



DEVELOPMENT VICTORIA
**ANNUAL
REPORT**
2018-19

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CHAIRPERSON'S REPORT

Development Victoria was created to deliver urban revitalisation for all Victorians, and our second annual report reflects how the organisation has grown over the past 12 months. We have moved quickly from establishment phase to settling into a maturity across our businesses.

Our goals have been ambitious in delivering urban renewal, civic projects and precinct planning across the State. I'm proud to report that Development Victoria is leading the way to solve the challenges of population growth, housing affordability and how best to drive economic development through inner-urban precincts.

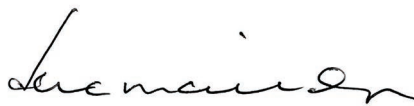
We have been appointed to prepare the business case to redevelop the State Basketball Centre, coordinate and deliver the Fitzroy Gasworks site, develop the Ballarat and Bendigo GovHubs and plan for Melbourne's creative future with the Arts Precinct Transformation. These projects showcase the many talents at Development Victoria.

Gavin Jennings MLC, Minister for Priority Precincts, has provided Development Victoria with a strong and clear mandate to work collaboratively and nimbly across government in areas of policy delivery – particularly in helping government to solve complex housing issues and deliver smartly planned precincts.

Thanks go to the Minister and his team for this engagement. I'd also like to thank and acknowledge Jacinta Allan MP.

I would like to thank my colleagues on the Board for their clear vision and understanding of what Development Victoria can achieve.

On behalf of the Board, I extend my thanks to Chief Executive Officer Angela Skandarajah. In Angela we have a CEO who leads from the front and behind – carving the way for the hardworking, dedicated team at Development Victoria to grow in their roles and deliver for government. I look forward to the next phase of our journey.



James MacKenzie
Chairperson

29 August 2019

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present Development Victoria's second annual report and my first as Chief Executive.

Development Victoria has spent the last 12 months delivering critical civic infrastructure, renewing important precincts for commercial and residential activity, as well as increasing housing diversity in places close to jobs, transport and services. We have welcomed the creation of the portfolio for Priority Precincts and the opportunity to work with Minister Gavin Jennings to deliver projects for our growing State.

Precinct planning and delivery is core business for Development Victoria, especially with our history in Docklands, Dandenong, Wodonga and now Fishermans Bend. Opportunities abound for the government's declared priority precincts and we are working collaboratively with the new Department of Jobs, Precincts and Regions to shape Melbourne for the future.

Key civic infrastructure projects in Development Victoria's pipeline received funding in the May State Budget - including funding for business case development and planning for the State Basketball Centre and development of the final stage of the Geelong Arts Centre. Projects of cultural significance are where Development Victoria shines. These projects will add to the great work underway at the State Hockey and Netball Centre, the Melbourne Arts Precinct Transformation and Melbourne Park.

As the housing needs of Victorians change, so too does the approach with our property portfolio. In 2018-2019, Development Victoria increasingly focused on affordability targets to align with government policy. Building on the experience gained developing thousands of homes in projects such as Riverwalk in Werribee, Jacksons Hill and Valley Lake, we are focused on delivering affordable and diverse housing at new locations, including in Fitzroy, Altona North and Springvale South.

Development Victoria's Affordable and Diverse Communities Framework will guide this critical work. The Framework will make sure that our future property portfolio will deliver affordable housing at scale and build more diverse and resilient communities.

Our work on the Ballarat GovHub, the Fitzroy Gasworks and Melbourne Arts Precinct highlight the incredible talent and growth in our capability in design leadership, engagement and master planning.

It is not just our project portfolio that is growing, our team culture is too. This year we launched Development Victoria's journey towards a Reconciliation Action Plan, achieved 50 per cent gender balance in our workforce, developed a sustainability framework and increased our OHS awareness with a new internal campaign, 'DV Developing Safely'.

I am proud of the incredible talent and growth in our team's capability and the demonstrable new level of sophistication in how we collaborate with each other and across government.

I extend my thanks to the former Minister for Major Projects, The Hon. Jacinta Allan for her work with us in 2018 and to Minister Jennings for his support over the last six months. I would also like to thank James MacKenzie and our other Board members for their ongoing support and guidance.

Finally, it's the team at Development Victoria that makes this organisation strong, resilient and rewarding. Thank you for your commitment to our vision and innovative ways of problem solving as we work together for the benefit of all Victorians.



Angela Skandarajah
Chief Executive Officer

29 August 2019

ABOUT DEVELOPMENT VICTORIA

DEVELOPMENT VICTORIA'S STATEMENT OF CORPORATE INTENT

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

Each year Development Victoria prepares a Corporate Plan which sets out the organisation's mission, purpose and strategic objectives for the coming period.

In 2018-19, Development Victoria's goals were:

- To expertly and responsibly manage the design and delivery of major civic projects, property development and urban renewal projects on behalf of the Victorian Government, in the interests of the Victorian community;
- To be respected across the Victorian Government and within the development and infrastructure sector as a centre of excellence, with top tier skills, expertise and commercial acumen; and
- To be recognised as an employer of choice for talented professionals across the public and private sectors.

DEVELOPMENT VICTORIA WILL:

- Identify opportunities to increase housing diversity in places close to jobs, transport and services;
- Lead projects to create cultural, recreational and civic facilities that enrich our communities and enhance Victoria's reputation; and
- Revitalise major activity centres and urban precincts to stimulate economic activity and improve access to jobs closer to where people live.

OUR POLICY PILLARS

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

1

Housing



Promoting and delivering housing diversity and affordable housing

2

Economic development



Delivering projects to drive economic development

3

Urban renewal



Planning and developing strategic urban renewal precincts

4

Value creation and capture



Pursuing value capture and creation opportunities

5

Social and economic infrastructure



Delivering social and economic infrastructure

CORPORATE GOVERNANCE

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

RESPONSIBLE MINISTER

For the period from 1 July until 22 November 2018, the Minister for Major Projects had primary responsibility for Development Victoria under the *Development Victoria Act 2003*.

Since 22 November 2018, the Minister for Priority Precincts has primary responsibility for Development Victoria under the *Development Victoria Act 2003*.

TREASURER

The Treasurer is responsible for oversight of Development Victoria's finances in accordance with the *Financial Management Act 1994*. This role requires the Treasurer to manage and monitor Development Victoria's financial position including its capital structure and operating performance. Debt finance for projects is approved by the Treasurer on a case-by-case basis, and the organisation's aggregate financial assumptions and forecasts are approved annually by the Treasurer through the Corporate Plan.

DEVELOPMENT VICTORIA BOARD

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

Development Victoria is established as a Public Non-Financial Corporation (PNFC) in accordance with guidelines established by the Australian Bureau of Statistics. These guidelines define the following business characteristics for entities classified as a PNFC:

1. All or the majority of the entity's total production costs should be covered by total sales;
2. Primary activities of the entity should involve the market production of goods at economically significant prices (economically significant prices are defined as prices that have a significant effect on the amounts that producers are willing to supply and, on the amounts, purchasers are willing to buy);

3. The entity should compete with other providers and the customer's choice of provider is not influenced by government interventions; and
4. The entity is controlled by government in terms of its general corporate policy (and strategic direction). This is proxied by ownership, the ability to appoint/remove board members and government provision of debt.

LEGISLATION

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

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

- Carrying out property development and social and economic capital works projects in accordance with government policies and strategies;
- Providing advisory services; and
- Developing declared projects.

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

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

STATUTORY AUTHORITY:
Development Victoria

GOVERNING ACT:
Development Victoria Act 2003

INCORPORATED:
1 April 2017

REGISTERED ADDRESS:
Level 9, 8 Exhibition Street
Melbourne 3000

ABN: 61 868 774 623

DECLARED PROJECTS AND MINISTERIAL DIRECTIVES

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

The following projects are declared projects which were or are currently being completed by Development Victoria as at 30 June 2019:

- Ballarat Off Site Store Module 2 *(completed)*
- Ballarat West Employment Zone Development
- Flinders Street Station Administration Building *(completed)*
- Geelong Arts Centre
- Kew Residential Services Redevelopment
- Melbourne Park Redevelopment
- Parkville Gardens
- Revitalising Central Dandenong
- State Library Victoria Redevelopment
- State Netball and Hockey Centre Redevelopment

During the reporting period Development Victoria did not receive any direction from the Minister under Section 9 of the *Development Victoria Act 2003*.

YEAR IN REVIEW

PRECINCTS

NEW PARK



COMPLETED AT
JUNCTION PLACE
WODONGA

3000

DOWNLOADS OF THE

DOCKLANDS
ART APP



QUEST NEWQUAY

OPENS IN DOCKLANDS



NEW COMMUNITY
PARK IN DANDENONG



CIVIC INFRASTRUCTURE



WORK STARTS ON
STATE NETBALL &
HOCKEY CENTRE



PALAIS THEATRE

WINS BEST HERITAGE
DEVELOPMENT AWARD



WORK BEGINS ON
MASTER PLAN FOR

melbourne
arts
precinct

STAGE 3 OF MELBOURNE
PARK REDEVELOPMENT STARTS

PROPERTY

CONSTRUCTION OF THE
BALLARAT GOVHUB
COMMENCES



REMEDIATION COMMENCES AT
FITZROY GASWORKS



4004

PEOPLE ATTEND
PARK OPENING AT
AURORA

RECORD
469



PROPERTY
SETTLEMENTS

CORPORATE

NEW OHS
FRAMEWORK



DV HAS A
GENDER BALANCED
WORKFORCE



48%



52%

ANGELA SKANDARAJAH
- APPOINTED CEO -

START OF RECONCILIATION
ACTION PLAN

9

NEW INTERNS



KEY ACHIEVEMENTS

2018-19

ADVISORY & CIVIC INFRASTRUCTURE

Development Victoria provides project advisory services and is responsible for managing major projects on behalf of government clients through the whole project lifecycle, from conception and commissioning through to delivery. These cultural, recreational and civic facilities enrich our communities and enhance Victoria's reputation.



BALLARAT OFFSITE STORAGE MODULE 2

Development Victoria is delivering the Ballarat Offsite Storage Module 2 (BOSS2), which is a specialist facility for the storage of valuable and sensitive collection items including paintings, sculptures, costumes, film and books.

PROJECT OBJECTIVE:

To deliver a specialist, climate-controlled offsite storage facility for the State Library Victoria which will allow for the storage of valuable and sensitive collections.

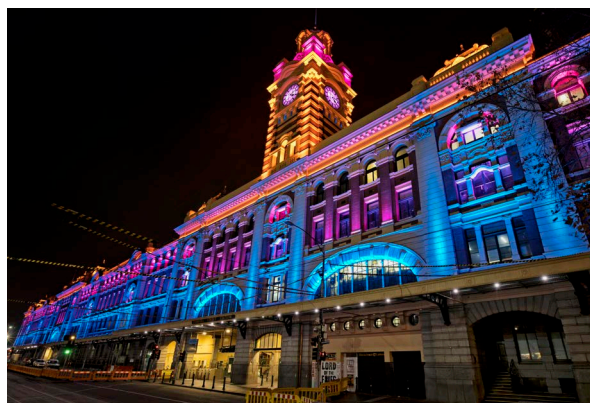
POLICY OBJECTIVE:

Social and economic infrastructure

2018-19 KEY ACHIEVEMENTS:

- Practical completion was achieved on 10 May 2019.

Investment managed by Development Victoria to date:
\$19.0 million



FLINDERS STREET STATION REDEVELOPMENT

Development Victoria is managing the Administration Building portion of the \$100 million upgrade of Flinders Street Station. The Administration Building includes waterproofing, refurbishment works, structural strengthening and rectification works and repainting of the station to its original heritage colours.

