management; communications, stakeholder and project engagement; and business case development and project origination work for government clients.

### CHAIR James MacKenzie

**DEPUTY CHAIR**  
Tony De Domenico

**DIRECTOR**  
Tamara Brezzi

**DIRECTOR**  
Rebecca Casson

**DIRECTOR**  
Justin Hanney

**DIRECTOR**  
Graeme Parton

**DIRECTOR**  
Christine Wyatt

**DIRECTOR**  
Garry Phibbs (to 31st December 2016)

### CEO Gregory Anderson

**GENERAL MANAGER, CORPORATE SERVICES**  
Manny Bikakis

**GENERAL MANAGER, PRECINCTS**  
Simon Wilson

**GENERAL MANAGER, LAND DEVELOPMENT AND HOUSING**  
Peter Vlitas

**GENERAL MANAGER, DEVELOPMENT AND CONSTRUCTION**  
Peter Southwell

**GENERAL MANAGER, CORPORATE STRATEGY**  
Tom Considine

**GENERAL MANAGER, NEW BUSINESS DEVELOPMENT**  
David Brown

# Report on Operations

## FINANCIAL SUMMARY

For the nine months ended 31 March 2017, Places Victoria produced a comprehensive profit result of \$43.1 million.

Total equity of Places Victoria as at 31 March 2017 is \$133.6 million.

The net cash flow from operating activities for the year ending 31 March 2017 was \$82.9 million.

	2017	2016	2015	2014	2013
YEAR ENDED 31 MARCH	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating results</b>					
Revenue	176,386	181,783	228,926	299,079	125,983
Cost of sales	(113,790)	(121,083)	(187,817)	(190,457)	(131,967)
Operating expenses	(16,512)	(17,125)	(13,928)	(58,437)	(168,739)
Borrowing costs	(2,953)	(2,987)	(1,994)	(6,717)	(8,879)
Income tax equivalent	–	–	–		(8,310)
	(133,255)	(141,195)	(203,739)	(255,611)	(317,895)
Comprehensive result	43,131	40,588	25,187	43,468	(191,912)
<b>Financial status</b>					
Total assets	458,855	494,924	537,858	571,884	573,549
Total liabilities	(325,221)	(392,511)	(442,954)	(450,167)	(475,507)
<b>Total equity</b>	<b>133,634</b>	<b>102,413</b>	<b>94,904</b>	<b>121,717</b>	<b>98,042</b>
<b>Net cash from operating activities</b>	<b>82,875</b>	<b>89,966</b>	<b>73,867</b>	<b>105,811</b>	<b>(108,706)</b>

# Places Victoria Major Projects – Summary List 2016-17

PROJECT	LOCATION	LAND OWNER
Aspect	Officer	Places Victoria
Aurora Residential	Epping	Places Victoria
Aurora Town Centre	Epping North	Places Victoria
Avondale Heights	Avondale Heights	Places Victoria
Blackshaws Road	Altona North	Places Victoria
Cairnlea	Cairnlea	Places Victoria
CIRQ Point Cook	Point Cook	Places Victoria
Dandenong LOGIS	Dandenong South	Melbourne Water
Docklands	Docklands	Places Victoria
Fitzroy Gasworks	Fitzroy	Victorian Government
Frankston Civic Precinct	Frankston	Victorian Government
General Motors Holden site	Fishermans Bend	Victorian Government
Jacksons Hill	Sunbury	Places Victoria
Junction Place	Wodonga	Places Victoria
Lakes Edge	Hamilton	Southern Grampians Shire Council
Markham Estate	Ashburton	Department of Health and Human Services
Metro Village 3175	Dandenong	City of Greater Dandenong
Officer Town Centre	Officer	Places Victoria
Parkside	Shepparton	Department of Health and Human Services
The Gardens at Shepparton	Shepparton	City of Greater Shepparton
Revitalising Central Dandenong	Dandenong	Places Victoria
Riverwalk	Werribee	Melbourne Water
St Albans Road	Sunshine North	Places Victoria
Sydney Road	Coburg	Places Victoria
Taylors Lake	Taylors Lake	Places Victoria
Tower Hill	Swan Hill	Swan Hill Rural City Council
Valley Lake	Keilor East	Places Victoria
Yarra Valley Water Tank site	Ivanhoe	Yarra Valley Water



# Year in Review – Highlights

For this report Places Victoria has selected highlights from its four project delivery divisions: **Precincts, Land Development and Housing, Development and Construction, and New Business Development.**



*MPavilion 2015*

## **PRECINCTS**

The Precincts division delivered large, often complex, multi-staged, strategically significant urban renewal projects.

### **Docklands**

Docklands is the largest government-led urban renewal project under construction in Australia and continued to be of great economic significance to Victoria during the reporting period. Now in its final decade of development, Docklands is more than 60 per cent complete and is currently home to more than 13,000 residents and 58,000 jobs. The precinct also sustains an estimated 2,500 to 3,000 construction jobs annually.

To date, Docklands has attracted more than \$12 billion in private investment and Places Victoria has now returned the upfront cost of infrastructure in Docklands to the Victorian Government with interest. As at 31 March 2017, there were 13 projects under construction with a combined development value of more than \$3.1 billion.

To date, more than \$600 million has been invested into community and public infrastructure in Docklands and during the reporting period, this remained a key focus for Places Victoria.

One of the most significant announcements in the reporting period focused on a new primary school planned for Docklands. The announcement was scheduled for April 2017, with the new school to be delivered by the Victorian School Building Authority. The school is planned to be built on the corner of Footscray Road and Little Docklands Drive. It will accommodate approximately 475 students from prep to year six. Places Victoria has been a long-time supporter of a school for the precinct, which will significantly contribute to the ongoing development of Docklands as a vibrant community.

A significant project was the relocation of MPavilion 2015 to Docklands following the conclusion of its program. It was gifted to Places Victoria by the Naomi Milgrom Foundation and the City of Melbourne to a new home at the corner of Collins Street and Harbour Esplanade in Docklands (known as CLEC).

During the reporting period, landscape works (CLEC Stage 1) to enable the relocation of MPavilion 2015 were completed and in August 2016, it was launched by Minister for Major Projects Jacinta Allan, Deputy Lord Mayor Susan Riley, Naomi Milgrom AO, Chair of the Naomi Milgrom Foundation and Places Victoria CEO Gregory Anderson.

The landscape design for CLEC Stage 2 was finalised and tendered in the reporting period and construction commenced in March 2017. The upgrade will include outdoor exercise stations, landscaping and footpaths to encourage more visitors, workers and residents to use the space.

Village Street in Docklands was upgraded, with the aim of transforming it into a vibrant, pedestrian-friendly public space. Works included the installation of planter beds, street trees, additional seating, bike parking and improved lighting.

Docklands continues to grow as a destination and in August and September 2016, it became a focal point for the Pokémon Go phenomena. Places Victoria ran an initiative which activated 17 Pokéstops over a four-weekend period in August and September. The activation was identified as another opportunity to encourage more people to visit Docklands, with thousands of people taking part in the activation.

Construction continued on Lendlease's Melbourne Quarter development in Collins Street, with approval also given for the second commercial tower in the development. Located at 693 Collins Street, the tower will feature 28 levels and will be the precinct's largest office tower with around 55,000 square metres of office space and 2,500 square metres of retail space. Both Lendlease and Arup have already committed to office space in the new development.

In March 2017, Ministerial approval was received for Lendlease's new waterfront residential neighbourhood in Victoria Harbour. Collins Wharf will include an extension of Collins Street to the water's edge, more than 25,000 square metres of public space and approximately 1,500 new residences.

Lendlease secured ANZ as the anchor tenant for the Y3 commercial tower which is adjacent to the existing ANZ headquarters in Victoria Harbour. Construction commenced in January 2017 and ANZ has committed to lease 26,500 square metres to house more than 2000 bank staff.

In the reporting period, five residential towers reached practical completion in the Victoria Harbour and NewQuay precincts delivering a total of 1,413 apartments. In addition, the Sheraton Four Points in NewQuay officially opened in March 2017 offering 273 contemporary rooms.

Significant progress was made in the Collins Square precinct, with construction of Towers C and D completed, providing over 100,000 square metres of office space and an expansion of the ground floor retail area. Construction of the final stage, Tower E also commenced during the reporting period. Major tenants such as KPMG, Maddocks, PEXA, LINK and AECOM took occupancy of their offices, bringing thousands of new workers into Docklands. In addition, a number of additional corporate tenant signings occurred in the reporting period, including Transurban, BDO and MLC.

To date, Docklands has delivered more than 980,000 square metres of commercial office space, more than 165,000 square metres of retail space and more than 8,900 apartments. On completion, Docklands will have 20,000 residents, 80,000 workers and will have attracted \$19 billion investment from the private sector.

### Junction Place, Wodonga

Junction Place consists of 10 hectares of former railway land in central Wodonga which, over the next 15 to 20 years, will be transformed into the new heart of central Wodonga.

Work on the revitalisation of Junction Place, regional Australia's largest urban renewal project, continued during the reporting period, with the ongoing refurbishment of the Goods Shed and Station Building and major road works throughout the precinct.

Junction Place was recognised with industry awards during the reporting period. The project won an Award for Excellence in the Civic Landscape category at the prestigious Australian Institute of Landscape Architects (AILA) Victorian Landscape Architecture Awards in July, 2016. Junction Place also won the Judges Award – Regional Victoria at the 2016 Urban Development Institute of Australia (UDIA) Victorian Awards in December 2016. The project was also recognised as a finalist in the 2017 Property Council Awards in the best heritage project category.



*The Goods Shed and Station Building, Junction Place, Wodonga.*





*An artist impression of the planned development on Foster Street, Dandenong.*

Following the signing of a development agreement for Junction Place between Places Victoria and Wodonga-based developer, Central Place Pty Ltd in early 2016, the master plan for the remainder of the precinct was endorsed in November 2016.

The development, which will be known as 'Station 73', will include public open space, a new market hall, offices, residential homes, an entertainment precinct including cinema, hotel and conference facilities.

'Station 73' will double the size of Wodonga's central business district and will support employment and the local economy. Hundreds of jobs will be created during construction, with permanent opportunities created once the project is complete.

### Revitalising Central Dandenong

The Revitalising Central Dandenong is a \$290 million revitalisation project rejuvenating Dandenong's city centre which is being delivered by Places Victoria (now Development Victoria), in partnership with the City of Greater Dandenong, government agencies and the private sector.

In December 2016, a 4.5-star serviced apartment building, operated by Quest Apartment Hotels, opened its doors within the Revitalising Central Dandenong precinct, following construction by the Pellicano Group. The \$22 million development supports the revitalisation of the area by providing a high standard of accommodation in the heart of Dandenong.

A \$60 million residential development was also announced in March 2017, following the signing of a development agreement between Places Victoria and the Orion International Group (Orion Foster). The proposed apartment building located on Foster Street, will be a significant investment in the area and will include approximately 120 apartments, office space and ground floor retail. The development will offer more diverse housing options and create employment opportunities during the construction phase.



*The Harvest Home Primary School at Aurora.*

## LAND DEVELOPMENT AND HOUSING

The Land Development and Housing division was responsible for the delivery and facilitation of residential housing projects in established areas of Melbourne and strategic regional locations, often in partnerships with other government authorities and private developers.

### Aurora, Epping North

The Aurora project is a residential subdivision in Melbourne's north which commenced planning in 2000, with sales from 2005. Aurora was undeveloped land when purchased from multiple landowners. The project has delivered approximately 2,000 residential lots to date with the remainder of the site divested to Lendlease in 2014.

During the reporting period, Places Victoria completed construction of the remainder of the residential lots. Several of the remaining super lots have been sold, with medium density residential development to be the likely outcome.

The Harvest Home Primary School opened in January 2017, which includes an adjacent oval, amphitheatre and stage. The oval and associated assets were constructed by Places Victoria for use by the school during the day and the community outside of school hours.

### Avondale, Avondale Heights

Avondale is a joint venture project with Frasers Property (formerly Australand) on the former Kangan Batman TAFE site on Military Road, Avondale Heights. Places Victoria purchased the four-hectare site, formerly part of a larger TAFE campus, in 2009.

The project will deliver 135 new homes in a highly sought after area close to existing jobs, services and transport. The development is led by Frasers Property under a profit share arrangement, with Places Victoria remaining as the land owner.

Significant consultation with the Moonee Valley City Council and the community was undertaken to develop the approved plan. All the homes within two of the four stages sold off the plan within two weeks of their market release. Construction commenced in July 2016.



*Riverwalk continues to grow.*

### Riverwalk, Werribee

Riverwalk is a 198-hectare master-planned estate in Werribee that will be home to approximately 7,000 people upon completion. The estate is being developed in partnership with Melbourne Water on the former Werribee Treatment Plant site and includes a range of sustainability initiatives including stormwater harvesting and recycled water.

Riverwalk features a 1.4-hectare Village Park, which incorporates water play areas, a basketball court, a playground and barbeque facilities. The estate is within three kilometres of the existing Werribee Town Centre and offers a diversity of housing to cater for a variety of lifestyles.

Riverwalk's popularity as a place to live saw the estate experience another year of strong sales, steady price growth, and increased development activity during the reporting period.

In late 2016, to meet increasing demand, planning permit applications were lodged for the next precincts of the project, providing a further 300 lots for sale and development.

Over the past year, in readiness for the fast growing population of the Riverwalk community, major intersection works have been undertaken, improving access in to the estate.

A planning permit application was also lodged in early 2017 for the development of Riverwalk's next display village, which will showcase the latest home collections from a number of Melbourne's most recognised home builders.

### Sunshine North

The Sunshine North project is a 12.5-hectare integrated built form estate that will comprise of approximately 350 to 400 residential dwellings and commercial spaces upon completion. The site was acquired by Places Victoria from City West Water in November 2015, with settlement occurring in November 2016.