PROJECT OBJECTIVE:

Preservation of a key Melbourne landmark

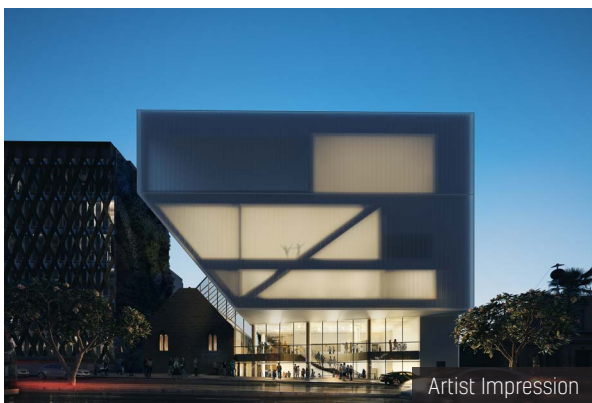
POLICY OBJECTIVE:

Social and economic infrastructure

2018-19 KEY ACHIEVEMENTS:

- Restoration works on the Administration Building completed.

Investment managed by Development Victoria to date:
\$64.7 million



GEELONG ARTS CENTRE - STAGES 2 AND 3

The Geelong Arts Centre is Victoria's most significant cultural institution outside of Melbourne. It brings a wide array of creative and cultural experiences to Geelong and the region and has given many local artists their first taste of the stage.

PROJECT OBJECTIVE:

Development Victoria is responsible for the delivery of an expanded arts centre with improved creative space for the Geelong community and with the capacity to meet the city's anticipated future growth.

POLICY OBJECTIVE:

Social and economic infrastructure

2018-19 KEY ACHIEVEMENTS:

- Structure completed;
- Glazed facade installed to the building, the only instance of this system used in Victoria;
- Façade rectification to the Church commenced;
- Funding for Stage 3 secured, and design commenced.

Investment managed by Development Victoria to date [Stage 2]:
\$26.5 million



MELBOURNE ARTS PRECINCT TRANSFORMATION

The planned transformation of Melbourne's Arts Precinct is proposed to include a new NGV Contemporary gallery, redevelopment of Arts Centre Melbourne, the creation of a new creative hub at 1 City Road and the development of new public open space. The Victorian Government has invested \$208 million over two years for the planning and design phase of the project.

PROJECT OBJECTIVE:

The proposed project will bring 18,000 square metres of new and renewed public space and create a connection between St Kilda Rd and Southbank, linking the NGV and Arts Centre Melbourne with adjoining institutions including the Melbourne Recital Centre, ACMI X, the Victorian College of the Arts and Ballet Australia.

POLICY OBJECTIVE:

Social and economic infrastructure

2018-19 KEY ACHIEVEMENTS:

- Completion of the schematic design for the refurbishment of Arts Centre Melbourne's Theatres Building;
- Commencement of the design work on the master plan and public open space;
- Detailed planning for the NGV Contemporary and 1 City Road projects.



MELBOURNE PARK REDEVELOPMENT – STAGES 2 AND 3

Development Victoria is working with Sport and Recreation Victoria, Melbourne and Olympic Parks Trust and Tennis Australia to deliver stages 2 and 3 of the Melbourne Park Redevelopment. Stage 3 includes a new function and media centre, a new multi-purpose show court, and a central logistics hub. Stage 3 is expected to be completed in 2023.

PROJECT OBJECTIVE:

The creation of a world-class sports and entertainment precinct to support Melbourne's broader tourism, sporting and major events strategies, as well as ensuring the Australian Open remains in Victoria until at least 2036.

POLICY OBJECTIVE:

Social and economic infrastructure

2018-19 KEY ACHIEVEMENTS:

- The completion of the Rod Laver Arena Eastern Annex, which features bars and restaurants, improved player and artist facilities and an expanded public concourse for the Australian Open 2019;
- Commencement of works on Stage 3.

Investment managed by Development Victoria to date:

Stage 2 \$346.2 million

Stage 3 \$20.5 million



STATE BASKETBALL CENTRE

Development Victoria is managing the design and planning of the State Basketball Centre at Knox on behalf of the Victorian Government and Knox City Council. The proposed upgrade will provide additional basketball courts, upgraded administration facilities, a centre of excellence and new training facilities.

PROJECT OBJECTIVE:

To provide better facilities with enhanced functionality, accessibility and capacity that will enable increased levels of basketball and gymnastic participation at a local and State level.

POLICY OBJECTIVE:

Social and economic infrastructure

2018-19 KEY ACHIEVEMENTS:

- Funding for planning and design announced;
- Project planning commenced.



STATE LIBRARY VICTORIA REDEVELOPMENT (VISION 2020)

Development Victoria is leading the delivery of the Vision 2020 redevelopment of the State Library Victoria. Staged over five years the project will enhance the capacity of the State Library to deliver services and programs to wider audiences across Victoria.

PROJECT OBJECTIVE:

To deliver increased operational capacity and consolidate commercial opportunities for improved community access and cultural engagement while conserving the heritage qualities of the State Library Victoria.

POLICY OBJECTIVE:

Social and economic infrastructure

2018-19 KEY ACHIEVEMENTS:

- Achieved practical completion of works including the new Russell Street Welcome Zone, Isabella Fraser Function Space, Victoria Gallery, Swinburne Arts Reading Room, McArthur Gallery Family History and Newspapers Reading Room;
- Commencement of works, including a new entrance on Swanston Street.

Investment managed by Development Victoria to date:

\$ 68.0 million



STATE NETBALL AND HOCKEY CENTRE REDEVELOPMENT

This \$64.6 million redevelopment project is part of the Victorian Government's record investment in women's sport. The upgrade will provide six new indoor netball courts, a new indoor hockey facility, a high-performance strength and conditioning gym, and establish the Women in Sport Leadership Centre.

PROJECT OBJECTIVE:

To create a national standard combined sporting facility for improved user experience and performance. This is in line with the State's focus to increase female participation in sport.

POLICY OBJECTIVE:

Social and economic infrastructure

2018-19 KEY ACHIEVEMENTS:

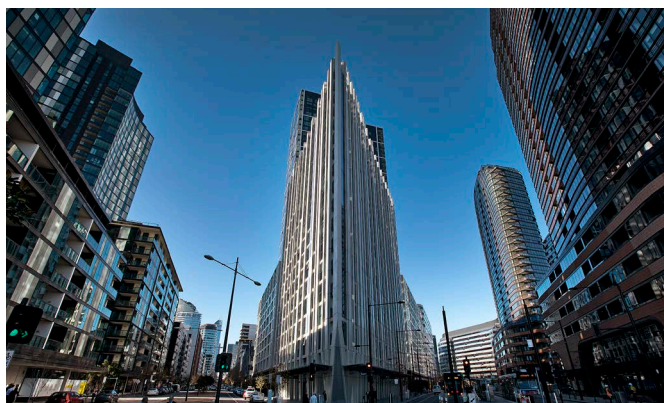
- Works commenced on site in February 2019.

Investment managed by Development Victoria to date:

\$6.1 million

PRECINCT PROJECTS

Development Victoria leads the long-term urban renewal of some of the State's priority precincts to stimulate economic activity.



DOCKLANDS

Docklands is the largest government-led urban renewal project under construction in Australia. Docklands is currently home to more than 13,000 residents and 65,000 workers. The precinct has also sustained a significant number of construction jobs over the past 20 years.

PROJECT OBJECTIVE:

Urban renewal in Docklands is revitalising a once industrial area to deliver housing, jobs and community spaces, as well as reconnecting the CBD with the waterfront.

POLICY OBJECTIVE:

Urban renewal

2018-19 KEY ACHIEVEMENTS:

- Completion of site remediation to enable and commencement of construction for the Docklands Primary School;
- Completion of seven developments resulting in the delivery of:
 - 557 residential and serviced apartments;
 - 115,000 square metres of commercial floor space, for businesses including Lendlease, Arup, Transurban, Port of Melbourne and ANZ;
 - New Hoyts cinema as well as hospitality and retail facilities at the District Docklands in NewQuay.
- Commencement of construction of four developments which will deliver:
 - 422 residential apartments;
 - 200 hotel rooms in a new Marriott Hotel;
 - a new supermarket in The District supported by 25 speciality retailers.
- Approval of the Bolte Precinct West Development Plan;
- Completion of the first stage of the Sky Park in Melbourne Quarter;
- Collaboration with the AFL and other stakeholders on the State-funded Docklands Stadium upgrade.



GMH, FISHERMANS BEND

The Victorian Government purchased the site to develop it into Australia's leading precinct for advanced manufacturing, design, engineering and technology excellence. Development Victoria is leading the master planning of the site to facilitate future development opportunities.

PROJECT OBJECTIVE:

Redevelop the GMH site as a catalyst for development in the Fishermans Bend Employment Precinct.

POLICY OBJECTIVE:

Urban renewal

2018-19 KEY ACHIEVEMENTS:

- Sale of land to the University of Melbourne to facilitate planning and design of phase 1 of the University's new engineering school for around 1,000 students;
- Agreed a lease with global aerospace and defence company Leonardo for a new engineering facility.



JUNCTION PLACE, WODONGA

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

PROJECT OBJECTIVE:

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

POLICY OBJECTIVES:

Urban renewal, Economic development

2018-19 KEY ACHIEVEMENTS:

- Completed Richardson Park and Sidings Park to provide new open space in central Wodonga;
- Planning approval granted for 70 new townhouses;
- New \$70 million, 10-screen cinema and entertainment centre secured through a joint venture between United Cinemas and Central Place.



REVITALISING CENTRAL DANDENONG

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

PROJECT OBJECTIVE:

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

POLICY OBJECTIVES:

Urban renewal, Economic development

2018-19 KEY ACHIEVEMENTS:

- Completion of a new, multi-sport community park, in collaboration with City of Greater Dandenong;
- Planning approval received for a \$40 million mixed use development on Site 10 by the Orion Group;
- Completion of enabling infrastructure works at Abbots Street, to allow for future redevelopment of adjacent sites;
- Closure and decommissioning of the PEP facility.

Investment managed by Development Victoria to date:

\$205.5 million (includes Victorian Government and other investment)

PROPERTY DEVELOPMENT

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



Artist Impression

ALFIE AT ALTONA NORTH

The Alfie residential project at Altona North will provide 127 new homes. Ten per cent of the dwellings are earmarked to be delivered as affordable housing. The project will include a community park and multi-generational housing.

PROJECT OBJECTIVE:

To deliver diverse and affordable housing for a growing community.

POLICY OBJECTIVES:

Housing, Urban renewal

2018-19 KEY ACHIEVEMENTS:

- Planning approval received for all three stages of the development;
- Sales launch in August 2018;
- Civil works for Stage 1 commenced in December 2018;
- Builder appointed for Stage 1, consisting of 45 homes in February 2019.



AURORA

Aurora is a master-planned community on approximately 650 hectares in Melbourne's north. Aurora is now home to over 8,000 people and has grown into a thriving community.

PROJECT OBJECTIVE:

To create a thriving residential community supported by community infrastructure that leads the way in sustainable living and provides a range of diverse housing options.

POLICY OBJECTIVE:

Housing

2018-19 KEY ACHIEVEMENTS:

- Settled final sale contract with Lendlease in October 2018;
- Aurora Town Centre Park opened by the Minister for Priority Precincts at community day attended by approximately 4,000 people;
- Lodged a permit application with Whittlesea City Council for the development of 83 townhouse lots.



BALLARAT GOVHUB

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

PROJECT OBJECTIVE:

To encourage regional economic growth, support employment and revitalise Ballarat's CBD.

POLICY OBJECTIVE:

Economic development

2018-19 KEY ACHIEVEMENTS:

- Building contractors appointment in November 2018;
- Construction commenced in January 2019.



CIRQ POINT COOK

CIRQ Point Cook is the first medium-density housing project delivered by Development Victoria. The development features two, three and four-bedroom townhouses and has been designed to offer high-quality, affordable housing close to community services.