During the reporting period, activity included the design of various master planning options and a feasibility analysis, approval for a modification in the delivery strategy from a land sub-division to an integrated built form development, and the appointment of the project team.

### Taylors Lakes

Places Victoria purchased the 9.1-hectare former school site from the Department of Education in October 2014, with settlement pending for 2017. The site was rezoned from Public Use Zone – Educational (PUZ2) to General Residential Zone in January 2017.

The site is well located with retail, a medical facility, public transport and educational facilities all within one kilometre. Places Victoria is currently preparing a development plan in consultation with Brimbank Council.

### Valley Lake, Keilor East

Valley Lake is a premium residential development on the site of the former Niddrie Quarry. The quarry was remediated by Places Victoria over a period of four years and at a cost of approximately \$20 million prior to development occurring.

The final stage was released in July 2016 and sold within a two-week period. Construction of the final stage commenced in late 2016 and is scheduled for completion by May 2017.

A number of public realm works will be the focus of work at Valley Lake over the coming year, including the construction of a lookout, additional shared paths and a public reserve.

## DEVELOPMENT AND CONSTRUCTION

The Development and Construction division was responsible for managing the delivery of medium and high density development in all sectors.

### Aurora Town Centre, Epping North

In March 2017, Places Victoria sold a mixed-use site adjacent to the retail core of the new Town Centre. The Town Centre's new Coles supermarket and speciality shops opened in June 2017, bringing new amenity to the growing suburb.

Further plans for land sales and roadworks infrastructure were initiated during the year, for delivery in 2017-18 and beyond.

### CIRQ, Point Cook

During the reporting period, Places Victoria commenced work on a two-hectare site adjacent to the Point Cook Town Centre. The development comprises of one, two, three and four-bedroom townhouses with an emphasis on high-quality design, materials and landscaping.

A planning application was submitted to Wyndham Council in August 2016 and a planning permit was issued in early May 2017. CIRQ Point Cook achieved certification from the Urban Development Institute of Australia's (UDIA) EnviroDevelopment sustainability rating tool in November 2016. It was one of only three development projects in Victoria to achieve this certification. The display and sales suite was due to open on site in May 2017.

### Dandenong LOGIS

In partnership with Melbourne Water, Places Victoria sold and delivered the last sites in the award-winning Dandenong LOGIS industrial development during the reporting period. The development achieved record sales prices for industrial land in Melbourne's south east.

### Fitzroy Gasworks, Fitzroy North

Places Victoria began investigating the potential renewal of the three-hectare Fitzroy Gasworks site during the reporting period. The site at 433 Smith Street, Fitzroy North, is owned by the Victorian Government and has been declared surplus land.

### General Motors Holden site, Fishermans Bend

The State Government purchased land from General Motors Holden in late 2016. Places Victoria has been developing master plans and supporting the Government in the creation of a precinct of excellence for the automotive, education, technology and defence industries. Places Victoria anticipates announcing its involvement in two significant developments on the site in late 2017.

### Markham Estate

The Markham Avenue estate in Ashburton is being redeveloped by Places Victoria on behalf of the Department of Health and Human Services as part of the Victorian Government's commitment to renewing and increasing public housing in Victoria.

The proposed redevelopment will deliver new public housing, as well as a range of private housing that will offer greater housing diversity in the area.

Places Victoria undertook community engagement in 2016 to understand the community's views on the proposed development.

### Officer Town Centre

Places Victoria started working with Cardinia Shire Council and the Victorian Planning Authority on a review of the Town Centre's Precinct Structure Plan with the aim of encouraging private sector investment in retail, commercial and mixed uses around the existing railway station and Civic Plaza. Two prominent sites in the centre were also sold during the year, boosting retail and commercial investment.

Construction of a new e-waste recycling facility also began in September 2016, to be operated by social enterprise organisation Outlook. The project will provide employment for people with a disability.

In February 2017, the Member for Eastern Victoria, Daniel Mulino, joined representatives from Places Victoria and the Cardinia Shire Council to announce construction of the extension of Siding Avenue to Bridge Road, which will better connect the community to schools, services and public transport. That extension is expected to be completed in mid-2017.

### Yarra Valley Water Tank site, Ivanhoe

A master plan for the renewal of Yarra Valley Water's old tank site at 421 Upper Heidelberg Road, Ivanhoe, is being developed in partnership with Yarra Valley Water. The redevelopment will activate an under-utilised site to provide diverse housing and an improved public park to serve the needs of the growing community.

Community engagement for a master plan for the project occurred during the reporting period, with key themes including the development of open space, reference to the area's rich history and heritage, addressing traffic and parking issues, and improving connectivity and accessibility.

## NEW BUSINESS DEVELOPMENT

During the reporting period, the New Business Development division delivered a commercially sustainable pipeline of projects for Places Victoria. Projects were reviewed under a number of criteria including the proposed delivery model, product segmentation, location and projected development profit. While commercial return was a key focus, alignment with government policies was a primary consideration in determining project selection, product mix and project outcomes.

The New Business Development division was actively engaged with key stakeholders to secure surplus and underutilised sites where Places Victoria can add value.

During the year, the New Business Development team secured a number of projects, with some transferred to other delivery divisions within Places Victoria.



Artist impression of CIRQ townhouses.



# Key Events 1 July 2016 – 31 March 2017

## 2016

### July

- Wodonga's Junction Square named one of Victoria's best green, open public spaces at the Australian Institute of Landscape Architects Victorian Landscape Architecture Awards.
- Places Victoria was a key partner of the 2016 Urban Renewal Australia Conference, hosting a session, presenting and officially opening the conference.
- Last residential stage of Valley Lake sold out.
- Civil construction commenced at Avondale Heights.

### August

- MPavilion 2015 was officially opened in Docklands by the Minister for Major Projects Jacinta Allan, MP, together with Deputy Lord Mayor Susan Riley, Naomi Milgrom AO, Chair of the Naomi Milgrom Foundation and Places Victoria CEO Gregory Anderson.
- The Docklands waterfront came alive with thousands of Pokémon fans converging on the area in August and September when Places Victoria placed lure modules on 17 Pokéstops.
- A mobile app and walking tour highlighting the history of Docklands was released.

### September

- Work began on the construction of the new Allan Street Bridge in Dandenong, better connecting local residents of Dandenong South and the town centre.
- Construction of a new e-waste recycling facility in Officer started. The new facility will be operated by social enterprise organisation Outlook to provide jobs for people with disabilities.
- The Stony Creek Upper Transformation Project received an Award for Excellence at the 2016 Stormwater Victoria Awards.
- Final parcel of the Cairnlea estate was rezoned and land transferred to Places Victoria.
- Agreement entered into with Department of Health and Human Services for the development of Markham Estate.

### October

- Victoria Harbour in Docklands was the first project of its kind in Victoria to achieve a "world leadership" green star rating in environmentally sustainable building practices.
- Gum Scrub Creek, part of the Aspect development in Officer, won an Award for Excellence for Land Conservation at the 2016 National Landscape Architecture Awards.

### November

- Construction of the final stage of Valley Lake in Keilor East continued.
- New Chair and Board announced for Places Victoria.

### December

- Places Victoria's Junction Place project in Wodonga was recognised at the 2016 Urban Development Institute of Australia (UDIA) Victorian Awards, winning the Judges Award – Regional Victoria.
- A master plan for Junction Place, Wodonga, was endorsed by Places Victoria.
- A new 55-bed, 4.5-star serviced apartment building operated by Quest opened its doors within the Revitalising Central Dandenong precinct.



*Breaking ground at the new e-waste recycling facility, Officer.*

## 2017

### January

- Harvest Home Primary School at Aurora opens.
- Blackshaws Road, Altona North achieved rezoning and land was formally acquired.

### February

- Work started on the upgrade of Village Street, Docklands, which will transform the area into a pedestrian and cycle-friendly street.
- Member for Eastern Victoria, Daniel Mulino, joined representatives from Places Victoria and the Cardinia Shire Council to kick-start construction of the extension of Siding Avenue to Bridge Road in Officer.

### March

- A Development Agreement was signed between Places Victoria and Orion International Group (Orion Foster) to develop an apartment and retail complex within the Revitalising Central Dandenong precinct.
- Legislation passes to formally acknowledge the establishment of Development Victoria.
- Places Victoria ceased trading on 31 March 2017, prior to the establishment of Development Victoria on 1 April 2017.



*Victoria Harbour, Docklands.*

# Our People

Places Victoria employees enjoyed a culture underpinned by the principles of continuous learning and improvement, collaboration, knowledge sharing and accountability. A significant improvement in employee engagement over a two-year period was evidenced by the results of the 2016 People Matter Survey, recording an increase of approximately 40%. The organisation's values were well embedded and formed a key element of numerous people-related strategies from recruitment and selection, performance management through to recognition and reward.

## EMPLOYMENT AND CONDUCT PRINCIPLES

As a public agency, Places Victoria adhered 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, provided guidance for Places Victoria's employment policies and practices.

## WORK HEALTH AND SAFETY (WHS)

Places Victoria's commitment to providing a healthy and safe working environment for employees, consultants, contractors and the wider community continued during the reporting period. This commitment was underpinned by the development and progressive implementation of the Occupational Health and Safety Framework.

To foster a proactive reporting culture that demonstrated a commitment to and delivery of a no-blame approach, Places Victoria updated its Incident Management Policy and supporting procedures. A total of 43 incidents were reported for the reporting period. This is up from the 11 incidents reported the previous year, indicating that the introduction of the new incident management procedure led to a more active and transparent approach to incident reporting. An analysis of the data shows that one third of all incidents, 33 per cent, (N=14) resulted in an injury. Nineteen percent, (N=8) of the reports pro-actively identified hazards, potentially eliminating the occurrence of an incident. Near misses accounted for 23 per cent (N=10), while damage to property and environmental totalled 19% (N=8) incidents reported. The number of environmental incidents recorded for the period amounted to 2% (N=2). One incident was categorised as Other.

As part of advocating and supporting workplace wellbeing, Places Victoria delivered high quality physical and psychological health programs to its employees. To support the mandate of a healthier workforce, a number of initiatives were run with a focus on the three wellbeing pillars of 'Eat Well', 'Move More' and 'Live Longer'.

## WORKFORCE

Full time equivalents (FTE) staffing trends from 2013 to 2017

2017	2016	2015	2014	2013
107.6	97.5	85.66	78.5	96.8

Summary of employment levels in March 2017 and June 2016

	ONGOING EMPLOYEES				FIXED TERM AND CASUAL EMPLOYEES
	EMPLOYEES (HEAD COUNT)	FULL TIME (HEAD COUNT)	PART TIME (HEAD COUNT)	FTE	FTE
March 2017	105	91	14	100	7.6
June 2016	89	80	9	86	11.5

#### Details of employment levels in March 2017 and June 2016

2017				2016		
ONGOING		FIXED TERM AND CASUAL EMPLOYEES		ONGOING		FIXED TERM AND CASUAL EMPLOYEES
EMPLOYEES (HEAD COUNT)	FTE	FTE		EMPLOYEES (HEAD COUNT)	FTE	FTE
<b>Gender</b>						
Male	56	55.4	1.8	52	52	6.4
Female	49	44.6	5.8	37	34	5.1
<b>Total</b>	<b>105</b>	<b>100</b>	<b>7.6</b>	<b>89</b>	<b>86</b>	<b>11.5</b>
<b>Age</b>						
Under 25	5	4	3	1	1	2.5
25-34	28	27	1	28	26.8	3.4
35-44	42	39.4	0.6	36	34.2	2
45-54	22	22	2	18	18	2
55-64	7	7	1	6	6	1
Over 64	1	0.6	0	0	0	0.6
<b>Total</b>	<b>105</b>	<b>100</b>	<b>7.6</b>	<b>89</b>	<b>86</b>	<b>11.5</b>
<b>Classification</b>						
Level 1	4	4	2.4	2	2	3.1
Level 2	32	30.3	2	25	24.3	4
Level 3	21	20.3	1.3	19	18.1	3.4
Level 4	6	5.6	0.6	5	4.6	0
Level 5	19	17	0.3	19	18	0
Other	23	22.8	1	19	19	1
<b>Total</b>	<b>105</b>	<b>100</b>	<b>7.6</b>	<b>89</b>	<b>86</b>	<b>11.5</b>

#### Note:

All figures reflect active employees during the last full pay period in June of each year, with the exception of 2017, when the reporting period ended as at 31 March 2017.

Ongoing employees includes people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of 31 March 2017.

FTE means full time equivalent.

Excluded are those on leave without pay or absent on secondment, external contractors/consultants and temporary staff employed by employment agencies.

The classification categories rolled into "other" are our executive contracts of a level 6-plus.

The workforce numbers show an increase in the organisation's FTEs as a result of increased new business projects and improved business performance. This is reflected in increased employee costs (Note 4).

# Compliance

## CORPORATE STATUS

The ultimate controlling entity of Places Victoria is the State Government of Victoria. The relevant Minister is the Minister for Major Projects. In certain municipalities the Minister for Suburban Development has shared responsibilities with the Minister for Major Projects.

### Statutory Authority:

Urban Renewal Authority Victoria – which operated as ‘Places Victoria’

### Governing Act:

*Urban Renewal Authority Victoria Act 2003*

### Incorporated:

25 October 2011

### Registered address:

710 Collins Street  
Docklands 3008  
ABN: 61 868 774 623

Places Victoria was declared a reorganising body under Section 7 of the *State Owned Enterprises Act 1992* on 13 March 2013.

On 1 April 2017, through legislative amendment to the Governing Act, Places Victoria was abolished and Development Victoria established as its successor in law.

## Government advertising campaign expenditure

Financial Reporting Direction 22H requires disclosure of each government advertising campaign with total media buy of \$100,000 or greater (exclusive of GST). Places Victoria did not undertake advertising campaigns above this threshold during the reporting period.

## RISK MANAGEMENT

Places Victoria has a culture of delivering business objectives, while ensuring appropriate management of risk. The Board understands the fundamental importance of managing the spectrum of risks for both specific projects and corporate activities. Places Victoria has a risk management framework, policy and plan. As part of this framework the Audit and Risk Committee regularly reviews the risk profile of the organisation and monitors key risks. Places Victoria is committed to establishing best practice risk management across the organisation.

## VICTORIAN GOVERNMENT RISK MANAGEMENT FRAMEWORK – ATTESTATION

I, James MacKenzie, Chair/Chairman of Development Victoria, certify that Places Victoria complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes. The Audit and Risk Committee has verified this.



**James MacKenzie**  
Chair/Chairman

Melbourne  
2017



## SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL POSITION DURING THE REPORTING PERIOD

For the period ended 31 March 2017, Places Victoria recorded a Net Profit After Tax of \$43.1 million.

Places Victoria repatriated \$2.25 million of capital during the year.

## BUILDING ACT

The buildings occupied by the staff of Places Victoria comply with the *Building Act 1993*. All new buildings and works to existing buildings carried out for or on behalf of Places Victoria also comply with the *Building Act 1993*. Places Victoria did not carry out any major works projects during the reporting period to the buildings occupied by its staff.

## VICTORIAN INDUSTRY PARTICIPATION POLICY (VIPP)

During the reporting period Places Victoria completed two contracts in metropolitan Melbourne where the value of works exceeded the Victorian Industry Participation Policy (VIPP) threshold and consequently referral to ICN was required. However, the works were assessed by ICN as being local by nature and no VIPP plans were required.

## FREEDOM OF INFORMATION (FOI)

The *Freedom of Information Act 1982* allows the public a right of access to documents held by Places Victoria, now Development Victoria.

For the reporting period, Places Victoria received two applications. Of these requests one was from a Member of Parliament. This request was withdrawn after the applicant was offered a presentation by Places Victoria on related information. For the other request, the documents requested did not exist, or if they existed, could not be found.

### 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

Any request should identify as clearly as possible the documents being requested and be accompanied by the \$28.40 application fee. Access charges may also apply (for example, photocopying and search and retrieval charges). Further information regarding Freedom of Information can be found at [www.foi.vic.gov.au](http://www.foi.vic.gov.au).

## NATIONAL COMPETITION POLICY

Places Victoria carried out its functions on a commercial basis. National Competition Policy required Places Victoria, and now Development Victoria, to act within a competitively neutral framework. This means that, except in respect of the Docklands and Revitalising Central Dandenong projects, and other than by having access to the list of surplus government sites published by the Department of Treasury and Finance, Places 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, and
- 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 *Urban Renewal Authority 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, Places Victoria exercised particular powers to facilitate the development of the declared project. On 26 September 2005, the government gazetted the Revitalising Central Dandenong project as a declared project.

## PROTECTED DISCLOSURE ACT 2012

The *Protected Disclosure Act 2012* 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.

Places Victoria (now Development Victoria) does not tolerate improper conduct by its employees or officers or the taking of 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.

Places Victoria (now Development Victoria) will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. Places Victoria (now 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 Places Victoria or Development Victoria or any of its employees or officers must be made to the Independent Broad-based Anti-corruption Commission (IBAC):

Independent Broad-based Anti-corruption Commission  
Level 1, North Tower  
459 Collins Street  
Melbourne Vic 3000  
GPO Box 24234, Melbourne, VIC 3001

Telephone: 1300 735 135  
Website: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au).

Procedures for the reporting of disclosures to the IBAC can be found at [www.development.vic.gov.au](http://www.development.vic.gov.au)

## CONSULTANCIES

For the reporting period, there were six 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 \$249,271 (excluding GST). Details of individual consultancies are outlined below. All consultancies were completed within the relevant approved project fee and as at the date of this report it is not proposed to incur further expenditure on these consultancies.

CONSULTANT	PURPOSE	EXPENDITURE (EX. GST)
Biosis Research Pty Ltd	Ecological research and advice	\$50,066
Killila Property Group	Market research project	\$12,600
Corporate Research Scorecard	Professional services	\$10,540
Venture Advisory Pty Ltd	Market research project	\$122,243
Maddocks	Professional advice	\$25,413
M21 Advisory Pty Ltd	Market research project	\$18,044

During the reporting period, there were two consultancies engaged during the year where the total fees payable to the consultants was less than \$10,000. The total expenditure in relation to these consultancies was \$14,905 (excluding GST).

## INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the reporting period, Places Victoria had a total ICT expenditure of \$2,630,516 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) \$'000	NON-BUSINESS AS USUAL (NON-BAU) ICT EXPENDITURE \$'000	OPERATIONAL EXPENDITURE \$'000	CAPITAL EXPENDITURE \$'000
1,544	1,087	741	346

## ADDITIONAL INFORMATION AVAILABLE ON REQUEST

The additional information detailed below is retained by Development Victoria and is available on request to relevant Ministers, Members of Parliament and members of the public, subject to the provisions of the *Freedom of Information Act 1982*:

- a statement that declarations of pecuniary interest have been duly completed by all relevant officers;
- details of publications produced by the organisation and how these can be obtained; and
- details of consultancies and contractors.

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 20)
- commitment to employment and conduct principles (page 20)
- Committees of the Board of Places Victoria (page 8).

## Information that is not applicable

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

- details of shares held by senior officers (No shares have ever been issued in Places Victoria).
- details of overseas visits undertaken (No overseas visits were undertaken during the reporting period).
- details of changes in fees, charges, rates and levies (There were no such changes during the reporting period).
- details of major external reviews (There were no major external reviews during the reporting period).
- details of major research and development activities (No such activities were carried out during the reporting period).
- details of major promotional, public relations and marketing activities undertaken by Places Victoria to develop community awareness of the organisation and its services. (No such activities were undertaken during the reporting period).

# Statement of Corporate Intent

## OUR MISSION

Places Victoria was the Victorian Government's property development agency responsible for urban renewal.

We revitalised surplus or underutilised government land to make a responsible profit to support government policy. We delivered a return to the Victorian Government and apply private sector rigour to our projects.

Where appropriate we worked in partnership with the Victorian Government and the private and not-for-profit sectors to deliver policy outcomes around diverse and affordable housing.

## STRATEGIC GOALS AND DIRECTION

Places Victoria was commercial and responsible. We aimed to be recognised as a centre of excellence, and the developer of choice for the Victorian Government. We were committed to becoming the leading government land agency in Australia and planned to benchmark our performance against the top 10 per cent of the Australian development industry.

We aspired to maximise the value of surplus or underutilised government land holdings, delivering an enhanced commercial return to Victorian taxpayers. Through these urban renewal opportunities, we delivered the strategic policy objectives of government around neighbourhood renewal, housing affordability, job creation and accessibility to transport, education, health and recreational facilities. Places Victoria also acted as an important facilitator to support the government's policy agenda with regard to the delivery of affordable housing.

We were highly networked with ready access to government, industry and other agencies, and removed obstacles from land to attract private sector investment and opened doors to the private sector.

Places Victoria aimed to be an employer of choice, attracting the best minds and skills in the industry to provide best practice urban renewal for the benefit of all Victorians. We had strong systems that encouraged safe and responsible work practices and we strove to improve on them every day.

# Financial Statements

## Comprehensive Operating Statement for the financial period ended 31 March 2017

		31 MARCH 2017	30 JUNE 2016
	NOTES	\$'000	\$'000
Land sales and project management fees	3	172,506	172,765
Cost of sales	4	(113,790)	(121,083)
Gross profit from sales		58,716	51,682
<b>Income from transactions</b>			
Operating grants from the State Government of Victoria	3	–	250
Interest income	3	1,008	1,237
Other income	3	2,872	7,531
Total income from transactions		3,880	9,018
<b>Expenses from transactions</b>			
Marketing expenses	4	(903)	(1,321)
Employee expenses (not included in cost of land sales)	4	(9,148)	(11,006)
Depreciation and amortisation	4	(936)	(1,038)
Borrowing costs (not included in cost of land sales)	4	(2,953)	(2,987)
Other operating expenses	4	(5,989)	(8,066)
Total expenses from transactions		(19,929)	(24,418)
Net result from transactions before income tax equivalent expense		42,667	36,282
Income tax equivalent (expense)/benefit	6	–	–
<b>Net result from transactions after income tax equivalent expense (net operating balance)</b>		<b>42,667</b>	<b>36,282</b>
<b>Other economic flows included in net result</b>			
Write-back of previous impairments of land inventory/ (Impairment of land inventory)	5	1,043	4,281
Net gain/(loss) on non-financial assets	5	(665)	2
Other gains/(losses) from other economic flows	5	86	23
Total other economic flows included in net result		464	4,306
<b>Net result</b>		<b>43,131</b>	<b>40,588</b>
<b>Comprehensive result</b>		<b>43,131</b>	<b>40,588</b>

The Comprehensive Operating Statement should be read in conjunction with the notes to the financial statements.



## Balance Sheet as at 31 March 2017

		31 MARCH 2017	30 JUNE 2016
	NOTES	\$'000	\$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	26	94,258	66,094
Receivables	7	40,107	38,029
Total financial assets		134,365	104,123
<b>Non-financial assets</b>			
Prepayments		498	210
Inventories	8	318,841	385,653
Infrastructure, property, plant and equipment	9	2,977	2,442
Intangible assets	10	2,174	2,496
Total non-financial assets		324,490	390,801
<b>Total assets</b>		<b>458,855</b>	<b>494,924</b>
<b>Liabilities</b>			
Payables	11	17,339	24,713
Land sale deposits	12	30,095	31,430
Borrowings	13	170,400	209,100
Provisions	14	107,387	127,268
<b>Total liabilities</b>		<b>325,221</b>	<b>392,511</b>
<b>Net assets</b>		<b>133,634</b>	<b>102,413</b>
<b>Equity</b>			
Accumulated deficit		(100,303)	(133,774)
Contributed capital		233,937	236,187
<b>Net worth</b>		<b>133,634</b>	<b>102,413</b>
Contingent assets and contingent liabilities	23		
Commitments	24		

The Balance Sheet should be read in conjunction with the notes to the financial statements.

## Statement of Changes in Equity for the financial period ended 31 March 2017

		31 MARCH 2017	30 JUNE 2016
	NOTES	\$'000	\$'000
<b>Accumulated deficit</b>			
Accumulated deficit at the beginning of the financial year		(133,774)	(169,283)
Comprehensive result		43,131	40,588
Dividend paid	15	(9,660)	(5,079)
<b>Accumulated deficit at the end of the financial year</b>		<b>(100,303)</b>	<b>(133,774)</b>
<b>Contributed capital</b>			
Contribution by owners at the beginning of the financial year		236,187	264,187
Contributed capital returned to the State Government of Victoria (i)		(2,250)	(28,000)
<b>Contributed capital at the end of the financial year</b>		<b>233,937</b>	<b>236,187</b>
<b>Total equity at the end of the financial year</b>		<b>133,634</b>	<b>102,413</b>

(i) Places Victoria repatriated \$2.25m (2016: \$28.0m) to the State Government of Victoria.

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

## Cash Flow Statement for the financial period ended 31 March 2017

		31 MARCH 2017	30 JUNE 2016
	NOTES	\$'000	\$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers		185,487	180,931
Operating grants received from the State Government of Victoria		–	250
Goods and Services Tax recovered from the ATO		172	1,335
Land sales		72,146	67,311
Interest received		887	1,010
<b>Total receipts</b>		<b>258,692</b>	<b>250,837</b>
<b>Payments</b>			
Payments to contractors, consultants, suppliers and employees		(158,124)	(140,616)
Goods and Services Tax paid to the ATO		(12,066)	(10,675)
Borrowing costs		(5,627)	(9,580)
Income tax equivalent paid		–	–
<b>Total payments</b>		<b>(175,817)</b>	<b>(160,871)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>26</b>	<b>82,875</b>	<b>89,966</b>
<b>Cash flows from investing activities</b>			
Payments for non-financial assets		(1,149)	(680)
<b>Net cash flows from/(used in) investing activities</b>		<b>(1,149)</b>	<b>(680)</b>
<b>Cash flows from financing activities</b>			
Contributed capital received from/(returned to) the State Government of Victoria		(2,250)	(28,000)
Dividends paid	15	(9,660)	(5,079)
Borrowing costs		(2,953)	(2,986)
Repayment of borrowings		(38,700)	(56,500)
<b>Net cash flows from/(used in) financing activities</b>		<b>(53,563)</b>	<b>(92,565)</b>
Net increase/(decrease) in cash and deposits		28,163	(3,279)
Cash and deposits at the beginning of the financial year		66,094	69,373
<b>Cash and deposits at the end of the financial year</b>	<b>26</b>	<b>94,258</b>	<b>66,094</b>

The Cash Flow Statement should be read in conjunction with the notes to the financial statements.

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## Notes to the financial statements

### 1. Summary of significant accounting policies

These annual financial statements represent the general purpose financial statements for Places Victoria for the period ended 31 March 2017. The purpose of the report is to provide users with information about Places Victoria's stewardship of the resources entrusted to it.

The annual financial statements have been prepared on a going-concern basis.

#### (a) Statement of compliance

The general purpose financial statements of Places Victoria are prepared in accordance with the *Financial Management Act 1994* (FMA) Financial Reporting Directions of the Minister for Finance and applicable Australian Accounting Standards (AAS) including 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.

The financial report is authorised for issue by the Board of Places Victoria on 21 August 2017.