PROJECT OBJECTIVE:

To deliver high-quality, affordable housing close to schools and the Point Cook Town Centre.

POLICY OBJECTIVE:

Housing

2018-19 KEY ACHIEVEMENTS:

- Project achieved Silver Standard of Liveable Housing Australia's design guidelines and the UDIA's EnviroDevelopment certification;
- Builder appointed in September 2018;
- Construction commenced in February 2019.

PROPERTY DEVELOPMENT



Artist Impression

FITZROY GASWORKS

The former Fitzroy Gasworks site is an important part of Fitzroy North's industrial and social heritage. The vision for the site is to create an urban village that includes new housing, a senior high school, a sports centre and open space. The site is owned by the State government and provides an opportunity to create an urban village with new homes, shops and community facilities, including a school and sports courts.

PROJECT OBJECTIVE:

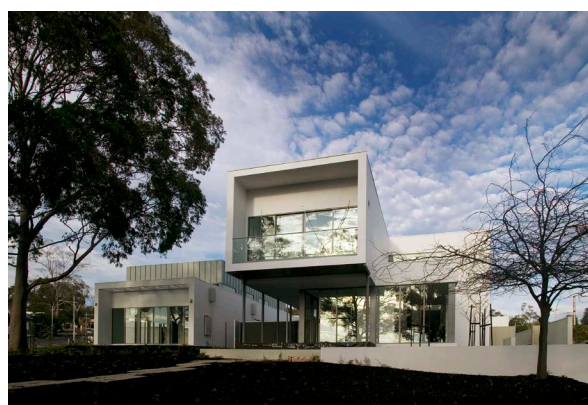
Redevelopment of the former Gasworks to create a new urban village

POLICY OBJECTIVES:

Housing, Urban renewal

2018-19 KEY ACHIEVEMENTS:

- Commenced work on a Development Plan;
- Continued an ongoing program of community engagement;
- Secured Heritage Victoria approval to relocate the historic Porter Store;
- Stage 2 remediation works commenced in May 2019.



KEW RESIDENTIAL SERVICES

The \$400 million Kew Residential Services project involves the redevelopment of the former Kew Cottages facility into a high-quality housing development. The redevelopment integrates 20 community homes with more than 260 private dwellings. The project is governed by a joint venture development agreement with the Kew Development Corporation Pty Ltd.

PROJECT OBJECTIVE

Delivery of high-quality housing; along with meeting the current and future housing needs of people with a disability.

POLICY OBJECTIVES:

Housing, Urban renewal

2018-19 KEY ACHIEVEMENTS:

- Restoration of the heritage buildings completed.

Investment managed by Development Victoria to date:

\$16.1 million



Image courtesy of Cardinia Shire Council

OFFICER TOWN CENTRE

Development Victoria owns 150 hectares in Officer that provides opportunities for new infrastructure, housing and jobs in the Officer area.

PROJECT OBJECTIVE:

To create a new community and diverse and affordable housing options.

POLICY OBJECTIVE:

Housing, Economic development, Value creation and capture, Social and economic infrastructure

2018-19 KEY ACHIEVEMENTS:

- Sale and settlement of land holdings;
- Commenced planning work on the development of a new residential development;
- Victorian Planning Authority commenced work to amend the Officer South Precinct Structure Plan.



PARKVILLE GARDENS

Parkville Gardens is a housing development on a 20-hectare site that was formerly the Athletes' Village for the 2006 Commonwealth Games. The post-games phase of the project includes the staged redevelopment of the site into a residential estate. Upon completion, Parkville Gardens will include more than 1,580 dwellings, with 20 per cent dedicated to social housing; the retention of heritage buildings; the creation of wetlands and new parklands.

PROJECT OBJECTIVE:

Delivery of a residential project featuring environmentally sustainable design, social housing, disabled access and community services.

POLICY OBJECTIVE:

Housing

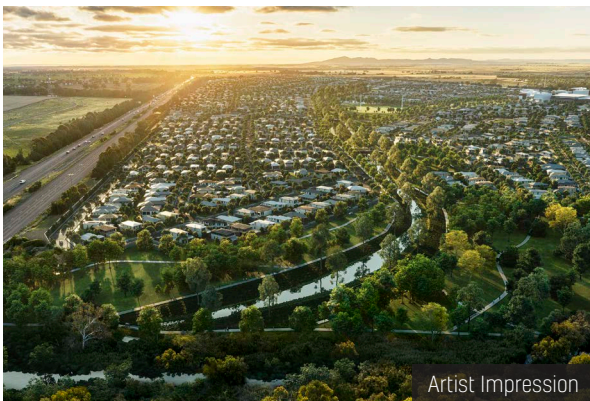
2018-19 KEY ACHIEVEMENTS:

- Completion of 172 apartments in Stage 4.

Investment managed by Development Victoria to date:

\$16.1 million

PROPERTY DEVELOPMENT



Artist Impression

RIVERWALK

Development Victoria's Riverwalk project is located on 197 hectares of land on the former Werribee treatment plant site in Melbourne's west. Upon completion, Riverwalk will feature 2,260 homes and 7,300 new residents. The development features open space, a 1.4-hectare Village Park including a basketball court, water play areas, bike trails, playground and BBQ facilities.

PROJECT OBJECTIVE:

To create a cosmopolitan and connected village that leads the way in sustainable living and provides a range of diverse housing options.

POLICY OBJECTIVE:

Housing

2018-19 KEY ACHIEVEMENTS:

- Commenced construction on stages 23-26 (226 lots);
- Sold the first site in the new town centre site;
- Obtained planning approval to transfer active open space to Council;
- Delivered a series of community "work out" sessions exclusively for Riverwalk residents.



Artist Impression

TAYLORS QUARTER

Taylors Quarter is an urban infill site in Taylors Lakes that is close to the Watergardens Shopping Centre, schools, parklands and transport options. The development will feature a specially designed park that includes a picnic area, playground and multi-purpose sports court.

PROJECT OBJECTIVE:

To deliver a mixed-use development featuring a diverse range of houses in an area close to jobs, transport and amenities.

POLICY OBJECTIVE:

Housing

2018-19 KEY ACHIEVEMENTS:

- Obtained Council approval;
- Sales commenced, with the first release selling out in June 2019.



DEVELOPMENT VICTORIA'S BOARD OF DIRECTORS

JAMES MACKENZIE (CHAIRPERSON)

James MacKenzie is an experienced Australian company director. He currently serves as Chairman of Victorian Funds Management Corporation and Slater and Gordon Lawyers. James was previously President of the Victorian Arts Centre Trust, 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 the TAC. He has been a member of the COAG Business Advisory Forum. James has a Bachelor of Business from Swinburne University, and is a Fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants Australia and New Zealand. In 2001, he was awarded the Centenary Medal for services to Public Administration.

GRAEME PARTON (ACTING DEPUTY CHAIRPERSON)

Graeme is a highly experienced property, construction 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 Chairperson of the RMIT University School of Property Construction and Project Management Advisory Board, Chairperson of David Lock Associates (Australia) Pty. Ltd., 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 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.

REBECCA CASSON

Rebecca has a background in government, industry and the not for profit sector. She has held senior roles with responsibilities including international engagement, government relations and major projects, together with policy development and implementation. Rebecca holds an MA by Research in Politics and Government, and has experience in economic development, inward investment, business development, planning and urban development, education and skills, emergency planning and the visitor economy. Rebecca was appointed to the Kardinia Park Stadium Trust in 2016. Rebecca has worked across all tiers of government and was appointed CEO of Master Builders Victoria in January 2019.

LOU FARINOTTI

Lou is a senior partner of the national law firm Holding Redlich. Lou was Holding Redlich's Victorian managing partner for over 20 years. Lou has been practising as a property lawyer for over 40 years. In his practice Lou has acted on behalf of a number of Australia's biggest property owners and developers as well as Councils, Governments and individuals. He has dealt with all facets of property law, from structuring, acquisitions, planning, sustainability, environmental, taxes and duties, leasing, disposal and succession. Over the years Lou has acted for several of Melbourne's major property developers in well over 100 major apartment and property projects. Lou headed up Holding Redlich's China/Asia initiative for several years, which has provided Lou with valuable experience and an understanding of Chinese and Asian business attitudes and culture.

MEGAN HAAS

Megan is a Council Member and Chair of the Audit and Risk Committee at RMIT University. Megan was previously Cyber and Forensic Services Partner at PricewaterhouseCoopers (PwC) where she spent a number of years based in Hong Kong working across Asia. After spending many years advising audit committees as part of the assurance practice specialising in business and information technology processes and controls, most recently Megan has focused on working with her clients to increase stakeholder confidence and governance of cyber security and privacy, corruption risks, anti-fraud programmes, compliance and post-incident remediation.

NATALIE MACDONALD

Natalie MacDonald commenced at La Trobe University in September 2012 and is currently Vice-President (Development). Natalie was previously the Vice President (Administration) for La Trobe University and prior to that, Director-General of the Queensland Government's Department of Housing and Public Works. As Vice President (Development), Natalie is focused on the transformation of La Trobe University's campuses to create economic growth, community value and high-quality research, teaching and student life environments. Natalie has extensive experience in leading the delivery of corporate services, information services, building and design, accommodation, maintenance, facilities management and procurement services and the delivery of government services across wide geographical areas. She has served on a number of Commonwealth and State bodies and not-for-profit, superannuation and research boards.

JACQUI WALTERS

Jacqui is an independent consultant and Director. She has held senior roles with advisory firms in Australia and internationally. She has advised local, state and federal government clients on improving major capital project performance and infrastructure outcomes. Jacqui is Chair of CleanCo Queensland Ltd, a non-executive Director and Chair of the Risk and Audit Committee of Slater & Gordon Ltd, and Chair of the Citytrain Response Unit (Qld). She recently resigned as Chair of the Risk and Audit Committee of Building Queensland. Jacqui is also a Partner of Era Innovation, an advisory firm enabling long-term resilience in Australian organisations by creating systematic, disciplined innovation capability.

FORMER BOARD MEMBERS

TAMARA BREZZI

Resigned as Board Director, effective 1 May 2019.

TONY DE DOMENICO OAM

Resigned as Deputy Chairperson, effective 18 March 2019.

JUSTIN HANNEY

Resigned as Board Director, effective 29 November 2018.

CHRISTINE WYATT

Tenure as Board Director ended 1 March 2019.

THE BOARD

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

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

As at 30 June 2019, the Board comprised of seven Directors. During the year, three Directors resigned, one Director's tenure expired, and three new Directors were appointed.

The Board ensures that the government is informed of all major issues affecting Development Victoria. Board meetings are held monthly, or more frequently if required. The Chief Executive Officer and the Group Head, Operations are invited to attend each Board meeting. Attendance by Directors at Board meetings held during the reporting period is detailed below.

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

DEVELOPMENT VICTORIA BOARD ATTENDANCE

DEVELOPMENT VICTORIA HELD 11 BOARD MEETINGS IN 2018-2019.

BOARD MEMBER	ELIGIBLE TO ATTEND	ATTENDED	NOTE
James MacKenzie	11	11	
Rebecca Casson	11	9	
Megan Haas	1	1	Observer from 9 May 2019; appointed as Board Director, effective 14 May 2019
Graeme Parton	11	11	Appointed Acting Deputy Chairperson effective 9 May 2019
Natalie MacDonald	11	8	
Jacqui Walters	1	1	Observer from 9 May 2019; appointed as Board Director, effective 14 May 2019
Lou Farinotti	11	10	Appointed as Board Director, effective 1 July 2018
Justin Hanney	5	4	Resigned as Board Director, effective 29 November 2018
Christine Wyatt	7	7	Tenure as Board Director ended 1 March 2019
Tamara Brezzi	9	8	Resigned as Board Director, effective 1 May 2019
Tony De Domenico OAM	8	8	Resigned as Board Director, effective 18 March 2019.