#### (b) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these 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 judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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 AASs that have significant effect on the financial statements and estimates relate to:

- fair value of infrastructure, property, plant and equipment;
- provision for employee benefits; and
- provision for onerous contracts.

These financial statements are presented in Australian dollars and prepared in accordance with the historical cost convention except for non-financial physical assets which, subsequent to acquisition, are measured at their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses.

Consistent with AASB 13 Fair Value Measurement, Places Victoria determines the policies and procedures for recurring fair value measurements such as infrastructure, property, plant and equipment and financial instruments and for non recurring fair value measurements such as non financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities measured or disclosed at fair value in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **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.

For the purpose of fair value disclosures, Places Victoria has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Places 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 Places Victoria's independent valuation agency.

#### (c) Reporting entity

Places Victoria is the Victorian Government's property development agency responsible for carrying out urban renewal projects. Its principal activity is developing surplus government land.

The financial statements cover Places Victoria as an individual reporting entity. The financial statements include all controlled activities of Places Victoria.

The Urban Renewal Authority Victoria, which operates as Places Victoria, is a statutory authority established by the *Urban Renewal Authority Victoria Act 2003*.

Its principal address is:

Level 9, 8 Exhibition Street  
Melbourne  
Victoria 3000

#### Administrative restructure

On 1 April 2017, under the *Development Victoria Act 2003*, Places Victoria merged with Major Projects Victoria to form Development Victoria.

Development Victoria was established as a successor in law to the Urban Renewal Authority (trading as Places Victoria). As such, Places Victoria's financial statements for the financial period ended 31 March 2017 have been prepared under a going concern basis.

#### Objectives and funding

Places Victoria's overall objective is to facilitate urban renewal. Places Victoria is predominantly funded by borrowings from the Treasury Corporation of Victoria.

#### (d) Scope and presentation of financial statements

##### Comprehensive Operating Statement

The Comprehensive Operating Statement comprises two components, being 'net result from transactions' and 'other economic flows included in net result'. The sum of the two represents the comprehensive result.

The comprehensive result is equivalent to profit or loss derived in accordance with AAS.

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets;
- revaluations and impairments of non-financial physical assets;
- fair value changes of financial instruments; and
- the revaluation of the present value of the long service leave liability solely due to changes in the bond interest rates

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of Financial Statements.

##### Balance Sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions for employee benefits, which are classified as current liabilities if Places Victoria does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

### Statement of Changes in Equity

The Statement of Changes in Equity presents reconciliations of owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts related to 'Transactions with owner in its capacity as owner'.

### Cash Flow Statement

Cash flows are classified according to whether or not they arise from operating, investing or financing activities. This classification is consistent with requirements of AASB 107 Statement of Cash Flows. For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings in the balance sheet.

### Rounding

Amounts in the financial statements have been rounded to the nearest \$1000, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

### (e) Segment reporting

Segment information is prepared in conformity with Places Victoria's accounting policies and AASB 8 Operating Segments.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

Places Victoria has three operating segments. These are:

- **Precincts** – The Precincts division delivers large, multi-staged, strategically significant urban renewal projects. Current projects include Melbourne Docklands, Revitalising Central Dandenong, Wodonga and Shepparton.
- **Development and Construction** – The Development and Construction division is responsible for managing the delivery of medium and high density development in all sectors.
- **Land Development and Housing** – The Land Development and Housing division is responsible for the delivery and facilitation of projects in established areas of Melbourne and strategic regional locations, often in partnership with other government authorities and private developers.

Certain projects have moved between operating segments resulting in a change in classifications for both 2017 and 2016.

### (f) Income recognition

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

#### (i) Land sales revenue

Land sales revenue is recognised when the risks and rewards of ownership no longer lie with Places Victoria. This most often occurs on settlement of the land sales contract.

Amounts received under the terms of development agreements, prior to the risks and rewards of ownership transferring from Places Victoria, are recorded as land sale deposits.

#### (ii) Project management fees

Project management fees from development agreements are brought to account when the sale of the land is settled.

#### (iii) Fee for service income

Fee for service income is recognised on the accruals basis. Project management and land development consultancy is provided on a time and materials basis.

#### (iv) Rental income

Rental income is recognised on the accruals basis. Rental income is received as incidental income on property.

#### (v) Government grants

State Government grants are recognised as revenue in the same year in which Places Victoria gains control over the underlying assets.

#### (vi) Interest income

Interest income is recognised on the accruals basis.

#### (vii) Other income

Other income includes infrastructure recovery costs and fee for service revenue other than fee for service income and project management fees.

### (g) Expenses from transactions

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

#### Employee expenses

These expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, superannuation, redundancy payments and WorkCover premiums.

#### Cost of sales

Cost of sales consists of all the supplies and effort 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.

#### Superannuation

The amount expensed is the employer contribution for members of defined contribution superannuation plans that are paid or payable during the reporting period.

#### Depreciation and amortisation

All infrastructure, property, plant and equipment assets are depreciated or amortised on a straight line basis over their useful economic lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of the annual reporting period, and adjustments made where appropriate.

ASSET CLASS	2017 USEFUL LIFE	2016 USEFUL LIFE
Infrastructure (roads, promenades, footpaths, drains, street furniture and fixtures)	3 to 10 years	3 to 10 years
Buildings	4 to 40 years	4 to 40 years
Plant and equipment	2 to 10 years	2 to 10 years
Leasehold improvements	8 to 15 years	8 to 15 years
Capitalised software	5 years	5 years

#### Borrowing costs

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

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

#### Other operating expenses

Other operating expenses generally represent the day to day running costs incurred in normal operations and include:

(i) **Supplies of goods and services**

Supplies of goods and services are recognised as an expense in the reporting period in which they are incurred.

(ii) **Impairment of non-financial assets**

Assets are reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

(iii) **Insurance**

Insurance expense is recognised in the reporting period in which it is incurred.

(iv) **Repairs and maintenance**

Repairs and maintenance is recognised in the reporting period in which it is incurred.

(v) **Other gains/(losses) from other economic flows**

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.

(vi) **Net gain/(loss) on disposal of non-financial assets**

Any gain or loss on the 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.

(h) **Income tax**

Places Victoria is exempt from income tax in accordance with section 50-25 of the *Income Tax Assessment Act 1997*. Places Victoria is subject to the National Tax Equivalent Regime pursuant to section 88 of the *State Owned Enterprises Act 1992*. Any activity relating to the Docklands area or the Revitalising Central Dandenong project is exempt from the National Tax Equivalent Regime in accordance with section 67 of the *Urban Renewal Authority Victoria Act 2003*. Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) **Current tax**

The tax currently payable is based on taxable profit for the year. 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.

(ii) **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 utilized.

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 Places 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 Places Victoria intends to settle its current tax assets and liabilities on a net basis.

(i) **Goods and Services Tax**

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the ATO. 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 ATO is included with other receivables or payables in the Balance Sheet.

Cash flows from operating activities are included in the Cash Flow Statement on a gross basis.

Commitments and contingent assets and liabilities are also stated inclusive of GST. Refer Note 1(y) and 1(z).

(j) **Financial instruments**

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 Places Victoria's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial 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.

The following refers to financial instruments unless otherwise stated.

(i) **Receivables**

Receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method, less any impairment.

The receivables category includes cash and deposits (refer to Note 1(k)), term deposits with maturity greater than three months, trade receivables, and other receivables, but not statutory receivables.

(ii) **Provision for Doubtful Debts**

Doubtful debts are provided for when the debt is outstanding for greater than 180 days, or when there is objective evidence that the debt may not be collected and bad debts are written off when identified.

(iii) **Financial liabilities at amortised cost**

Financial instrument liabilities are initially recognised on the date they originate. 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.

Financial instrument liabilities measured at amortised cost include all of the Places Victoria contractual payables, deposits held and advances received, and interest bearing arrangements.

(k) **Cash and deposits**

Cash and deposits comprise cash on hand and cash at bank, deposits at call (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 are readily convertible to known amounts of cash with an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as borrowings in the Balance Sheet.



## **(l) Receivables**

Receivables consist of:

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

Contractual receivables are classified as financial instruments and categorised as receivables (refer to Note 1(j) Financial Instruments for recognition and measurement. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

### **(i) Accounts receivable under contract of sale**

These amounts generally represent deposits receivable from private land purchasers which are currently held in trust by Places Victoria.

### **(ii) Amounts owing under development agreements**

Amounts receivable under development agreements are carried at nominal amounts.

## **(m) Land inventory**

Inventories of undeveloped land, work in progress and developed land and buildings held for sale are valued at the lower of cost or net realisable value. Cost includes:

- (i) the cost of acquiring the land and buildings;
- (ii) land improvement costs;
- (iii) borrowing costs directly attributable to the acquisition of land or construction of a building; and
- (iv) 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. In determining the net realisable value for undeveloped land, the expected net cash flows from the development and sale of land in the ordinary course of business, as determined by the Board in the Places Victoria Corporate Plan, are discounted to their present values using a market-determined, risk adjusted rate.

In addition market valuations are performed every five years to determine the net realisable value (NRV) of undeveloped land.

The ordinary course of business delivery method and assumptions for each project could change due to market conditions or a change in policy or corporate strategy which would change the net realisable value.

Where the NRV of a project is below the current inventory value, the difference is recognised as an impairment of land inventory and an expense 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 NRV at subsequent annual inventory assessments. Where business and economic circumstances have changed a subsequent NRV assessment may increase. This may result in some or all of the impairment for a project being reversed.

Inventory cannot be valued higher than cost. An assessment of the NRV 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 recorded in prior years.

## **(n) Infrastructure, property, plant and equipment**

### **(i) Cost and valuation**

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

The fair value of infrastructure, property, plant and equipment is normally determined by reference to the asset's depreciated replacement cost. For plant and equipment, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

Where assets are stated at their fair value, assessments are made with sufficient regularity to ensure that the carrying amount does not differ materially from its fair value at the reporting date.

### **(ii) Recoverable amount of non-current assets**

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from the asset's continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash flows are derived from a group of assets working together, the recoverable amount is determined on the basis of the relevant group of assets.

The decrement in the carrying amount is recognised as an expense in the reporting period in which the write-down occurs.

### **(iii) Software**

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Places Victoria.

Software development costs have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of software development costs over their estimated useful lives or five years, whichever is shorter.

### **(iv) Leasehold improvements**

The cost of leasehold improvements is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

### **(o) Prepayments**

Other non-financial assets include prepayments which represent payments in advance of the receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

### **(p) Payables**

Payables consist of:

- contractual payables, such as accounts payable and unearned income, including deferred income. Accounts payable represent liabilities for goods and services provided to Places Victoria prior to the end of the financial year that are unpaid, and arise when Places Victoria becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as Goods and Services Tax and Fringe Benefits Tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(j)). 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 a contract.

### **(i) Trade creditors and accruals**

These amounts represent liabilities for goods and services provided to Places Victoria prior to the end of the financial year which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### **(ii) Payables under development agreements**

These amounts relate to amounts payable to developers and others under development agreements on the achievement of agreed milestones.

**(iii) Deferred income**

These amounts represent revenue under development agreements where milestones for revenue recognition have not been met and grants received in advance for the Revitalising Central Dandenong project.

**(q) Amounts owing to land vendors**

Amounts owing to land vendors are carried at their nominal value.

**(r) Land sale deposits**

For precinct land sales, land sale deposits are 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 Places Victoria and Places Victoria has no continuing managerial involvement in the land to the degree usually associated with ownership.

**(s) Interest bearing liabilities**

Amounts owing to the Treasury Corporation of Victoria are carried at their principal amounts.

All interest bearing liabilities are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether Places Victoria has categorised its interest-bearing liabilities as financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. Places Victoria determines the classification of its interest bearing liabilities at initial recognition.

**(t) Provisions not related to employees**

**(i) Provision for development costs**

A provision for development costs is established where Places Victoria has a present obligation to carry out development works under relevant planning permits or development agreements. These development costs may relate to stage allotments sold or to the overall costs of the project.

**(ii) Onerous contracts**

An onerous contract is considered to exist when the unavoidable cost of meeting the contractual obligations exceeds the estimated economic benefits to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the estimated economic benefits to be received.

**(u) Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date.

**(i) Wages and 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 Places 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 Places Victoria expects to wholly settle within 12 months; or
- present value if Places Victoria does not expect to wholly settle within 12 months.

**(ii) Long service leave (LSL)**

Unconditional LSL is disclosed as a current liability even where Places Victoria does not expect to settle the liability within 12 months because the entity does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value – the component that Places Victoria expects to settle within 12 months; or
- present value – the component that Places Victoria does not expect to settle within 12 months.

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

**(iii) Termination benefits**

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

**(iv) On-costs**

Provision for on-costs such as payroll tax, workers compensation and superannuation are recognised separately within the provision for employee benefits.

**(v) Operating leases**

**Places Victoria as lessor**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the aggregate cost of the incentives are recognised as a reduction of rental income over the lease term, on a straight line basis unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased asset is diminished.

**Places Victoria as lessee**

Operating lease payments, including any contingent rentals, are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of the incentives are recognised as a reduction of rental expense over the lease term on a straight line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(w) Dividends**

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 Places Victoria's Board, the Minister for Planning and the Treasurer.

**(x) Contributions by owners**

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

**(y) Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of note (refer to Note 24 Commitments) at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

**(z) Contingent assets and liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note (refer to Note 23 Contingent assets and contingent liabilities) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

**(aa) Events after reporting period**

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Places Victoria and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

**(bb) Australian Accounting Standards issued that are not yet effective**

Certain AASs have been published that are not mandatory for the 31 March 2017 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises Places Victoria of their applicability and early adoption where applicable.

As at 31 March 2017, the following AASs had been issued by the AASB but were not yet effective and may have a material impact on Places Victoria. They become effective for the first financial statements for reporting periods commencing after the stated operative dates. Early adoption of these standards was not required by Places Victoria.

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON FINANCIAL STATEMENTS
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.  While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> <li>The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and</li> <li>Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</li> </ul>	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON FINANCIAL STATEMENTS
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.</p>
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the comprehensive operating statement with marginal impact on the net operating balance.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON FINANCIAL STATEMENTS
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	<p>Amends the measurement of trade receivables and the recognition of dividends.</p> <p>Trade receivables, which do not have a significant financing component, are to be measured at their transaction price, at initial recognition.</p> <p>Dividends are recognised in the profit and loss only when:</p> <ul style="list-style-type: none"> <li>the entity's right to receive payment of the dividend is established;</li> <li>it is probable that the economic benefits associated with the dividend will flow to the entity; and</li> <li>the amount can be measured reliably</li> </ul>	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for Places Victoria.
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.

## 2. Segment information

### (a) Accounting policies

Segment information is prepared in conformity with Places Victoria's accounting policies as disclosed in Note 1 and AASB 8 Operating Segments.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of receivables, inventories, and infrastructure assets, net of related provisions. Segment liabilities consist primarily of amounts owing under development agreements, certain trade accruals and payables.

### (b) Description of segments

In accordance with the *Urban Renewal Authority Victoria Act 2003*, Places Victoria must operate three separate funds:

- (i) Docklands Fund;
- (ii) General Fund; and
- (iii) Project Fund.

However, it is more appropriate to report on the operating segments as per the organisational and managerial structure below.

#### Operating segments

Places Victoria's primary operating segments as per the organisational and managerial structure are as follows:

#### (i) Precincts

The Precincts division delivers large, multi-staged, strategically significant urban renewal projects. Current projects include Docklands, Revitalising Central Dandenong, Wodonga and Shepparton.

#### (ii) Development and Construction

The Development and Construction division is responsible for managing the delivery of medium and high density development in all sectors.

#### (iii) Land Development and Housing

The Land Development and Housing division is responsible for the delivery and facilitation of projects in established areas of Melbourne and strategic regional locations, often in partnership with other government authorities and private developers.

Certain projects have moved between operating segments resulting in a change in classifications for both 2017 and 2016.

Places Victoria operates in one geographical segment – Victoria, Australia.



**(c) Primary Reporting – Operating Segments**

	PRECINCTS	DEVELOPMENT & CONSTRUCTION	LAND DEVELOPMENT & HOUSING	TOTAL
	31 MARCH 2017 \$'000	31 MARCH 2017 \$'000	31 MARCH 2017 \$'000	31 MARCH 2017 \$'000
<b>Income from transactions</b>				
Land sales	76,439	–	64,230	140,669
Project management fees	328	2,875	28,634	31,837
Operating grants from the State Government of Victoria	–	–	–	–
Interest income	401	227	380	1,008
Other income	1,591	468	813	2,872
<b>Total income from transactions</b>	<b>78,759</b>	<b>3,570</b>	<b>94,057</b>	<b>176,386</b>
<b>Expenses from transactions</b>				
Cost of land sales	(40,391)	(230)	(73,169)	(113,790)
Marketing expenses	(83)	(366)	(454)	(903)
Employee expenses (not included in cost of land sales)	(2,746)	(2,843)	(3,559)	(9,148)
Depreciation and amortisation	(482)	(171)	(284)	(936)
Borrowing cost	(1,008)	(961)	(984)	(2,953)
Other operating expenses	(2,882)	(1,151)	(1,955)	(5,989)
<b>Total expenses from transactions</b>	<b>(47,592)</b>	<b>(5,722)</b>	<b>(80,405)</b>	<b>(133,719)</b>
Other economic flows included in net result	(300)	53	710	464
<b>Comprehensive result</b>	<b>30,867</b>	<b>(2,099)</b>	<b>14,362</b>	<b>43,131</b>
<b>Assets</b>				
Financial assets	118,107	233	15,271	133,612
Non-financial assets	75,790	66,261	189,507	331,558
Segment assets	193,897	66,494	204,778	465,170
Unallocated assets				4,203
Reallocation of inter-segment balances			(10,517)	(10,517)
<b>Total assets</b>	<b>193,897</b>	<b>66,494</b>	<b>194,261</b>	<b>458,855</b>
<b>Liabilities</b>				
Segment liabilities	78,021	20,265	223,595	321,882
Unallocated liabilities				13,856
Reallocation of inter-segment balances			(10,517)	(10,517)
<b>Total liabilities</b>	<b>78,022</b>	<b>20,265</b>	<b>213,079</b>	<b>325,221</b>
<b>Net Assets</b>	<b>115,875</b>	<b>46,229</b>	<b>(18,818)</b>	<b>133,634</b>

	PRECINCTS	DEVELOPMENT & CONSTRUCTION	LAND DEVELOPMENT & HOUSING	TOTAL
	30 JUNE 2016 \$'000	30 JUNE 2016 \$'000	30 JUNE 2016 \$'000	30 JUNE 2016 \$'000
<b>Income from transactions</b>				
Land sales	35,151	28,428	71,890	135,469
Project management fees	2,739	17,185	17,931	37,855
Operating grants from the State Government of Victoria	250	—	—	250
Interest income	330	623	284	1,237
Other income	4,270	971	1,731	6,972
<b>Total income from transactions</b>	<b>42,740</b>	<b>47,207</b>	<b>91,836</b>	<b>181,783</b>
<b>Expenses from transactions</b>				
Cost of land sales	(26,634)	(22,125)	(72,324)	(121,083)
Marketing expenses	(160)	(132)	(1,029)	(1,321)
Employee expenses (not included in cost of land sales)	(3,960)	(2,683)	(4,363)	(11,006)
Depreciation and amortisation	(549)	(151)	(338)	(1,038)
Borrowing cost	(821)	(1,894)	(272)	(2,987)
Other operating expenses	(2,496)	(2,224)	(3,347)	(8,067)
<b>Total expenses from transactions</b>	<b>(34,620)</b>	<b>(29,209)</b>	<b>(81,673)</b>	<b>(145,502)</b>
Other economic flows included in net result	211	2,176	1,920	4,307
<b>Comprehensive result</b>	<b>8,331</b>	<b>20,174</b>	<b>12,083</b>	<b>40,588</b>
<b>Assets</b>				
Financial assets	71,573	25,526	7,023	104,122
Non-financial assets	111,371	66,026	210,796	388,193
Segment assets	182,944	91,552	217,819	492,315
Unallocated assets	1,014	589	1,125	2,727
Elimination of inter-segment balances	(119)	—	—	(119)
<b>Total assets</b>	<b>183,839</b>	<b>92,141</b>	<b>218,944</b>	<b>494,924</b>
<b>Liabilities</b>				
Segment liabilities	101,285	153,740	137,343	392,369
Unallocated liabilities	3,210	1,863	3,559	8,631
Elimination of inter-segment balances	(3,157)	(1,832)	(3,500)	(8,489)
<b>Total liabilities</b>	<b>101,338</b>	<b>153,771</b>	<b>137,402</b>	<b>392,511</b>
<b>Net Assets</b>	<b>82,501</b>	<b>(61,630)</b>	<b>81,542</b>	<b>102,413</b>

### 3. Income

	31 MARCH 2017	30 JUNE 2016
	\$'000	\$'000
Land sales	140,669	135,469
Project management fees (sales on land not owned by Places Victoria)	31,837	37,296
Total land sales and project management fees	172,506	172,765
Operating grants from the State Government of Victoria	—	250
<b>Interest income</b>		
Interest from deposits with Treasury Corporation of Victoria	850	1,068
Interest from bank deposits	158	169
Total interest income	1,008	1,237
<b>Other income</b>		
Fee for service	—	559
Infrastructure recovery charge	387	2,676
Property rental	1,734	2,096
Other revenue	751	2,200
Total other income	2,872	7,531
<b>Total income</b>	<b>176,386</b>	<b>181,783</b>

#### 4. Expenses

	31 MARCH 2017	30 JUNE 2016
	\$'000	\$'000
<b>Cost of sales</b>		
Cost of land sales	108,716	115,970
Salaries, wages, long service leave and oncosts	5,074	5,113
Total cost of sales	113,790	121,083
<b>Marketing expenses</b>	903	1,321
<b>Employee expenses (not included in cost of land sales)</b>		
Salaries, wages, long service leave and oncosts	8,329	10,068
Contributions to superannuation funds on behalf of employees	819	938
Total employee expenses (not included in cost of land sales)	9,148	11,006
<b>Depreciation and amortisation</b>		
Other infrastructure	159	211
Plant and equipment	64	32
Leasehold improvements	1	2
Buildings	46	62
Software	666	731
Total depreciation and amortisation	936	1,038
<b>Borrowing costs (not included in cost of land sales)</b>		
Interest on loans from Treasury Corporation of Victoria	2,202	2,378
Financial accommodation levy	751	609
Other interest and finance charges paid/payable	—	—
Borrowing costs (not included in cost of land sales)	2,953	2,987
<b>Other operating expenses</b>		
Supplies of goods and services	1,888	4,548
Operating lease expenses	2,683	3,163
Insurance	648	1,045
Repairs and maintenance	1,015	829
Bank fees	77	120
Write-back of doubtful debts previously provided for	(322)	(1,639)
Total other operating expenses	5,989	8,066
<b>Total expenses</b>	<b>133,719</b>	<b>145,501</b>

## 5. Other economic flows included in net result

### (a) Write-back of previous impairments of land inventory/(Impairment of inventory)

	31 MARCH 2017	30 JUNE 2016
	\$'000	\$'000
Write-back of previous impairments of land inventory/(Impairment of land inventory)		
Precincts	337	202
Development & Construction	30	2,169
Land Development & Housing	676	1,910
<b>Total write-back of land inventory*</b>	<b>1,043</b>	<b>4,281</b>

### Impairment tests and key assumptions used

The assumptions used for determining the recoverable amount of each project are based on past experience and expectations for the future, utilising both internal and external sources of data and relevant industry trends.

The weighted average cost of capital is used as a starting point for determining the discount rate, with appropriate adjustment for the risk profile relating to the relevant cash generating unit.

The discount rate applied to the cash flow projections is 10% (June 2016 – 7% to 10%) and cash flows will be discounted from 1 July 2017 onwards.

The discount period applied to the cash flow projections vary between 1 to 11 years (June 2016 – 1 year to 12 years).

### (b) Net gain/(loss) on non-financial assets

Net gain/(loss) on disposal of infrastructure, property, plant & equipment	(665)	2
<b>Total net gain/(loss) on non-financial assets</b>	<b>(665)</b>	<b>2</b>

### (c) Net gain/(loss) on financial assets

Impairment of receivables	–	–
<b>Total net gain/(loss) on financial assets</b>	<b>–</b>	<b>–</b>

### (d) Other gains/(losses) from other economic flows

Net gain/(loss) arising from revaluation of long service liability	86	23
<b>Total other gains/(losses) from other economic flows</b>	<b>86</b>	<b>23</b>
<b>Total other economic flows</b>	<b>464</b>	<b>4,306</b>



## 6. Income tax

### (a) Income tax equivalent (expense)/benefit

	31 MARCH 2017	30 JUNE 2016
	\$'000	\$'000
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 tax losses not recognised as deferred tax assets	–	–
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	43,131	40,588
Accounting profit/(loss) from ordinary activities subject to income tax equivalent expense	11,562	31,976
Prima facie income tax calculated at 30%	3,469	9,593
Effect of tax losses not recognised as deferred tax assets	–	–
Effect of temporary differences not recognised as deferred tax assets and liabilities	(3,469)	(9,593)
<b>Aggregate income tax equivalent expense/(benefit)</b>	<b>–</b>	<b>–</b>

### (d) Recognised deferred tax assets and liabilities

	31 MARCH 2017	31 MARCH 2017	30 JUNE 2016	30 JUNE 2016
	\$'000	\$'000	\$'000	\$'000
	CURRENT	DEFERRED	CURRENT	DEFERRED
	INCOME TAX	INCOME TAX	INCOME TAX	INCOME TAX
Opening balance	–	–	–	–
Charged to income	–	–	–	–
Other payment	–	–	–	–
Closing balance	–	–	–	–
Tax equivalent expense in the Comprehensive Operating Statement	–	–	–	–
Amounts recognised in the balance sheet:				
Current tax assets	–	–	–	–
Current tax liabilities	–	–	–	–
Deferred tax asset	–	–	–	–
Deferred tax liability	–	–	–	–
	–	–	–	–

### (e) Unrecognised deferred tax assets

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets and liabilities have been recognised are attributable to the following:

	31 MARCH 2017	30 JUNE 2016
	\$'000	\$'000
Tax losses	30,758	32,588
Deferred tax liabilities	(5,762)	(5,032)
Deferred tax assets	17,593	18,502

## 7. Receivables

	31 MARCH 2017	30 JUNE 2016
	\$'000	\$'000
<b>Current</b>		
<i>Contractual</i>		
Amounts receivable under contracts of sale	274	2,165
Trade receivables	2,249	10,632
Provision for doubtful debts	(290)	(612)
Amounts receivable under development agreements	30,981	11,223
Other receivables	220	524
	33,434	23,932
<b>Statutory</b>		
GST input tax credit recoverable	546	721
	546	721
<b>Total current receivables</b>	<b>33,980</b>	<b>24,653</b>
<b>Non-current</b>		
<i>Contractual</i>		
Amounts receivable under development agreements	6,127	13,376
<b>Total non-current receivables</b>	<b>6,127</b>	<b>13,376</b>
<b>Total receivables</b>	<b>40,107</b>	<b>38,029</b>

### (a) Movement in the provision of doubtful debts

	31 MARCH 2017	30 JUNE 2016
	\$'000	\$'000
<b>Balance at beginning of the year</b>	<b>(612)</b>	<b>(2,251)</b>
Provision recognised in the net result	–	–
Reversal of doubtful debts previously provided for	322	1,639
<b>Balance at end of the year</b>	<b>(290)</b>	<b>(612)</b>

### (b) Ageing analysis of contractual receivables

Please refer to Note 20 (d) Financial Instruments for the ageing analysis of contractual receivables.