COMMITTEES OF THE BOARD

Development Victoria has three Board Committees. The Audit and Risk Committee, Investment Committee and People, Culture and Remuneration Committee.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee assists the Board by overseeing and advising on matters of accountability and internal control relating to financial, risk and compliance management. The Committee routinely receives reports from both internal and external auditors.

The Audit and Risk Committee consists of the following members:

- Natalie MacDonald (Chairperson) – Director
- James MacKenzie – Chairperson of the Board
- Megan Haas – Director (member from 14 May 2019)
- Tamara Brezzi – former Director (member until 1 May 2019)
- Tony De Domenico OAM – former Deputy Chairperson of the Board (member until 18 March 2019)

INVESTMENT COMMITTEE

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

The Investment Committee comprises the following members:

- Graeme Parton (Chairperson) – Acting Deputy Chairperson of the Board
- James MacKenzie – Chairperson of the Board (reappointed member from 9 May 2019)
- Lou Farinotti – Director (member from 28 August 2018)
- Jacqui Walters – Director (member from 14 May 2019)
- Tony De Domenico OAM – former Deputy Chairperson of the Board (member until 18 March 2019)
- Justin Hanney – former Director (member until 29 November 2018)
- Christine Wyatt – former Director (member until 1 March 2019)

PEOPLE, CULTURE AND REMUNERATION COMMITTEE

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

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

- Rebecca Casson (Chairperson) – Director
- James MacKenzie – Chairperson of the Board
- Graeme Parton – Acting Deputy Chairperson of the Board (member from 9 May 2019)
- Tony De Domenico OAM (former Chairperson) – former Deputy Chairperson of the Board (member until 18 March 2019)

DEVELOPMENT VICTORIA COMMITTEE MEMBERSHIP AND ATTENDANCE 1 JULY 2018 TO 30 JUNE 2019

COMMITTEE MEMBER	AUDIT AND RISK COMMITTEE		INVESTMENT COMMITTEE		PEOPLE, CULTURE AND REMUNERATION COMMITTEE		NOTE
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	
Natalie MacDonald	4	4					
James MacKenzie	4	4	3	3	3	3	IC observer from 6 September 2018 to 8 May 2019; reappointed IC Member effective 9 May 2019
Tony De Domenico OAM	3	3	5	5	3	3	Resigned as Member of all three Board Committees, effective 18 March 2019
Tamara Brezzi	3	3					Resigned as ARC Member, effective 1 May 2019
Megan Haas	1	1					Appointed as ARC Member, effective 14 May 2019
Rebecca Casson					3	3	Appointed as Chairperson of PCRC, effective 9 May 2019
Graeme Parton			7	7			Appointed as Acting Deputy Chairperson and PCRC Member, effective 9 May 2019
Justin Hanney			3	3			Resigned as IC Member, effective 29 November 2018
Christine Wyatt			5	4			Tenure as IC Member expired 1 March 2019
Lou Farinotti			6	6			IC observer from 2 August 2018; appointed IC Member, effective 28 August 2018
Jacqui Walters			2	2			Appointed as IC Member, effective 14 May 2019

EXECUTIVE LEADERSHIP TEAM

CHIEF EXECUTIVE OFFICER, ANGELA SKANDARAJAH

The Chief Executive Officer (CEO) has overall responsibility for leading and managing the organisation, including performance excellence, financial management, workplace safety, ensuring good practice and governance, the wellbeing of staff and the health of the organisation's culture. The CEO also advises the Board on governance and performance matters. With over 20 years' experience in the real estate sector, Angela has broad commercial property experience with particular expertise in property development, urban renewal and infrastructure projects. The former head of Minter Ellison's National Real Estate, Environment and Planning team, Angela has acted for both public and private sector clients in high-profile property and infrastructure projects. Angela is a member of the Board of Advisors for a number of not for profit organisations supporting homelessness and housing affordability and has been a long-term contributor to Property Council of Australia and Law Council of Australia committees.

GROUP HEAD, STRATEGY AND CIVIC INFRASTRUCTURE, TOM CONSIDINE

Tom leads Development Victoria's infrastructure development and delivery business. The group is responsible for managing major projects on behalf of government clients and operates through the whole project lifecycle, from strategy and conception, through to commissioning. Tom is an experienced executive having held a number of roles within the Victorian, Commonwealth and UK public sectors and served as Chief of Staff to the Victorian Treasurer from 2014 to 2016. He has extensive skills and experience in infrastructure policy, major project feasibility, development and delivery. He has led the origination and development of some of Victoria's largest infrastructure projects and transactions including the Level Crossing Removal Program and the long-term lease of the Port of Melbourne.

GROUP HEAD, OPERATIONS, MANNY BIKAKIS

Manny leads Development Victoria's Operations Group, which includes Accounting & Control, Financial Planning & Analysis, Human Resources, Health, Safety & Environment, ICT & Facilities, Risk Management and Sales & Settlements. He has a wealth of experience in senior finance, commercial & operational roles in Australia, Germany and the UK. Most recently, Manny held the position of ANZ Finance Director for PPG Industries, a Global Coatings Company, where he was a member of the Board and the Executive Team and accountable for all Finance, IT, Logistics and Commercial services across Australasia. Prior to this, Manny held senior executive positions, including CFO of Incitec Pivot's Fertiliser business, and various senior finance, commercial and customer roles with BP internationally, including CFO of BP's retail business in Australia & New Zealand.

GROUP HEAD, PRECINCTS, GEOFF WARD

Geoff has more than 30 years' experience in planning and delivering precinct, civic and infrastructure projects. Geoff's team leads the long-term urban renewal of some of the State's priority precincts. The Group provides advice to support strategic planning, undertakes master planning, and provides delivery advice to balance policy and commercial outcomes. He has broad local and international experience within the private sector and government organisations. Most recently, Geoff led the Fishermans Bend Taskforce and was responsible for the strategic planning of one of Australia's largest urban renewal precincts. Prior to that he spent a decade in the Middle East delivering a range of major precinct projects.

GROUP HEAD, PROPERTY DEVELOPMENT, NEIL ANDERSON

Neil leads the team responsible for land and property development of surplus and under-utilised government land to deliver social and economic benefits for Victorians. The Group provides technical and commercial advice, develops residential and mixed-use projects, and leads Development Victoria's affordable housing initiatives. Neil possesses strong business leadership, joint-venture and property development experience across residential, retail and mixed-use projects. Neil also has a depth of commercial, financial and feasibility expertise developed through his background in property advisory. Prior to his commencement at Development Victoria, Neil was the General Manager of Burbank Developments and has previously held senior positions at Devine and Urban Pacific.

REPORT ON OPERATIONS

FINANCIAL SUMMARY

For the 12 months ended 30 June 2019, Development Victoria produced an underlying Net Result from Transactions after Income Tax equivalent expense of \$36.3m. After economic flows/accounting adjustments, the comprehensive profit result was \$29.0 million.

Total equity of Development Victoria as at 30 June 2019 was \$180.9 million.

The Net Cash Flow from Operating activities for the 12-month period ending 30 June 2019 was \$71.1 million.

PERIOD ENDED 30 JUNE	2019 \$'000	2018 \$'000
Operating results		
Income	206,870	270,419
Expenses	[170,553]	[239,784]
Income tax equivalent	-	-
Net result from transactions	36,317	30,635
Other economic flows	[7,348]	44,673
Comprehensive result	28,969	75,308
Balance Sheet		
Total assets	899,715	857,212
Total liabilities	[718,800]	[695,955]
Total equity	180,915	161,257
Cash Flow Statement		
Total Receipts	492,217	531,264
Total Payments	[421,079]	[821,559]
Net cash flows from operating activities	71,138	[290,295]

PROJECT LIST 2018-19

PROJECT		LOCATION
MAP No.	CIVIC	
1	Ballarat Offsite Storage Module 2	Ballarat
2	Flinders Street Station Administration Building	Melbourne
3	Geelong Arts Centre - Stage 2	Geelong
4	Geelong Arts Centre - Stage 3	Geelong
5	Melbourne Arts Precinct Transformation	Southbank
6	Melbourne Park Redevelopment - Stage 2	Melbourne
7	Melbourne Park Redevelopment - Stage 3	Melbourne
8	State Basketball Centre	Knox
9	State Library Victoria	Melbourne
10	State Netball and Hockey Centre	Parkville

PROJECT		LOCATION
MAP No.	PRECINCTS	
11	Docklands	Docklands
12	General Motors Holden (GMH) Precinct	Fishermans Bend
13	Junction Place	Wodonga
14	Revitalising Central Dandenong	Dandenong

PROJECT		LOCATION
MAP No.	PROPERTY DEVELOPMENT	
15	Alfie at Altona North	Altona North
16	Aurora	Epping
17	Aurora Town Centre	Epping North
18	Avondale Heights	Avondale Heights
19	Ballarat GovHub	Ballarat
20	Ballarat West Employment Zone (BWEZ)	Ballarat
21	Bendigo GovHub	Bendigo
22	Cairnlea	Cairnlea
23	CIRQ Point Cook	Point Cook
24	Fitzroy Gasworks	Fitzroy North
25	DHHS Markham	Ashburton
26	Ivanhoe Water Tank	Ivanhoe
27	Jacksons Hill	Sunbury
28	Keilor Park	Keilor Park
29	Kew Residential Services Redevelopment	Kew
30	Knoxfield	Knox
31	Logis	Dandenong
32	Officer	Officer
33	Parkville Gardens	Parkville
34	Riverwalk	Werribee
35	Springvale South	Springvale
36	Sunshine North	Sunshine North
37	Stony Creek	Sunshine North
38	Sydney Road	Coburg
39	Taylors Lakes	Taylors Lakes
40	Twelve Apostles	Port Campbell
41	Valley Lake	Keilor East