### (c) Nature and extent of risk arising from contractual receivables

Please refer to Note 20 (f) Financial Instruments for the nature and extent of risk arising from contractual receivables.

## 8. Land inventory

	31 MARCH 2017	30 JUNE 2016
	\$'000	\$'000
<b>Current</b>		
Undeveloped land	83,572	88,528
Work in progress	177,828	206,929
Developed land (i)	57,441	90,196
<b>Total land inventory</b>	<b>318,841</b>	<b>385,653</b>

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

(i) Developed land includes land that has been sold under contract where construction is not yet complete, and land that is titled and available for sale. Developed land is generally expected to be recognised as a cost against revenue within 12 months.

During the financial year, Places Victoria wrote-back impairment write-downs of \$1.0m (2016: reversed impairment write-downs of \$4.3m) to bring inventory to net realisable value. The impairment reversal is separately disclosed in the Comprehensive Operating Statement.

Included in inventories are borrowing costs capitalised during the year for the amount of \$5.7m (2016: \$9.6m).

Borrowing costs are allocated to projects based upon the proportion of the projects net-cash deficit position.

## 9. Infrastructure, property, plant and equipment

	31 MARCH 2017	30 JUNE 2016
	\$'000	\$'000
<b>Other infrastructure</b>		
At fair value	2,115	2,115
Accumulated depreciation	(811)	(652)
Total other infrastructure	1,304	1,463
<b>Buildings</b>		
At fair value	4,859	4,859
Accumulated depreciation	(4,217)	(4,171)
Total buildings	642	688
<b>Land</b>		
At fair value	243	243
Total Land	243	243
<b>Plant and equipment</b>		
At fair value	4,031	3,731
Accumulated depreciation	(3,750)	(3,686)
Total plant and equipment	281	45
<b>Leasehold improvements</b>		
At fair value	12,438	11,933
Accumulated depreciation	(11,931)	(11,930)
Total leasehold improvements	507	3
<b>Total infrastructure, property, plant and equipment</b>	<b>2,977</b>	<b>2,442</b>

31 MARCH 2017	OTHER INFRASTRUCTURE	BUILDINGS	LAND	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of the financial year	1,463	688	243	45	3	2,442
Additions	–	–	–	300	505	805
Disposals	–	–	–	–	–	–
Depreciation/amortisation	(159)	(46)	–	(64)	(1)	(270)
<b>Carrying amount at the end of the financial year</b>	<b>1,304</b>	<b>642</b>	<b>243</b>	<b>281</b>	<b>507</b>	<b>2,977</b>

30 JUNE 2016	OTHER INFRASTRUCTURE	BUILDINGS	LAND	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of the financial year	1,674	750	–	77	5	2,506
Additions	–	–	243	2	–	245
Disposals	–	–	–	(2)	–	(2)
Depreciation/amortisation	(211)	(62)	–	(32)	(2)	(307)
<b>Carrying amount at the end of the financial year</b>	<b>1,463</b>	<b>688</b>	<b>243</b>	<b>45</b>	<b>3</b>	<b>2,442</b>

#### 9.1 Nature based classification at fair value

	PUBLIC ADMINISTRATION			TOTAL
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Other Infrastructure	1,304	1,463	1,304	1,463
Buildings	642	688	642	688
Plant & Equipment	281	45	281	45
Leasehold Improvements	507	3	507	3
Land	243	243	243	243
<b>Net carrying amount of PPE</b>	<b>2,977</b>	<b>2,442</b>	<b>2,977</b>	<b>2,442</b>

#### 9.2 Gross carrying amount and accumulated depreciation at fair value

	GROSS CARRYING AMOUNT		ACCUMULATED DEPRECIATION		NET CARRYING AMOUNT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Other Infrastructure	2,115	2,115	(811)	(652)	1,304	1,463
Buildings	4,859	4,859	(4,217)	(4,171)	642	688
Plant & Equipment	4,031	3,731	(3,750)	(3,686)	281	45
Leasehold Improvements	12,438	11,933	(11,931)	(11,930)	507	3
Land	243	243	–	–	243	243
<b>Net carrying amount of PPE</b>	<b>23,686</b>	<b>22,881</b>	<b>(20,709)</b>	<b>(20,439)</b>	<b>2,977</b>	<b>2,442</b>

### 9.3 Classification by 'Public Administration' purpose group – Movements in carrying amounts at fair value

		OTHER INFRASTRUCTURE		BUILDINGS		PLANT AND EQUIPMENT		LEASEHOLD IMPROVEMENTS		LAND		TOTAL
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Opening balance	1,463	1,674	688	750	45	77	3	5	243	–	2,442	2,506
Additions	–	–	–	–	300	2	505	–	–	243	805	245
Disposals	–	–	–	–	–	(2)	–	–	–	–	–	(2)
Impairment of assets	–	–	–	–	–	–	–	–	–	–	–	–
Depreciation	(159)	(211)	(46)	(62)	(64)	(32)	(1)	(2)	–	–	(270)	(307)
Closing balance	1,304	1,463	642	688	281	45	507	3	243	243	2,977	2,442

### 9.4 Movements in carrying amounts for all purpose groups at fair value

	PUBLIC ADMINISTRATION			TOTAL
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Opening balance	2,442	2,506	2,442	2,506
Additions	805	245	805	245
Disposals	–	(2)	–	(2)
Impairment of assets	–	–	–	–
Depreciation	(270)	(307)	(270)	(307)
<b>Closing balance</b>	<b>2,977</b>	<b>2,442</b>	<b>2,977</b>	<b>2,442</b>

### 9.5 Movements in carrying amounts for all purpose groups

Aggregate depreciation recognised as an expense during the year.

	2017 \$'000	2016 \$'000
Other Infrastructure	(159)	(211)
Buildings	(46)	(62)
Plant & Equipment	(64)	(32)
Leasehold Improvements	(1)	(2)
Intangible assets	(666)	(732)
<b>Net carrying amount of PPE</b>	<b>(936)</b>	<b>(1,038)</b>



## 9.6 Fair value measurement hierarchy for assets as at 31 March 2017

	CARRYING AMOUNT AS AT 31 MARCH 2017	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:			CARRYING AMOUNT AS AT 30 JUNE 2016	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other Infrastructure	1,304	—	—	1,304	1,463	—	—	1,463
Buildings	642	—	—	642	688	—	—	688
Plant & Equipment	281	—	—	281	45	—	—	45
Leasehold Improvements	507	—	—	507	3	—	—	3
Land	243	—	243	—	243	—	243	—
<b>Total</b>	<b>2,977</b>	<b>—</b>	<b>243</b>	<b>2,734</b>	<b>2,442</b>	<b>—</b>	<b>243</b>	<b>2,199</b>

## 9.7 Reconciliation of Level 2 Fair Value

LAND LEVEL 2				TOTAL
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Opening balance	243	—	243	—
Purchases (sales)	—	243	—	243
Transfers in (out) of level 3	—	—	—	—
Impairment of assets	—	—	—	—
Depreciation	—	—	—	—
<b>Closing balance</b>	<b>243</b>	<b>243</b>	<b>243</b>	<b>243</b>

## 9.8 Reconciliation of Level 3 Fair Value

	OTHER INFRASTRUCTURE LEVEL 3		BUILDINGS LEVEL 3		PLANT AND EQUIPMENT LEVEL 3		LEASEHOLD IMPROVEMENTS LEVEL 3		TOTAL	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Opening balance	1,463	1,674	688	750	45	—	77	3	5	2,199
Purchases (sales)	—	—	—	—	300	—	(92)	505	—	805
Transfers in (out) of level 3	—	—	—	—	—	—	—	—	—	—
Impairment of assets	—	—	—	—	—	—	92	—	—	—
Depreciation	(159)	(211)	(46)	(62)	(64)	—	(32)	(1)	(2)	(270)
<b>Closing balance</b>	<b>1,304</b>	<b>1,463</b>	<b>642</b>	<b>688</b>	<b>281</b>	<b>—</b>	<b>45</b>	<b>507</b>	<b>3</b>	<b>2,734</b>

## 9.9 Description of significant unobservable inputs to Level 3 valuations

Fair value measurement at end of reporting period using:

2017 AND 2016	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)	SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS
<b>Other Infrastructure</b>	Depreciated replacement cost	Useful life of other infrastructure	3 to 10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
<b>Buildings</b>	Depreciated replacement cost	Useful life of buildings	4 to 40 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
<b>Plant &amp; Equipment</b>	Depreciated replacement cost	Useful life of plant and equipment	2 to 10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
<b>Leasehold Improvements</b>	Depreciated replacement cost	Useful life of leasehold improvements	8 to 15 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation

The significant unobservable inputs have remained unchanged from 2016.

## 10. Intangible assets

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
<b>Software</b>		
At cost	8,540	8,196
Accumulated amortisation	(6,366)	(5,700)
<b>Total software</b>	<b>2,174</b>	<b>2,496</b>

### Reconciliation

Reconciliations of the carrying amounts of each class of intangible assets at the beginning and end of the current and previous financial year are set out below.

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
<b>Gross carrying amount</b>		
<i>Opening balance</i>	8,196	7,761
Additions	344	435
Closing balance	8,540	8,196
 <i>Accumulated amortisation</i>		
Opening balance	(5,700)	(4,969)
Amortisation	(666)	(731)
Closing balance	(6,366)	(5,700)
 <b>Carrying amount at the end of the financial year</b>	<b>2,174</b>	<b>2,496</b>

## 11. Payables

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
<b>Current</b>		
<i>Contractual</i>		
Trade and other creditors	3,001	1,262
Accrued expenses	2,027	2,214
Deferred Income	5,570	10,677
	<b>10,597</b>	<b>14,153</b>
<b>Statutory</b>		
GST payable	1,878	4,566
Other taxes payable	4,767	5,892
	<b>6,645</b>	<b>10,458</b>
<b>Total current payables</b>	<b>17,242</b>	<b>24,611</b>
<b>Non-current</b>		
<i>Contractual</i>		
Trade and other creditors	97	102
<b>Total non-current payables</b>	<b>97</b>	<b>102</b>
<b>Total payables</b>	<b>17,339</b>	<b>24,713</b>

### (a) Maturity analysis of contractual payables

Please refer to Note 20 (e) Financial Instruments for the ageing analysis of contractual payables.

### (b) Nature and extent of risk arising from contractual payables

Please refer to Note 20 (f) Financial Instruments for the nature and extent of risk arising from contractual payables.

## 12. Land sale deposits

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
<b>Current</b>		
Land sale deposits	1,601	1,441
<i>Non-current</i>		
Land sale deposits	28,494	29,989
<b>Total land sale deposits</b>	<b>30,095</b>	<b>31,430</b>

### 13. Borrowings

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
<b>Current</b>		
<i>Unsecured</i>		
Advances (non interest bearing)	—	1,000
Loans from Treasury Corporation of Victoria		
Docklands	—	5,000
General Fund	19,000	19,000
	<b>19,000</b>	<b>25,000</b>
<b>Non-current</b>		
<i>Unsecured</i>		
Loans from Treasury Corporation of Victoria		
Docklands	—	13,700
General Fund	151,400	170,400
	151,400	184,100
<b>Total borrowings</b>	<b>170,400</b>	<b>209,100</b>

**(a) Fair value disclosures**

Please refer to Note 20 (g) Financial Instruments for details of the fair value of borrowings.

**(b) Maturity analysis of borrowings**

Please refer to Note 20 (e) Financial Instruments for the maturity analysis of borrowings.

**(c) Nature and extent of risk arising from borrowings**

Please refer to Note 20 (f) Financial Instruments for the nature and extent of risk arising from borrowings.

**(d) Defaults and breaches**

During the current and prior year, there were no defaults or breaches of any of the borrowings.

**(e) Further information on financing arrangements and finance facilities is shown at Note 18.**

## 14. Provisions

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
<b>Current</b>		
Property and development related costs (i)	96,263	113,317
Onerous contracts (ii)	3,155	4,224
Employee benefits (iii)	1,461	1,643
Employee restructuring	103	50
Other provisions	1,500	1,500
	<b>102,482</b>	<b>120,734</b>
<b>Non-current</b>		
Property and development related costs (i)	–	835
Onerous contracts (ii)	4,740	5,538
Employee benefits (iii)	165	161
	<b>4,905</b>	<b>6,534</b>
<b>Total provisions</b>	<b>107,387</b>	<b>127,268</b>

(i) Property and development related costs relate to present obligations to carry out development works under relevant planning permits or development agreements. The provision for development costs is calculated using best estimates of future economic outflows to satisfy the relevant stage allotments or overall project costs. In a practical sense, this would normally relate to the latest projected forecast costs.

(ii) Onerous contracts mainly relate to a present obligation by Places Victoria to deliver infrastructure to projects where meeting the contractual obligations significantly exceed the economic benefits expected to be received.

(iii) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are included in employee benefits.

### (i) Property and development related costs

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
<b>Current</b>		
Carrying amount at the start of the year	113,317	98,694
Additional provisions/(write-back of provision) recognised	(17,054)	10,054
<b>Carrying amount at the end of the year</b>	<b>96,263</b>	<b>113,317</b>
<b>Non-current</b>		
Carrying amount at the start of the year	835	722
Additional provisions/(write-back of provision) recognised	(835)	54
<b>Carrying amount at the end of the year</b>	<b>–</b>	<b>835</b>
<b>Total property and development related costs</b>	<b>96,263</b>	<b>114,152</b>

(ii) Employee benefits

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
<b>Current</b>		
All annual leave, and long service leave benefits for employees with greater than 7 years of service		
Annual leave – unconditional and expected to be settled within 12 months	591	569
Long service leave – unconditional and expected to be settled within 12 months	214	222
Long service leave – unconditional and expected to be settled after 12 months	457	605
<b>Non-current</b>		
Long service leave – conditional	143	136
<b>Total employee benefits</b>	<b>1,405</b>	<b>1,532</b>
<b>Current on-costs</b>		
Unconditional and expected to be settled within 12 months	127	140
Unconditional and expected to be settled after 12 months	72	107
Non-current on-costs	22	25
<b>Total on-costs</b>	<b>221</b>	<b>272</b>
<b>Total employee benefits and related on-costs</b>	<b>1,626</b>	<b>1,804</b>

(iii) Movement in provisions

	PROPERTY AND DEVELOPMENT RELATED COSTS	ONEROUS CONTRACTS	EMPLOYEE BENEFITS	EMPLOYEE RESTRUCTURING	OTHERS	TOTAL
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
Opening balance	114,152	9,762	1,804	50	1,500	127,268
Additional provisions required	–	–	–	53	–	53
Reductions arising from payments/other sacrifices of future economic benefits	(17,889)	(1,866)	(178)	–	–	(19,933)
<b>Closing balance</b>	<b>96,263</b>	<b>7,895</b>	<b>1,626</b>	<b>103</b>	<b>1,500</b>	<b>107,387</b>
Current	96,263	3,155	1,461	103	1,500	102,482
Non-current	–	4,740	165	–	–	4,905

	PROPERTY AND DEVELOPMENT RELATED COSTS	ONEROUS CONTRACTS	EMPLOYEE BENEFITS	EMPLOYEE RESTRUCTURING	OTHERS	TOTAL
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Opening balance	109,524	12,821	1,812	50	1,500	125,707
Additional provisions required	4,628	–	–	–	–	4,628
Reductions arising from payments/other sacrifices of future economic benefits	–	(3,059)	(8)	–	–	(3,067)
<b>Closing balance</b>	<b>114,152</b>	<b>9,762</b>	<b>1,804</b>	<b>50</b>	<b>1,500</b>	<b>127,268</b>
Current	113,317	4,224	1,643	50	1,500	120,734
Non-current	835	5,538	161	–	–	6,534



## 15. Dividend provided for or paid

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
<b>Paid</b>		
Places Victoria paid a 2014-15 Declared Project Dividend on 05 September 2016, in accordance with a consultation letter from the Treasurer of the State of Victoria dated 03 August 2016.	5,954	5,079
Places Victoria paid a 2014-15 Revitalising Central Dandenong Project Dividend on 05 September 2016, in accordance with a consultation letter from the Treasurer of the State of Victoria dated 03 August 2016.	3,706	–

### Provision for dividend

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 Places Victoria's Board, the Minister for Planning and the Treasurer.

## 16. Joint Operations

Places Victoria has eight joint operations of which three are considered material. Two of these material joint operations are with Melbourne Water. These are:

- **Riverwalk, Werribee, Victoria** – This 197 hectare site was previously the Werribee Treatment Plant. The land is owned by Melbourne Water and they have entered into a Partnering Deed with Places Victoria for Places Victoria to develop the land to deliver an estimated 2,260 residual lots at the completion of the project. Places Victoria is responsible for all development costs and the profit share percentage between Places Victoria and Melbourne Water was agreed in the Partnering Deed. There is a Project Control Group with equal membership and voting rights for both Places Victoria and Melbourne Water.
- **LOGIS, Dandenong, Victoria** – This 154 hectare site is owned by Melbourne Water and they have entered into a Partnering Deed with Places Victoria. Places Victoria has developed Victoria's first integrated eco-industrial business park. Places Victoria is responsible for all development costs and the profit share percentage between Places Victoria and Melbourne Water was agreed in the Partnering Deed. There is a Project Control Group with equal membership and voting rights for both Places Victoria and Melbourne Water.

The other material joint operation is:

- **Avondale Heights, Victoria** – This 4.3 hectare site was previously the Kangan Batman TAFE Avondale Heights campus. Places Victoria owns the land and they entered an agreement with Frasers Property Australia (formerly Australand) for Frasers Property to develop the land and deliver approximately 135 townhouses. Frasers Property is responsible for all development costs and the profit share percentage between Places Victoria and Frasers Property was documented in the Agreement. There is a Project Control Group with equal membership and voting rights from both Places Victoria and Frasers Property.

## 17. Lease arrangements

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
Non-cancellable operating lease receivables		
<i>Current</i>		
Not longer than one year	764	75
Longer than one year but not longer than five years	1,608	2,366
Longer than five years	62	68
<b>Total lease receivables</b>	<b>2,434</b>	<b>2,509</b>

Operating leases relate to properties owned by Places Victoria with lease terms between 1 and 20 years, with an option to extend for a further 6 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

## 18. Financing arrangements

Places Victoria has access to the following finance facilities:

	FACILITY LIMIT	DRAWN DOWN	UNDRAWN FACILITY
	\$'000	\$'000	\$'000
<b>Loan facility – 31 March 2017</b>			
Treasury Corporation of Victoria			
Docklands	50,000	–	50,000
General Fund	455,000	170,400	284,600
	<b>505,000</b>	<b>170,400</b>	<b>334,600</b>
<b>Loan facility – 30 June 2016</b>			
Treasury Corporation of Victoria			
Docklands	65,000	18,700	46,300
General Fund	300,000	189,400	110,600
	<b>365,000</b>	<b>208,100</b>	<b>156,900</b>

## 19. Superannuation

	PAID CONTRIBUTION FOR THE YEAR		CONTRIBUTION OUTSTANDING AT YEAR END	
	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
Defined contribution plans	1,129	1,242	130	135

## 20. Financial instruments

### (a) Terms, conditions and accounting policies

Places Victoria's accounting policies, including terms and conditions of each class of financial asset and financial liability, are as follows:

RECOGNISED FINANCIAL INSTRUMENTS	NOTE	ACCOUNTING POLICIES	TERMS AND CONDITIONS
<b>(i) Financial Assets</b>			
Cash and deposits	26	Cash and deposits comprise cash at bank and in hand and short term deposits. Interest is recognised as income on an accruals basis.	Deposits are short term deposits with a maturity of three months or less
Receivables – trade	7	Trade receivables under contract of sale are carried at nominal amounts.	Sales contracts are on settlement terms, generally ranging from 30 days to 12 months.
Receivables – amounts owing under development agreements	7	Amounts receivable under development agreements are carried at nominal amounts due. Interest (when charged) is taken up as income on an accruals basis.	Terms and conditions are set out in the development agreements, however normal commercial terms and conditions generally apply.
<b>(ii) Financial Liabilities</b>			
Payables	11	Liabilities are recognised for amounts to be paid in the future for goods and services received.	Trade liabilities are normally settled on terms ranging from 15 to 30 days.
Land sale deposits	12	These amounts represent non-interest bearing deposits received for land sales and associated trunk infrastructure from developers in accordance with their relevant precinct development agreements, and upon the stage release of part or all of a precinct these amounts are subsequently recognised as income.	For private sales, income is recognised on settlement. For builder sales, income is recognised once the stage is registered and land access is granted.
Borrowings	13	Amounts owing to the Treasury Corporation of Victoria (TCV) are carried at their principal amount.	Loans in place with TCV are governed by Multi Option Loan Facility Agreements, with the terms and conditions set out in an exchanged agreement. The Treasurer approves an annual borrowing capacity and Places Victoria has a guarantee provided under the <i>Borrowing and Investment Powers Act 1987</i> .

### (b) Categorisation of financial instruments

	NOTE	CATEGORY	CARRYING AMOUNT 2017 \$'000	CARRYING AMOUNT 2016 \$'000
<b>Contractual financial assets</b>				
Cash and deposits	26	Loans and receivables and cash	94,258	66,094
Receivables (i)	7	Loans and receivables and cash	39,561	37,308
			<b>133,819</b>	<b>103,402</b>
<b>Contractual financial liabilities</b>				
Payables (i)	11	Financial liabilities measured at amortised cost	10,694	14,255
Land sale deposits	12	Financial liabilities measured at amortised cost	30,095	31,430
Borrowings	13	Financial liabilities measured at amortised cost	170,400	209,100
			<b>211,189</b>	<b>254,785</b>

#### Notes:

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and taxes payable).

**(c) Financial risk management**

The principal risks associated with Places Victoria's treasury function are interest rate, liquidity (including refinancing), credit and operational. Places Victoria seeks to minimise its exposure to the financial markets in its treasury activities.

Places Victoria's debt and treasury management policies set the treasury policy framework and outline the approach to be taken in respect of treasury risk management in relation to interest rate risks, liquidity risks, credit risks and operational risks.

**(d) Credit risk**

Credit risk arises from the financial assets of Places Victoria, which comprise cash and cash deposits, trade and other receivables. Places Victoria's exposure to credit risk arises from the potential default of a counter party on their contractual obligations. Credit risk is measured at fair value and is monitored on a regular basis.

Places Victoria's maximum credit risk exposure is indicated by the carrying amounts of its financial assets. Places 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.

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

**Interest rate risk exposure and ageing analysis of contractual financial assets**

	INTEREST RATE EXPOSURE						PAST DUE BUT NOT IMPAIRED				
	WEIGHTED AVERAGE INTEREST RATE	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING	NOT PAST DUE AND NOT IMPAIRED	LESS THAN 1 MONTH	1 TO 2 MONTHS	2 MONTHS TO 1 YEAR	OVER 1 YEAR	IMPAIRED FINANCIAL ASSETS
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 MARCH 2017</b>											
<b>Contractual financial assets</b>											
Cash and deposits	1.45%	94,258	—	94,255	3	94,258	—	—	—	—	—
Amounts receivable under contracts of sale	0.00%	274	—	—	274	274	—	—	—	—	—
Trade receivables (i)	0.00%	2,249	—	—	2,249	1,578	—	125	256	—	290
Amounts receivable under development agreements	0.00%	37,108	—	—	37,108	37,108	—	—	—	—	—
Other receivables (i)	0.00%	220	—	—	220	220	—	—	—	—	—
		<b>134,109</b>	<b>—</b>	<b>94,255</b>	<b>39,854</b>	<b>133,438</b>	<b>—</b>	<b>125</b>	<b>256</b>	<b>—</b>	<b>290</b>
<b>30 JUNE 2016</b>											
<b>Contractual financial assets</b>											
Cash and deposits	1.70%	66,094	—	66,090	4	66,094	—	—	—	—	—
Amounts receivable under contracts of sale	0.00%	2,165	—	—	2,165	2,165	—	—	—	—	—
Trade receivables (i)	0.00%	10,632	—	—	10,632	8,837	—	604	579	—	612
Amounts receivable under development agreements	0.00%	24,599	—	—	24,599	24,599	—	—	—	—	—
Other receivables (i)	0.00%	524	—	—	524	524	—	—	—	—	—
		<b>104,014</b>	<b>—</b>	<b>66,090</b>	<b>37,924</b>	<b>102,219</b>	<b>—</b>	<b>604</b>	<b>579</b>	<b>—</b>	<b>612</b>

**Notes:**

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and taxes payable).

**(e) Liquidity risk**

Liquidity risk arises when Places Victoria is unable to meet its financial obligations as they fall due. Places Victoria's policy is to settle financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the underlying business, the treasury function aims to maintain flexibility in funding by keeping committed credit lines available from the Treasury Corporation of Victoria (TCV).

Places Victoria's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

**Interest rate risk exposure and ageing analysis of contractual financial liabilities**

	WEIGHTED AVERAGE INTEREST	CARRYING AMOUNT	INTEREST RATE EXPOSURE			NOMINAL AMOUNT	MATURITY DATES (ii)		
			FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON- INTEREST BEARING		LESS THAN 1 YEAR	BETWEEN 1 TO 5 YEARS	OVER 5 YEARS
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 MARCH 2017</b>									
<b>Contractual financial liabilities</b>									
Payables (i)	0.00%	10,694	—	—	10,694	10,694	10,694	—	—
Land sale deposits	0.00%	30,095	—	—	30,095	30,095	1,601	28,494	—
Borrowings	6.05%	170,400	170,400	—	—	170,400	19,000	67,900	83,500
		<b>211,189</b>	<b>170,400</b>	<b>—</b>	<b>40,789</b>	<b>211,189</b>	<b>31,295</b>	<b>96,394</b>	<b>83,500</b>
<b>30 JUNE 2016</b>									
<b>Contractual financial liabilities</b>									
Payables (i)	0.00%	14,255	—	—	14,255	14,255	14,255	—	—
Land sale deposits	0.00%	31,430	—	—	31,430	31,430	1,441	29,989	—
Borrowings	5.47%	209,100	208,100	—	1,000	209,100	24,000	100,600	83,500
		<b>254,785</b>	<b>208,100</b>	<b>—</b>	<b>46,685</b>	<b>254,785</b>	<b>39,696</b>	<b>130,589</b>	<b>83,500</b>

**Notes:**

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and taxes payable).

(ii) Maturity analysis is presented using the contractual undiscounted cash flows.

**(f) Market risk**

Places Victoria's exposures to market risk are primarily through interest rate risk with virtually no exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Places Victoria's income and operating cash inflows are not materially exposed to changes in market interest rates.

Places Victoria does not hold equity investments and is not subject to related price risk.

**Foreign currency risk**

Places Victoria is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This risk is low because of the minor and infrequent amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

**Interest rate risk**

The businesses interest rate risk arises from borrowings facilities with the TCV. Borrowings issued at variable rates expose the business to cash flow interest rate risk. Borrowings issued at fixed rates expose the business to fair value interest rate risk.