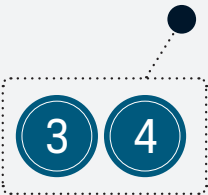
PROJECT LOCATIONS

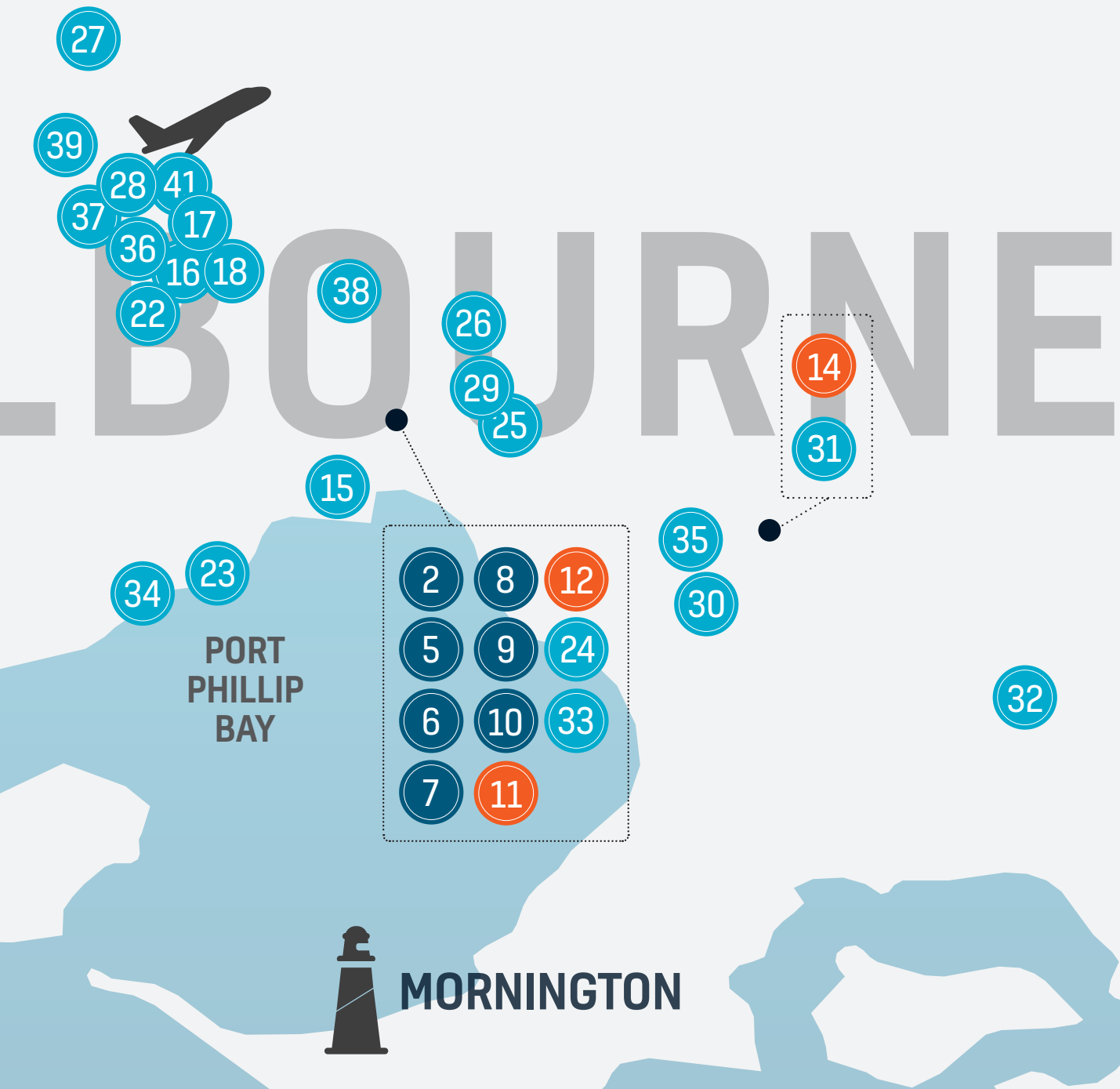
BALLARAT



MEL

GEELONG





OUR PEOPLE

At its core, Development Victoria's workplace fosters a spirit of purposeful collaboration in pursuit of delivering the highest quality services and project outcomes. Contribution is valued from a diverse range of viewpoints and is strengthened by our gender-balanced workforce overseen by a gender-balanced Board. In striving for excellence, employees are encouraged to prioritise their continued development through a wide variety of professional experiences and learning opportunities.

Sharing knowledge and expertise is hard-wired into Development Victoria's culture and it is widely recognised that the continued growth of the organisation's strengths and capabilities is innately reflective of its people. To further its commitment towards building capability, in the last year, Development Victoria has designed and launched a new capability framework. This framework seeks to best align career development opportunities with organisational needs and priorities, enabling employees to accelerate their growth, in turn optimising performance across all levels of Development Victoria. Purposeful leadership has been a fundamental focus, with a variety of activities and learning opportunities offered to all employees to enhance capability.

EMPLOYMENT AND CONDUCT

As a public agency, Development Victoria adheres to the Code of Conduct for Victorian Public Sector Employees.

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 Development Victoria's employment policies and practices.

OUR VALUES

COLLABORATE



WE ARE STRONG
AS A TEAM

WE EMBRACE
PARTNERSHIPS

WE ARE
PASSIONATE

INNOVATE



WE FIND
NEW WAYS

WE STRIVE TO
BE BETTER

WE ARE EMPOWERED
TO GROW AND ADAPT

DELIVER



WE FIND COMPLETE
SOLUTIONS

WE ADD
VALUE

WE ARE ALL
ACCOUNTABLE

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Development Victoria's commitment to providing a healthy and safe working environment for employees, consultants, contractors and the wider community continues to be a key priority. This was underpinned by the continuous improvement of the Occupational Health and Safety Framework and increased engagement on Occupational Health and Safety (OHS) throughout the organisation.

To foster a proactive reporting culture that demonstrates a commitment to and delivery of a no-blame approach, Development Victoria has recently updated its Incident Management procedures. A total of 49 incidents were reported for the reporting period.

An analysis of the data shows that of all incidents, 18 per cent, (nine) resulted in an injury. 26 per cent, (13) of the reports proactively identified hazards, potentially eliminating the occurrence of an incident. Near misses accounted for 12 per cent (six), while damage to property totalled 23 per cent (11) of the incidents reported. The number of environmental incidents recorded for the period amounted to 10 per cent (five). Five incidents were categorised as Other.

As part of advocating and supporting workplace wellbeing, Development Victoria delivered a range of health and wellbeing programs to its employees including health checks, a mindfulness program, and fitness classes. Other initiatives include fresh fruit delivered twice a week, ergonomic assessments and workplace inspections to identify hazards and address risks.

As part of a renewed focus on safety in the workplace, a competition was held for a new workplace safety campaign. More than 50 submissions received and the winning phrase **"DV - Developing Safely"** (pictured right) was chosen.

This has now been incorporated into the safety management system and is being used on all safety materials to help improve workplace safety.



WORKFORCE DATA

Figure 1 Details of employment levels as at 30 June 2019

30-JUN-19							
All employees		Ongoing			Fixed Term		
	Headcount	FTE	Full-time Headcount	Part-time Headcount	FTE	Headcount	FTE
Gender:							
Male	96	94.9	89	2	90.7	5	4.2
Female	103	96.5	83	11	89.7	9	6.8
Self-described	0	0.0	0	0	0.0	0	0.0
Total	199	191.4	172	13	180.4	14	11.0
Age							
Under 25	12	9.4	7		7.0	5	2.4
25-34	64	63.2	56	2	57.2	6	6.0
35-44	73	70.4	63	8	68.4	2	2.0
45-54	37	35.8	33	3	35.2	1	0.6
55-64	11	10.6	11		10.6		
Over 64	2	2.0	2		2.0		
Total	199	191.4	172	13	180.4	14	11.0
Classification							
Level 1	14	11.0	8		8.0	6	3.0
Level 2	46	44.7	38	3	39.7	5	5.0
Level 3	45	44.3	42	2	43.3	1	1.0
Level 4	14	13.4	11	2	12.4	1	1.0
Level 5	45	43.2	39	5	42.2	1	1.0
Executive	35	34.8	34	1	34.8		
Total	199	191.4	172	13	180.4	14	11.0

OTHER DISCLOSURES

LOCAL JOBS FIRST – VICTORIA INDUSTRY PARTICIPATION POLICY (VIPP)

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and the Major Projects Skills Guarantee (MPSG) which were previously administered separately. The Local Jobs First Agency Guidelines published by the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) in late 2018 also clarified that departments and public sector bodies, including Development Victoria, are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

Development Victoria has made considerable progress in implementing the Local Jobs First Policy through the use of standard form procurement templates and standard form contracts which incorporate the Local Jobs First model clauses and instructions for bidders to submit their Local Industry Development Plans (LIDP) to the Industry Capability Network (ICN). Evaluation teams apply the Local Jobs First Policy weightings on all procurements as these have been incorporated as mandatory criteria in the standard form evaluation matrices.

- Two Local Jobs First projects (one Local Jobs First Strategic Project and one Local Jobs First Standard Project), with a total value of \$129,225,000 commenced, in the reporting period to which a VIPP Plan (1 July 2018 to 15 August 2018) or an LIDP (16 August 2018 to 30 June 2019) was required.
- There were 14 Local Jobs First projects in progress for which a VIPP Plan (1 July 2018 to 15 August 2018) or an LIDP (16 August 2018 to 30 June 2019) was required during the reporting period. Of these projects, 39 small or medium enterprises were directly engaged by Development Victoria as consultants or contractors.
- There is one project where the Major Projects Skills Guarantee has been applied.

No grants were provided during the reporting period.

COMPLIANCE

GOVERNMENT ADVERTISING EXPENDITURE

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

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

CAMPAIGN NAME	CAMPAIGN SUMMARY	START DATE	END DATE	ADVERTISING (MEDIA) EXPENDITURE 2018-19	CREATIVE AND CAMPAIGN DEVELOPMENT EXPENDITURE 2018-19	RESEARCH AND EVALUATION EXPENDITURE 2018-19
Riverwalk, Werribee	Riverwalk is a land development in Werribee. Marketing activity, including advertising, was undertaken to drive property sales.	July 2018	Will continue into 2019-20	\$155,178	\$578,613	\$2,100.00
Alfie, Altona North	Alfie is a townhouse development in Altona North. Marketing activity, including advertising, was undertaken to drive property sales.	July 2018	Will continue into 2019-20	\$129,915	\$657,114	Costs included in campaign development

CONSULTANCY EXPENDITURE

DETAILS OF CONSULTANCIES VALUED AT \$10,000 OR GREATER

For the reporting period, there were seven 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 \$259,575 (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)
Calibre Professional Services Pty Ltd	Feasibility studies and advice	\$19,550
CBRE Pty Ltd	Market research projects	\$99,250
Ernst & Young	Feasibility studies, professional services and advice	\$86,382
GHD Pty Ltd	Professional services and advice	\$10,880
Holding Redlich	Professional services and advice	\$13,200
John Bahoric Design Studio Pty Ltd	Professional services and advice	\$20,000
Minter Ellison	Professional services and advice	\$101,781
PricewaterhouseCoopers	Professional services and advice	\$284,535
SGS Economics & Planning Pty Ltd	Professional services and advice	\$20,000
Urbis Pty Ltd	Professional services and advice	\$48,248
TOTAL		\$703,825

DETAILS OF CONSULTANCIES UNDER \$10,000

For the 12-month reporting period from 1 July 2018 to 30 June 2019, there were 12 consultancy engagements where the total fees payable for each consultancy was less than \$10,000.

The total expenditure incurred during the reporting period in relation to these consultancies was \$55,842 (excluding GST).

INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

For the 2018-19 reporting period, Development Victoria had a total ICT expenditure of \$3.7 million, with the details shown below.

(\$ THOUSAND)

All operational ICT expenditure	ICT expenditure related projects to create or enhance ICT capabilities		
Business As Usual (BAU) ICT expenditure (Total)	Non-Business As Usual (Non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
\$3,335	\$391	\$141	\$250

ICT expenditure refers to Development Victoria's costs in providing business-enabling ICT services. This figure comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure.

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

FREEDOM OF INFORMATION (FOI)

The *Freedom of Information Act 1982* allows the public a right of access to documents held by Development Victoria. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by Development Victoria. This comprises documents both created by Development Victoria or supplied to Development Victoria by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material handled by Development Victoria is available on Development Victoria's website under its Part II Information Statement.

The Act allows Development Victoria to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include: cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to Development Victoria in confidence.

From 1 September 2017, the Act has been amended to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times.

If an applicant is not satisfied by a decision made by Development Victoria, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

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

When making an FOI request, applicants should ensure requests are in writing and clearly identify what types of material/documents are being sought. An application fee of \$29.60 applies (which may be waived in certain circumstances). Access charges may also be payable (for example, photocopying and search and retrieval charges).

FOI STATISTICS/TIMELINES

For the reporting period, Development Victoria received eight requests (of which one had been transferred by Development Victoria to another agency).

Of the eight requests received by Development Victoria, three were from the media, one was from a Member of Parliament and the remainder were from the general public.

Decision on FOI requests in 2018-19	
Access granted in full	1
Access granted in part	0
Access refused	4
Documents not located/do not exist	0
Transferred to another agency	1
Other	2

Two decisions were made within the extended statutory 30-45 day time period; one decision within 46 to 90 days; and two decisions in greater than 90 days. In two other instances, the request did not proceed as the applicants did not respond to clarification and/or consultation requests from Development Victoria.

The average time taken to finalise requests during the reporting period was 85 days. During the reporting period, two requests were subject to a compliant/internal review by OVIC. As at 30 June 2019, both requests are still under internal review, but the complaint has been closed.

FURTHER INFORMATION

Further information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and www.foi.vic.gov.au.

COMPLIANCE WITH THE *BUILDING ACT 1993*

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

COMPETITIVE NEUTRALITY POLICY

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

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

- Operated in a competitive environment in an open market;
- Operated under the provisions of the *Financial Management Act 1994*, rather than the *Corporations Act 2001*;
- Was subject to State and Commonwealth regulations applying to private sector organisations;
- Was subject to State and Commonwealth taxes, including compliance with the National Tax Equivalent Regime; 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 Development Victoria Act 2003 provided for the Governor in Council, on the recommendation of the Minister, to declare a development, or proposed development, to be a declared project.*
 - *Once established as such, Development Victoria exercised particular powers to facilitate the development of the declared projects.*

COMPLIANCE WITH THE *PROTECTED DISCLOSURE ACT 2012*

The *Protected Disclosures 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.

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.

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

REPORTING PROCEDURES

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

Independent Broad-based Anti-corruption Commission
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.

The Protected Disclosures Policy and Procedures, which outline the procedures for the reporting of disclosures to the IBAC, are available on Development Victoria's website.

COMPLIANCE WITH *CARERS RECOGNITION ACT 2012*

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

These include:

- Incorporating a requirement for all employees to engage in discussions during their quarterly performance check-ins with their manager about workplace flexibility;
- Providing every employee with 4G enabled laptops and tablet devices, delivering physical flexibility in relation to working locations, which gives employees greater control over how they perform their roles.
- Celebrating significant dates on the annual calendar, such as International Women's Day, whereby we share examples of people of all genders from across the organisation who utilise flexible working practices to balance their caring responsibilities;
- Undertaking surveys periodically to understand any potential issues or barriers that may exist in relation to matters pertaining to carer responsibilities such as flexible work. In a survey run in March 2019, 80 per cent of respondents indicated that they had accessed flexible work arrangements (both formal and informal) over the previous 12 months;
- Over the last five years, 95 per cent of employees who have taken parental leave, have returned to work, most initially in a part-time capacity;
- Results from the 2019 People Matter Survey indicating that 87 per cent of employees are confident that a request for flexible work arrangement would be given due consideration. This measure saw a 17 per cent uplift from the previous year's survey.

COMPLIANCE WITH THE *DISABILITY ACT 2006*

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

This includes:

- Delivering compulsory workplace behaviour training during August and September 2018 that emphasised human rights and provided a refresher on anti-discrimination legislation and employer obligations;
- Participating in International Day of People with Disability in December 2018 which included providing work experience to a candidate who identified as a person with a disability;
- Offering Mental Health First Aider training to all employees in 2018 to better equip our people to provide support to others who experience mental health issues in the workplace;
- Undertaking an employee survey in relation to diversity in 2019 that indicated that six per cent of our workforce identify as a person with a disability;
- Results from the 2019 People Matter Survey indicating that the majority of employees believe there is a positive culture within the organisation in relation to employees with disabilities. This measure saw a 20% uplift from the previous year's survey.

OFFICE BASED ENVIRONMENTAL IMPACTS

Over the past year Development Victoria has undertaken a number of initiatives to improve environmental performance within its office. In early 2019 a waste audit was completed indicating room for improvement, and in response new kitchen joinery was installed that clearly separates green, recycling and general waste streams with additional signage to assist staff. A follow up audit will be undertaken late 2019 to measure improvements.

In addition, Development Victoria recently completed a full service of office lighting to ensure office lights are operating efficiently and automatically turn off after work hours. At 7pm each night, all lights switch off and revert to Motion Sensor activation. If activated by movement, lights then turn off after a further three hours.

Development Victoria has also performed an audit on the digital displays in the office to ensure these operate from sensors and are not staying on after hours. Development Victoria is also working on adding visual representation of water and electrical use to digital media within the office space in order to promote staff awareness.

ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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

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

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 29]
- Commitment to employment and conduct principles [page 28]
- Committees of the Board of Development Victoria [page 20]

INFORMATION THAT IS NOT APPLICABLE


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

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

**ATTESTATION FOR FINANCIAL MANAGEMENT
COMPLIANCE WITH MINISTERIAL STANDING DIRECTION
5.1.4 DEVELOPMENT VICTORIA FINANCIAL MANAGEMENT
COMPLIANCE ATTESTATION STATEMENT**

Development Victoria is required to comply with the Standing Directions 2018 under the *Financial Management Act*, which set the standard for financial management by Victorian Government Agencies. Development Victoria undertakes an annual internal review of its performance against these Directions, reviewed by a formal Internal Audit programme. Development Victoria has not identified any Material Compliance Deficiencies in relation to the 2018-19 compliance year.

I, James MacKenzie, Chairperson of Development Victoria, certify that Development Victoria has complied with the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

A handwritten signature in black ink, appearing to read 'James MacKenzie', with a stylized flourish at the end.

James MacKenzie
Chairperson
Melbourne, 29 August 2019

DEVELOPMENT VICTORIA FINANCIAL REPORT

12 MONTHS TO 30 JUNE 2019

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Comprehensive Operating Statement for the financial period ended 30 June 2019

		12 MONTHS TO 30 JUNE 2019	15 MONTHS TO 30 JUNE 2018
	NOTES	\$'000	\$'000
Continuing Operations			
Income from transactions			
Land sales	2.2	196,296	254,661
Interest Income	2.3	2,373	3,055
Other income	2.4	8,201	10,316
Fair value of assets received free of charge	2.5	-	2,387
Total income from transactions		206,870	270,419
Expenses from transactions			
Costs of sales	3.2	[142,458]	[202,168]
Employee benefits	3.3.1	[15,931]	[18,119]
Depreciation and amortisation	4.1.1	[1,740]	[2,209]
Borrowing costs	3.4	[953]	[1,335]
Other operating expenses	3.5	[9,471]	[15,953]
Total expenses from transactions		[170,553]	[239,784]
Net result from transactions before income tax equivalent expense		36,317	30,635
Income tax equivalent (expense)/benefit	5.4	-	-
Net result from transactions after income tax equivalent expense		36,317	30,635
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	8.1	[46]	[1,674]
Net gain/(loss) on financial instruments	8.1	80	106
Write (off)/back of impairments of land inventory	8.1	[8,867]	47,817
Other gains/(losses) from other economic flows	8.1	1,485	[1,576]
Total other economic flows included in net result		[7,348]	44,673
Net result		28,969	75,308
Comprehensive result		28,969	75,308

The accompanying notes form part of these financial statements

Balance Sheet as at 30 June 2019

		30 JUNE 2019	30 JUNE 2018
	NOTES	\$'000	\$'000
Assets			
Financial Assets			
Cash and deposits	6.2	162,145	81,500
Receivables	5.1	52,897	55,313
Investments and other financial assets	4.3	-	17,000
Total Financial Assets		215,042	153,813
Non-financial assets			
Prepayments		1,011	488
Land inventory	5.3	678,933	696,898
Property, plant and equipment	4.1	4,312	4,730
Intangible assets	4.2	417	1,283
Total non-financial Assets		684,673	703,399
Total Assets		899,716	857,212
Liabilities			
Payables	5.2	155,843	117,855
Land sale deposits	5.5	25,523	26,712
Borrowings	6.1	482,305	478,943
Employee related provisions	5.6	4,244	5,211
Provisions	5.6	50,886	67,234
Total liabilities		718,800	695,955
Net assets		180,915	161,257
Equity			
Contributed capital		125,765	125,765
Accumulated surplus/(deficit)		55,150	35,492
Net worth		180,915	161,257

The accompanying notes form part of these financial statements

Cash Flow Statement for the financial period ended 30 June 2019

		12 MONTHS TO 30 JUNE 2019	15 MONTHS TO 30 JUNE 2018
	NOTES	\$'000	\$'000
Cash flows from operating activities:			
Receipts			
Receipts from customers		478,282	522,934
Goods and Services Tax recovered from the ATO		11,303	5,395
Interest received		2,632	2,935
Total receipts		492,217	531,264
Payments			
Payments to suppliers and employees		[396,152]	[454,118]
Interest and other costs of financials paid		[14,096]	[11,944]
Land purchases		[10,831]	[355,497]
Total payments		[421,079]	[821,559]
Net cash flows from/(used in) operating activities	6.2.1	71,138	[290,295]
Cash flows from investing activities:			
Payment for cash deposits	4.3	-	[17,000]
Receipts from cash deposits	4.3	17,000	-
Purchases of non-financial assets		[502]	[4,988]
Cash contribution towards leasehold improvements		-	2,387
Net cash flows from/(used in) investing activities		16,498	[19,601]
Cash flows from financing activities:			
Cash received from activities transferred in		-	165,004
Contributed capital returned to the State Government of Victoria		-	[41,000]
Dividends paid	8.2	[9,400]	[39,816]
Borrowing costs	3.4	[953]	[1,335]
Proceeds from borrowings		3,362	308,543
Net cash flows from/(used in) financial activities		[6,991]	391,396
Net increase/(decrease) in cash and deposits		80,645	81,500
Cash and cash equivalents at the beginning of the financial period		81,500	-
Cash and cash equivalents at the end of financial period	6.2	162,145	81,500

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the financial period ended 30 June 2019

		ACCUMULATED SURPLUS	CONTRIBUTIONS BY OWNER	TOTAL
	NOTES			\$'000
Balance at 1 April 2017				
Administrative restructure - net assets received		-	166,765	166,765
Net result for the period		75,308	-	75,308
Dividend paid	8.2	[39,816]	-	[39,816]
Return of capital to State Government of Victoria		-	[41,000]	[41,000]
Balance at 30 June 2018		35,492	125,765	161,257
Change in accounting policy	8.4	89	-	89
Restated balance at 1 July 2018		35,581	125,765	161,346
Net Result for the year		28,969	-	28,969
Dividend paid	8.2	[9,400]	-	[9,400]
Balance at 30 June 2019		55,150	125,765	180,915

The accompanying notes form part of these financial statements

1. ABOUT THIS REPORT

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

The Authority's registered office is at Level 9, 8 Exhibition Street, Melbourne, Victoria, Australia.

This report covers the 12-month period from 1 July 2018 to 30 June 2019. Comparative information is included for the 15 months ending 30 June 2018.

BASIS FOR PREPARATION

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

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

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

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

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

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

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

- provision for employee benefits (Refer to Note 3.3.2);
- the fair value of property, plant and equipment and leasehold improvements (Refer to Note 4.1.3);
- impairment and Net Realisable Value (NRV) assessment (Refer to Note 5.3); and
- the provision for property and development related costs (Refer to Note 5.6);

Consistent with AASB 13 *Fair Value Measurement*, Development Victoria determines the policies and procedures for recurring fair value measurements such as 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.

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

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

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

VOLUNTARY CHANGES IN ACCOUNTING POLICIES

In the current year, Development Victoria has applied a voluntary change in accounting policy with regards to AASB 107 *Cash Flow Statements*, which has an impact on both the current and comparative period.

Development Victoria's Civic Projects division operates to deliver major project development and delivery services to Victorian State Government clients. The division operates by receiving cash flows in advance from clients, which is then used to fund project delivery. A nominal project management fee is charged to clients to cover Development Victoria's cost of delivering this service.

In the prior period, given the immaterial net impact on the cash flow statement, cash flows from the Civic Projects division were not included. Development Victoria undertook an assessment in the year and resolved that in order to assist users of the financial statements in understanding of the business, a revision of policy would be undertaken in 2019, and the cash flow statement for the period ended 30 June 2018 restated in 2019.