Exposure to interest rate risk is insignificant. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. Places Victoria's interest bearing liabilities are managed by Treasury Corporation of Victoria and any movement in interest rates are monitored on a daily basis.

Places Victoria's exposure to interest rate risk is set out in the following sensitivity disclosure analysis.

**Sensitivity disclosure analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Places Victoria believes the following movements are 'reasonably possible' over the next 12 months.

The following table discloses the impact on comprehensive result and equity for each category of financial instrument held by Places Victoria at year-end as presented to key management personnel, if the below movements were to occur.

**Market risk exposure**

(\$000's)	INTEREST RATE RISK				
	DECREASE 100 BASIS POINTS			INCREASE 100 BASIS POINTS	
	CARRYING AMOUNT	COMPREHENSIVE RESULT	EQUITY	COMPREHENSIVE RESULT	EQUITY
<b>31 MARCH 2017</b>					
<b>Contractual financial assets:</b>					
Cash and cash deposits (a)	94,255	(943)	(943)	943	943
Receivables (c)	39,561	—	—	—	—
<b>Contractual financial liabilities:</b>					
Payables (c)	10,694	—	—	—	—
Land sale deposits	30,095	—	—	—	—
Borrowings (b)	170,400	190	190	(190)	(190)
<b>Total increase/(decrease)</b>		<b>(753)</b>	<b>(753)</b>	<b>753</b>	<b>753</b>
<b>30 JUNE 2016</b>					
<b>Contractual financial assets:</b>					
Cash and cash deposits (a)	66,090	(661)	(661)	661	661
Receivables (c)	37,308	—	—	—	—
<b>Contractual financial liabilities:</b>					
Payables (c)	14,255	—	—	—	—
Land sale deposits	31,430	—	—	—	—
Borrowings (b)	209,100	240	240	(240)	(240)
<b>Total increase/(decrease)</b>		<b>(421)</b>	<b>(421)</b>	<b>421</b>	<b>421</b>

**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: (\$94.3m x 0.01 = \$0.94m).

(b) Sensitivity of borrowings to a one per cent movement in market interest rate. Only the liabilities with a variable rate or those with a fixed rate maturing in one year or less are subject to the sensitivity.

(c) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and taxes payable).

## (g) Fair value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- **Level 1** – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- **Level 2** – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- **Level 3** – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

Places Victoria considers that the carrying amount of financial assets and financial liabilities recorded in the financial report to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full. Specifically, the following methods and assumptions have been used to determine that the aggregate net fair values of the financial assets and liabilities equal their respective carrying amounts as recorded at 30 June 2016:

Cash and cash equivalents: The carrying amount equals fair value.

Receivables and payables: The carrying amounts approximate fair value due to their short collection and payment terms.

Interest bearing liabilities: The carrying amount based on the draw down value equates approximately to fair value based on the market value of the portfolio at balance date.

The following table details the financial liabilities, of which the fair values are determined to be level 1 category:

	CARRYING AMOUNT		FAIR VALUE	
	2017	2016	2017	2016
<b>Financial liabilities:</b>				
Borrowings	170,400	209,100	178,940	175,830

## 21. Responsible persons and executives disclosure

### (a) Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding Responsible Persons for the reporting period:

#### Minister

The Hon. Jacinta Allan, MP Minister for Major Projects: 1 July 2016 to 31 March 2017

The Hon. Lily D'Ambrosio, MP Minister for Suburban Development has shared responsibilities with Minister for Major Projects in certain municipalities: 1 July 2016 to 31 March 2017

#### Governing Board

Tony De Domenico: Chair/Chairman from 1 July 2016 to 30 November 2016  
Deputy Chair/Chairman from 1 December 2017 to to 31 March 2017

James MacKenzie: Chair/Chairman from 1 December 2016 to 31 March 2017

Tamara Brezzi: 1 July 2016 to 31 March 2017

Graeme Parton: 1 July 2016 to 31 March 2017

Rebecca Casson: 1 December 2016 to 31 March 2017

Justin Hanney: 1 December 2016 to 31 March 2017

Christine Wyatt: 1 July 2016 to 31 March 2017

Garry Phibbs: 1 July 2016 to 31 December 2016

#### Accountable Officer

Gregory Anderson, Chief Executive Officer: 1 July 2016 to 31 March 2017

Peter Southwell, Chief Executive Officer (Acting): 1 September 2016 to 12 September 2016 and 20 January 2017 to 30 January 2017



**(b) Remuneration of Responsible Persons**

The Responsible Persons received remuneration for the 9 month financial period ended 31 March 2017. The number of Responsible Persons, excluding Ministers, whose total remuneration in connection with the affairs of Places Victoria, as shown in the following bands, were:

			TOTAL REMUNERATION 31 MARCH 2017 NO.	TOTAL REMUNERATION 30 JUNE 2016 NO.
\$0	—	\$9,999	2	2
\$10,000	—	\$19,999	2	1
\$30,000	—	\$39,999	3	—
\$40,000	—	\$49,999	—	2
\$50,000	—	\$59,999	1	—
\$60,000	—	\$69,999	—	—
\$80,000	—	\$89,999	—	1
\$90,000	—	\$99,999	—	—
\$390,000	—	\$399,999	1	—
\$400,000	—	\$409,999	—	—
\$440,000	—	\$449,999	—	1
<b>Total number of responsible persons</b>			<b>9</b>	<b>7</b>

			\$'000	\$'000
Total remuneration received, or due and receivable by Responsible Persons from Places Victoria for the financial period :			577	644

Places Victoria pays premiums in respect of insurance for the benefit of all Responsible Persons including directors and officers indemnity insurance.

**(c) Remuneration of executives**

The number of executive officers, other than ministers and accountable officers, 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 Places 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 pensions 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.

	31 MARCH 2017	30 JUNE 2016
Short – term benefits	1,531	1,480
Post – employment benefits	—	—
Termination benefits	3	—
<b>Total remuneration (b)</b>	<b>1,534</b>	<b>1,480</b>
<b>Total number of executives</b>	<b>7</b>	<b>5</b>
<b>Total annualised employee equivalent (AEE) (a)</b>	<b>4.17</b>	<b>4.42</b>

(a) Annualised employee equivalent is based on the time fraction worked during the reporting period. This is calculated the total number of days the employee is engaged to work during the week by the total number of full-time working days per week.

(b) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Places Victoria under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 25).

## 22. Remuneration of external auditors

During the year the following fees were paid or payable for services provided by Places Victoria's auditors:

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
<i>Victorian Auditor's General's Office:</i>		
Audit and review of financial reports under the <i>Audit Act 1994</i>	130	122
<b>Total remuneration for audit services</b>	<b>130</b>	<b>122</b>

## 23. Contingent assets and contingent liabilities

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
<b>Contingent assets</b>		
Bank guarantees (i)	18,271	78,613
<b>Contingent liabilities</b>		
Bank guarantees (ii)	24,592	29,721

(i) Bank guarantees provided to Places Victoria relate to stage development and performance securities.

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

## 24. Commitments

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
<b>Capital commitments</b>		
Commitments for the acquisition of infrastructure, property, plant and equipment contracted for at the reporting date but not recognised as liabilities or payables are as follows:		
Within one year	3,750	3,253
Later than one year but no later than five years	–	–
<b>Total capital commitments</b>	<b>3,750</b>	<b>3,253</b>
<b>Operating lease expenditure</b>		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	932	3,336
Later than one year but no later than five years	42	14,364
More than five years	–	13,907
<b>Total operating lease commitments</b>	<b>974</b>	<b>31,607</b>

All amounts shown above are inclusive of GST.

## 25. Related party transactions

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

Related parties of Places Victoria include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- 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.

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
Revenue	3,359	1,381
Operating grants	—	250
Operating expense payments	3,449	3,954
Payments for land purchases	14,666	3,476
Payments for development works	2,333	5,056
Interest revenue	850	1,068
Interest payments	6,599	9,692
Financial accommodation levy payments	2,273	—
Land tax	6,060	6,931
Rates equivalent payments	673	1,040
Dividends paid	9,660	5,079
Repatriated to the State Government of Victoria	2,250	28,000
Assets	434	6,132
Other liabilities	1,848	3,466
Loans from Treasury Corporation of Victoria (TCV)	170,400	208,100
Deposits with Treasury Corporation of Victoria (TCV)	91,556	60,850

**Key management personnel** of Places Victoria's financial statements include:

The names of the persons who were Responsible Persons and Executive Officers of Places Victoria during the period ended 31 March 2017 as disclosed in Note 21.

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

COMPENSATION OF KMPS	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
Short – term benefits (a)	2,108	2,124
Post – employment benefits	—	—
Termination benefits	3	—
<b>Total compensation (b)</b>	<b>2,111</b>	<b>2,124</b>

(a) Total remuneration paid to KMPs employed as a contractor during the reporting period through an external service provider has been reported under short-term employee benefits.

(b) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 21).

**Transactions and balances with key management personnel and other related parties**

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

Related party transactions with Board directors and their related parties, which occurred during the normal course of business, apart from remuneration of Board directors which is disclosed in Note 21 are listed below:

COMPENSATION OF KMPS	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
Tamara Brezzi: Norton Rose Fulbright Australia – Legal Services for Site Purchase	—	5
Christine Wyatt: Department of Environment, Land, Water and Planning (DELWP) – Valuation of Property	359	11

The following Board directors are employees of Victorian Government Departments:

Ms Christine Wyatt: Department of Environment, Land, Water and Planning (DELWP)

Mr Justin Hanney: Department of Economic Development, Jobs, Transport and Resources (DEDJTR)

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

Places 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, with the transition to a full implementation of AASB 124 and any applicable financial reporting directions.

## 26. Notes to the cash flow statement

### (a) Cash and deposits

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
Cash at bank and on hand	2,702	5,244
Overnight deposits at Treasury Corporation of Victoria	91,556	60,850
<b>Total cash and deposits</b>	<b>94,258</b>	<b>66,094</b>

Cash at bank included the amount for the payment of unpresented cheques of \$23,736 (2016: \$18,452).

### (b) Reconciliation of comprehensive result for the year to net cash inflow/(outflow) from operating activities

	31 MARCH 2017 \$'000	30 JUNE 2016 \$'000
Comprehensive result	43,131	40,588
<b>Non-cash movements:</b>		
Depreciation and amortisation	936	1,038
Provision for doubtful debts	(322)	(1,639)
Write-back of previous impairments of inventory	(1,043)	(4,281)
Loss/(gain) on disposal of fixed assets	665	2
Loss/(gain) arising from revaluation of long service liability	(86)	(23)
Borrowing costs expensed not relating to operating activities	2,953	2,987
Write-back of previously recognised provision for legal costs	–	(320)
Increase provision on employee restructuring	53	–
<b>MOVEMENTS IN OPERATING ASSETS AND LIABILITIES:</b>		
Decrease/(increase) in receivables (before accrued interest and provisions)	(1,756)	(8,627)
Decrease/(increase) in land inventory (excluding impairment of inventories)	67,854	53,834
Decrease/(increase) in prepayments	(288)	10
Increase/(decrease) in payables	(7,374)	915
Increase/(decrease) in land sale deposits	(1,335)	3,898
Increase/(decrease) in provisions	(20,513)	1,584
<b>Net cash flows from/(used in) operating activities</b>	<b>82,875</b>	<b>89,966</b>

## **27. Subsequent events**

On 27 March 2017, the *Urban Renewal Authority Victoria Amendment (Development Victoria) Act 2017* was proclaimed to come into operation on 1 April 2017. This resulted in an amendment to the *Urban Renewal Authority Victoria Act 2003* to abolish the Urban Renewal Authority Victoria and establish Development Victoria as its successor in law. It also set out a process for the transfer of certain nominated projects under the *Project Development and Construction Management Act 1994* to Development Victoria for it to develop or manage the development of the projects accounted for.

## **28. Deed of Support**

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

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

The Treasurer of the State of Victoria has provided a Deed of Support in favour of Places 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 Places Victoria to avoid Places Victoria's default under its TCV borrowing obligations.

TCV's loans to Places 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*.

## CERTIFICATION OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

We certify that the attached financial statements for Places Victoria have been prepared in accordance with Standing Direction 5.2 of the *Financial Management Act 1994*, 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 notes forming part of the financial statements, presents fairly the financial transactions during the period ended 31 March 2017 and financial position of Places Victoria as at 31 March 2017.

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

Authorised by the Board to sign these accounts.



**James MacKenzie**  
Chair/Chairman



**Gregory Anderson**  
Chief Executive Officer  
Accountable Officer



**Manny Bikakis**  
General Manager, Corporate Services

Melbourne  
21 August 2017

## Independent Auditor's Report

### To the Board of Places Victoria

<b>Opinion</b>	<p>I have audited the financial report of Places Victoria (the entity) which comprises the:</p> <ul style="list-style-type: none"> <li>balance sheet as at 31 March 2017</li> <li>comprehensive operating statement for the year then ended</li> <li>statement of changes in equity for the year then ended</li> <li>cash flow statement for the year then ended</li> <li>notes to the financial statements, including a summary of significant accounting policies</li> <li>certification of financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 31 March 2017 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>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described 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 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 Australia. 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>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the entity 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 entity's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>



## AUDITOR GENERAL'S REPORT

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**Auditor's  
responsibilities  
for the audit  
of the financial  
report**

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the 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 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 entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

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MELBOURNE  
6 September 2017



Charlotte Jeffries

*as delegate for the Auditor-General of Victoria*

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An aerial photograph of Melbourne, Australia, featuring a dense urban skyline with numerous skyscrapers. In the foreground, the Melbourne Cricket Ground (MCG) is visible, surrounded by parking lots and waterfront developments. The image is overlaid with a semi-transparent blue rectangle containing contact information.

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