The impact on the 2018 restated Cash Flow is detailed in the following table:

	2018	2018 RESTATED	RESTATED IMPACT
	\$'000	\$'000	\$'000
Receipts			
Receipts from Customers	262,075	522,934	260,858
Goods and services tax recovered from the ATO	5,395	5,395	-
Interest Received	2,935	2,935	-
Total Receipts	270,405	531,264	260,858
Payments			
Payments to suppliers and employees	(193,259)	(454,118)	(260,858)
Interest and other costs of financials paid	(11,944)	(11,944)	-
Land purchases	(355,497)	(355,497)	-
Total Payments	(560,700)	(821,559)	(260,858)
Net Cash flows from/(used in operating activities)	(290,295)	(290,295)	-

Further disclosure of Development Victoria's relationship with Victorian State Government clients, delivering major project development and delivery services, is detailed in Note 8.7 Related Parties.

GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of the associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to, the taxation authority is included with the other receivables or payables in the balance sheet.

COMPLIANCE INFORMATION

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

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

2. FUNDING DELIVERY OF OUR SERVICES

INTRODUCTION

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

Structure

2.1	Summary of income that funds the delivery of our services	45
2.2	Land sales	45
2.3	Interest income	46
2.4	Other income	46
2.5	Fair value of assets received free of charge	46

2.1 SUMMARY OF INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES		2019	2018
	NOTES	\$'000	\$'000
Land sales	2.2	196,296	254,661
Interest income	2.3	2,373	3,055
Other income	2.4	8,201	10,316
Fair value of assets received free of charge	2.5	-	2,387
Total income from transactions		206,870	270,419

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

2.2 LAND SALES	2019	2018
	\$'000	\$'000
Property Development Land Sales	131,171	244,136
Precinct Lands Sales	50,785	-
Project management fees	11,340	10,525
Total land sales	196,296	254,661

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

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

Outside of development agreements, land is transacted through land sale contracts under terms of an initial deposit and full payment on contract settlement, with any relevant revenue share distributions to partners determined on the date of settlement.

Income from land sales is recognised by Development Victoria when:

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

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

Development Victoria has undertaken an assessment regarding the impact of AASB 15 *Revenue from Contracts with Customers* and identified a nil transition impact between 2018 and 2019 revenue recognition.

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

2.3 INTEREST INCOME	2019	2018
	\$'000	\$'000
Interest from bank deposits	798	297
Interest from deposits with Treasury Corporate Victoria	1,575	2,758
Total Interest from financial assets at amortised cost	2,373	3,055
Total interest income	2,373	3,055

2.4 OTHER INCOME	2019	2018
	\$'000	\$'000
Property rental income	8,195	5,276
Other revenue	7	5,040
Total other income	8,202	10,316

Property rental income is recognised on a time proportional basis and is brought to account when Development Victoria's right to receive the rental is established.

2.5 FAIR VALUE OF ASSETS RECEIVED FREE OF CHARGE	2019	2018
NOTES	\$'000	\$'000
Fair value of assets received free of charge	-	2,387

Contributions of resources received free of charge are recognised at fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use.

3. THE COST OF DELIVERING GOODS AND SERVICES

INTRODUCTION

This section presents the major components of expenditure incurred by Development Victoria in relation to operating activities during the reporting period, as well as any related obligations outstanding as at 30 June 2019.

Structure

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3.2	Cost of sales	46
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3.5	Other operating expenses	49

3.1 EXPENSES INCURRED IN DELIVERY OF GOODS AND SERVICES	2019	2018
NOTES	\$'000	\$'000
Cost of sales	3.2 142,458	202,168
Employee benefit expenses	3.3.1 15,931	18,119
Borrowing costs	3.4 953	1,335
Other operating expenses	3.5 9,471	15,953
Total expenses incurred in delivery of goods and services	168,814	237,575

3.2 COST OF SALES	2019	2018
	\$'000	\$'000
Cost of land sales	128,090	187,484
Salaries, wages, long service leave and on costs	14,368	14,684
Total cost of sales	142,458	202,168

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

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

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

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

3.3 EMPLOYEE BENEFITS EXPENSES

3.3.1 EMPLOYEE BENEFITS IN THE COMPREHENSIVE OPERATING STATEMENT		2019	2018
	NOTES	\$'000	\$'000
Salaries and wages, annual and long service leave and on costs		13,001	15,335
Defined benefit superannuation expense	3.3.3	22	47
Defined contribution superannuation expense	3.3.3	2,599	2,271
Termination benefits		309	466
Total employee expenses		15,931	18,119

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

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

3.3.2 EMPLOYEE BENEFITS IN THE BALANCE SHEET		2019	2018
		\$'000	\$'000
Current Provisions			
Employee benefits - Annual leave			
Unconditional and expected to be settled within 12 months		1,316	1,200
Employee benefits - Long service leave			
Unconditional and expected to be settled within 12 months		468	597
Unconditional and expected to be settled after 12 months		1,261	1,892
On-costs			
Unconditional and expected to be settled within 12 months		259	281
Unconditional and expected to be settled after 12 months		143	296
Total current provisions for employee benefits (Note 5.6)		3,446	4,266
Non-current provisions:			
Employee benefits		716	556
On-costs		81	87
Total non-current provisions for employee benefits (Note 5.6)		797	643
Total provisions for employee benefit		4,244	4,909

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

WAGES, SALARIES AND ANNUAL LEAVE

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

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

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

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

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

The components of the current LSL liability are measured at:

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

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

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

3.3.3 SUPERANNUATION CONTRIBUTIONS

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

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

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

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

The superannuation contributions made by Development Victoria are as follows:

SUPERANNUATION CONTRIBUTIONS	2019	2018
	\$'000	\$'000
Paid contribution for the period		
Defined benefits plan	20	45
Defined contribution plans	2,381	2,111
Contribution outstanding at period end		
Defined benefit plan	2	2
Defined contribution plans	218	160
Total contribution outstanding at period end	220	162

3.4 BORROWING COST	2019	2018
	\$'000	\$'000
Interest on loans from Treasury Corporation of Victoria	12,912	9,041
Financial accommodation levy	4,461	4,238
	17,373	13,279
Borrowing costs capitalised to inventories	[16,420]	[11,944]
Total Borrowing costs	953	1,335

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

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

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

3.5 OTHER OPERATING EXPENSES	2019	2018
	\$'000	\$'000
Marketing expenses	2,052	2,178
Operating expenses	4,791	7,693
Operating lease expenses	1,797	5,033
Insurance	831	1,050
Total other operating expenses	9,471	15,953

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

Operating lease expenses are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term. The leased asset is not recognised in the balance sheet.

4. KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY

INTRODUCTION

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

Structure

4.1	Total property, plant and equipment	49
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4.1.3	Property plant & equipment at fair value	51
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4.2	Intangible assets	52
4.3	Investments and other financial assets	53

4.1 TOTAL PROPERTY, PLANT AND EQUIPMENT	2019
	\$'000
	GROSS CARRYING AMOUNT
	ACCUMULATED DEPRECIATION
	NET CARRYING AMOUNT
Plant and equipment	1,921
Leasehold improvements	5,574
Buildings	575
Total Infrastructure, property, plant and equipment	8,070
	[3,758]
	4,312

4.1 TOTAL PROPERTY, PLANT AND EQUIPMENT			2018
			\$'000
	GROSS CARRYING AMOUNT	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT
Plant and equipment	1,528	(976)	552
Leasehold improvements	5,465	(1,287)	4,178
Buildings	574	(574)	-
Total Property, plant and equipment	7,567	(2,837)	4,730

INITIAL RECOGNITION

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

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

SUBSEQUENT MEASUREMENT

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

4.1.1 DEPRECIATION AND AMORTISATION	2019	2018
Charge for the period	\$'000	\$'000
Infrastructure	-	212
Plant and equipment	291	311
Leasehold improvements	582	477
Buildings	-	61
Capitalised software	867	1,148
Total cost of sales	1,740	2,209

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

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

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

Class of Assets	Useful life
Infrastructure	3 to 10 years
Buildings	4 to 40 years
Plant and equipment	3 to 10 years
Leasehold improvements	7 to 15 years
Capitalised software	5 years

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

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

IMPAIRMENT

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

4.1.2 RECONCILIATION OF MOVEMENTS IN CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT	2019				
	\$'000				
	INFRASTRUCTURE	BUILDINGS	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
Transfers in from business combinations	-	-	552	4,177	4,729
Additions	-	-	393	109	503
Disposals	-	-	(46)	-	(46)
Depreciation	-	-	(291)	(582)	(873)
Carrying amount at the end of the financial period	-	-	608	3,704	4,312

4.1.2 RECONCILIATION OF MOVEMENTS IN CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT					2018
					\$'000
	INFRASTRUCTURE	BUILDINGS	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
Transfers in from business combinations	1,304	642	280	507	2,734
Fair value of assets received free of charge	-	-	-	2,387	2,387
Additions	-	-	583	1,761	2,344
Disposals	(1,092)	(581)	-	-	(1,673)
Depreciation	(212)	(61)	(311)	(477)	(1,061)
Carrying amount at the end of the financial period	-	-	552	4,178	4,730

4.1.3 PROPERTY, PLANT AND EQUIPMENT AT FAIR VALUE

Structure

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

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

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

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

	2019 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	GROSS CARRYING AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3
Plant and equipment	608	-	-	608
Leasehold improvements	3,704	-	-	3,704
Total property, plant and equipment	4,312	-	-	4,312

	2018 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	GROSS CARRYING AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3
Plant and equipment	552	-	-	552
Leasehold improvements	4,178	-	-	4,178
Total property, plant and equipment	4,730	-	-	4,730

4.1.4 RECONCILIATION OF LEVEL 3 FAIR VALUE					2019
					\$'000
	OTHER INFRASTRUCTURE	BUILDINGS	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
Opening balance	-	-	552	4,177	4,729
Purchases	-	-	393	109	503
Disposals	-	-	(46)	-	(46)
Depreciation	-	-	(291)	(582)	(873)
Closing balance	-	-	608	3,704	4,312

4.1.4 RECONCILIATION OF LEVEL 3 FAIR VALUE					2018
					\$'000
	OTHER INFRASTRUCTURE	BUILDINGS	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
Transfers in from business combinations	1,304	642	280	507	2,734
Purchases	-	-	583	4,148	4,731
Disposals	(1,092)	(581)	-	-	(1,673)
Depreciation	(212)	(61)	(311)	(477)	(1,061)
Carrying amount at the end of the financial period	-	-	552	4,178	4,730

Description of significant unobservable inputs to Level 3 valuations

Fair value measurement at end of reporting period using:

2019	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)	SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS
Plant & Equipment	Current 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
Leasehold Improvements	Current 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

4.2 INTANGIBLE ASSETS	2019 \$'000	2018 \$'000
	SOFTWARE	SOFTWARE
Gross Carrying Amount		
Opening balance	4,152	-
Transfers in from business combinations	-	8,540
Additions	-	257
Disposals	(13)	(4,645)
Closing Balance	4,139	4,152
Accumulated depreciation and amortisation		
Opening balance	(2,869)	-
Transfers in from business combinations	-	(6,366)
Amortisation of intangible non-produced assets	(866)	(1,148)
Disposals	13	4,645
Closing Balance	(3,722)	(2,869)
Net book value at end of the financial period	417	1,283

INITIAL RECOGNITION

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

An **internally generated intangible asset** arising from development is recognised if, and only if, all of the following is demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) an intention to complete the intangible asset and use or sell it;
- (c) the ability to use and sell the intangible asset;
- (d) the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

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

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a straight line basis over their useful lives or 5 years, whichever is shorter.

Impairment of intangible assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the Comprehensive Operating Statement.

4.3 INVESTMENTS AND OTHER FINANCIAL ASSETS

CURRENT INVESTMENTS AND OTHER FINANCIAL ASSETS	2019	2018
	\$'000	\$'000
Term deposits: (a)		
Australian dollar term deposits > three months	-	17,000
Total current investments and other financial assets	-	17,000

Notes:

(a) Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

5. OTHER ASSETS AND LIABILITIES

INTRODUCTION

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

Structure

5.1	Receivables	53
5.2	Payables	55
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5.1 RECEIVABLES	2019	2018
	\$'000	\$'000
Contractual		
Trade receivables	17,681	5,121
Provision for estimated credit loss	[104]	[184]
Amounts receivable under development agreements	26,156	37,173
Other receivables	3,867	600
Statutory		
GST input tax credit recoverable	5,297	12,603
Total receivables	52,897	55,313
<i>Represented by:</i>		
Current receivables	40,593	29,754
Non-current receivables	12,304	25,559
Total receivables	52,897	55,313

Receivables consist of:

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

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

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

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

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

Expected Credit Loss

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

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

AGEING ANALYSIS OF CONTRACTUAL RECEIVABLES							\$'000
2019	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED				
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	GREATER THAN 1 YEAR	EXPECTED CREDIT LOSS
Trade receivables	17,681	7,774	8,020	69	1,642	72	104
Amounts receivable under development	26,156	26,156	-	-	-	-	-
Other receivables	3,867	3,867	-	-	-	-	-
Total	47,704	37,797	8,020	69	1,642	72	104

AGEING ANALYSIS OF CONTRACTUAL RECEIVABLES							\$'000
2018	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED				
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	GREATER THAN 1 YEAR	IMPAIRMENT
Trade receivables	5,121	2,341	1,974	250	372	-	184
Amounts receivable under development	37,173	37,173	-	-	-	-	-
Other receivables	600	596	-	-	4	-	-
Total	42,894	40,110	1,974	250	376	-	184

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

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

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

5.2 PAYABLES	2019	2018
	\$'000	\$'000
Contractual		
Trade payables	10,083	1,765
Other creditors	131,320	95,967
Accrued expenses	6,498	7,620
Deferred income	45	2,147
Total contractual payables	147,946	107,499
Statutory		
Accrued expenses	7,491	4,250
Deferred income	406	6,106
Total statutory payables	7,897	10,356
Total payables	155,843	117,855
<i>Represented by:</i>		
Current Payables	155,797	117,830
Non-current payables	46	25
Total payables	155,843	117,855

Payables consist of:

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

(a) Trade payables and accrued expenses

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

(b) Other creditors

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

(c) Deferred income

These amounts represent income under development agreements where milestones for revenue recognition have not been met.

AGEING ANALYSIS OF CONTRACTUAL PAYABLES						\$'000
2019	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED			
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	GREATER THAN 1 YEAR
Trade payables	10,083	9,737	256	88	2	-
Other creditors	131,320	131,320	-	-	-	-
Accrued expenses	6,498	6,498	-	-	-	-
Deferred income	45	45	-	-	-	-
	147,946	147,600	256	88	2	-

AGEING ANALYSIS OF CONTRACTUAL PAYABLES						\$'000
2018	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED			
			LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	GREATER THAN 1 YEAR
Trade payables	1,765	-	1,765	-	-	-
Other creditors	95,967	76,922	-	19,045	-	-
Accrued expenses	7,620	7,620	-	-	-	-
Deferred income	2,147	2,147	-	-	-	-
	107,499	86,689	1,765	19,045	-	-

5.3 INVENTORIES	2019	2018
	\$'000	\$'000
Inventories		
Development properties	198,976	190,843
Land under development	307,272	313,044
Undeveloped Land	172,685	193,011
Total inventories	678,933	696,898

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

Cost includes:

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

Overhead allocations and salaries are not capitalised into inventory.

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

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

A land inventory impairment can be reversed by either:

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

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

Total Inventory includes \$16.4 million borrowing costs capitalised during the period, and the write off of \$8.8 million asset relating to the Revitalising Central Dandenong project, relating to a remeasurement of associated future income.

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

5.4 INCOME AND DEFERRED TAX

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

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

(a) Current tax

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

(b) Deferred tax

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

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

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

(a) Income tax equivalent (expense)/benefit

The major components of the income tax equivalent expense are:

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

(b) Amounts charged or credited directly to equity

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

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

**2019
\$'000**

Accounting profit/(loss) from continuing activities before income tax equivalent expense	28,969
Accounting profit/(loss) from ordinary activities subject to income tax equivalent expense	11,365
Prima facie income tax calculated at 30%	3,410
Effect of tax losses not recognised as deferred tax assets	-
Effect of temporary differences not recognised as deferred tax assets and liabilities	(3,410)
Aggregate income tax equivalent expense/(benefit)	-

	2019 \$'000	2019 \$'000
(d) Recognised deferred tax assets and liabilities	Current income tax	Deferred income tax
Opening balance	-	-
Charged to income	-	-
Other payment	-	-
Closing balance	-	-
Tax equivalent expense in the Comprehensive Operating Statement		
Amounts recognised in the balance sheet:		-
Current tax assets		-
Current tax liabilities		-
Deferred tax asset		10,767
Deferred tax liability		(10,767)
		-

(e) Unrecognised deferred tax assets

Unused tax losses for which no deferred tax assets have been recognised are \$26,332,000.

(a) Income tax equivalent (expense)/benefit

The major components of the income tax equivalent expense are:

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

(b) Amounts charged or credited directly to equity

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

(c) Numerical reconciliation between aggregate tax expense recognised in the comprehensive operating statement and tax expense calculated per the statutory income tax rate**2018
\$'000**

Accounting profit/(loss) from continuing activities before income tax equivalent expense	75,308
Accounting profit/(loss) from ordinary activities subject to income tax equivalent expense	42,763
Prima facie income tax calculated at 30%	12,829
Effect of tax losses not recognised as deferred tax assets	-
Effect of temporary differences not recognised as deferred tax assets and liabilities	(12,829)
Aggregate income tax equivalent expense/(benefit)	-

	2018 \$'000	2018 \$'000
(d) Recognised deferred tax assets and liabilities	Current income tax	Deferred income tax
Opening balance	-	-
Charged to income	-	-
Other payment	-	-
Closing balance	-	-

Tax equivalent expense in the Comprehensive Operating Statement

Amounts recognised in the balance sheet:

Current tax assets	-
Current tax liabilities	-
Deferred tax asset	9,676
Deferred tax liability	(9,676)
	-

(e) Unrecognised deferred tax assets

Unused tax losses for which no deferred tax assets have been recognised are \$29,742,000.

5.5 LAND SALE DEPOSITS	2019	2018
	\$'000	\$'000
Land sale deposits	25,523	26,712
Total land sale deposits	25,523	26,712
<i>Represented by:</i>		
Current payables	3,005	1,486
Non-current payables	22,518	25,226
Total land sale deposits	25,523	26,712

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

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

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

5.6 PROVISIONS	2019	2018
	\$'000	\$'000
Current provisions		
Property and development related costs (a)	17,021	33,337
Onerous contracts (b)	-	469
Employee benefits	3,447	4,266
Employee restructuring	-	302
Other provisions	3,900	3,900
Total current provisions	24,368	42,274
Non-current provisions		
Property and development related costs (a)	29,442	29,005
Other provision	523	523
Employee benefits	797	643
Total non-current provisions	30,762	30,171
Total provisions	55,130	72,445
Employee related provisions	4,244	5,211
Provisions	50,886	67,234

(a) Property and development related costs relate to present obligations to carry out future development works under relevant planning permits or development agreements. The property and development related costs of \$46.5 million relates to Docklands infrastructure of \$30.7 million and development project portfolio of \$15.7 million.

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

RECONCILIATION OF MOVEMENT IN PROVISIONS	2019				
	PROPERTY AND DEVELOPMENT RELATED COSTS	ONEROUS CONTRACTS	EMPLOYEE BENEFITS & RESTRUCTURING	OTHER PROVISIONS	\$'000
Opening balance	62,342	469	5,211	4,423	72,445
Additional provisions recognised	20,952	-	1,209	-	22,161
Amounts utilised during the year	(36,831)	-	(692)	-	(37,523)
Reductions resulting from remeasurement	-	(469)	(1,485)	-	(1,954)
Closing balance	46,463	-	4,243	4,423	55,130

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

6. HOW WE FINANCE OUR OPERATIONS

INTRODUCTION

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

Structure

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6.1 BORROWINGS	2019	2018
	\$'000	\$'000
Current borrowings		
Loans from Treasury Corporation of Victoria	128,805	187,543
Total current borrowings	128,805	187,543
Non-current borrowings		
Loans from Treasury Corporation of Victoria	353,500	291,400
Total non-current borrowings	353,500	291,400
Total borrowings	482,305	478,943

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

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

Development Victoria has designated certain financial liability at amortised cost at fair value through net result to eliminate or significantly reduce the accounting mismatch that would otherwise arise. All other interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. For financial liabilities designated at fair value through net result, all transaction costs are expensed as incurred. And they are subsequently measured at fair value with changes in fair value relating to Development Victoria's own credit risk recognised in other comprehensive income and the remaining amount of changes in fair value recognised in net result. Amounts in other comprehensive income related to credit risk are not subject to recycling in profit loss but are transferred to retained earnings when realised.

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

All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. For financial liabilities designated at fair value through net result, all transaction costs are expensed as incurred, and subsequently measured at fair value with changes in fair value relating to Development Victoria's own credit risk recognised in other comprehensive income and the remaining amount of changes in fair value recognised in net result. Amounts in other comprehensive income related to credit risk are not subject to recycling in profit loss but are transferred to retained earnings when realised.

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 Development 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.

MATURITY ANALYSIS OF BORROWINGS							
2019	MATURITY DATES						
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS - 1 YEAR	1- 5 YEARS	5+ YEARS
Loans from TCV	482,305	482,305	45,905	35,000	47,900	310,000	43,500
Total	482,305	482,305	45,905	35,000	47,900	310,000	43,500

MATURITY ANALYSIS OF BORROWINGS							
2018	MATURITY DATES						
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS - 1 YEAR	1- 5 YEARS	5+ YEARS
Loans from TCV	478,943	478,943	167,543	20,000	-	227,900	63,500
Total	478,943	478,943	167,543	20,000	-	227,900	63,500

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

Interest expense is recognised in the period in which it is incurred.

INTEREST EXPENSE INCLUDING CAPITALISED BORROWING COST	2019	2018
	\$'000	\$'000
Interest on government loans	17,373	13,279
Total interest expense	17,373	13,279

6.2 CASH FLOW INFORMATION AND BALANCES

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

	2019	2018
Cash at bank and on hand	162,145	4,852
Deposits at call Treasury Corporation of Victoria	-	76,648
Cash and cash equivalents	162,145	81,500

6.2.1 RECONCILIATION OF NET RESULT FOR THE PERIOD TO CASH FLOW FROM OPERATING ACTIVITIES	2019	2018
	\$'000	\$'000
Net result for the period	28,969	75,308
Non-cash movements:		
Depreciation and amortisation of non-current assets	1,740	2,209
Assets provided free of charge	-	(2,387)
(Gain)/loss on disposal of non-current assets	46	1,674
Remeasurement of inventory	8,867	-
Write-back of previous impairments of inventory	-	(47,817)
Provision for doubtful debts	(80)	(106)
(Gain)/loss arising from revaluation of long service liability	(1,485)	1,576
Movements included in investing and financing activities:		
Borrowing costs expensed not relating to operating activities	953	1,335
Movements in assets and liabilities:		
(Increase)/decrease in receivables	2,584	(8,045)
(Increase)/decrease in inventories	9,099	(310,748)
(Increase)/decrease in other non-financial assets	(524)	14
Increase/(decrease) in payables	37,988	91,545
Increase/(decrease) in provisions	(15,830)	(38,161)
Increase/(decrease) in other liabilities	(1,189)	(56,692)
Net cash flow from/(used in) operating activities	71,138	(290,295)

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

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

6.3 LEASES AND FINANCIAL ARRANGEMENTS

Operating leases relate to properties owned by Development Victoria with lease terms between 1 and 20 years, with an option to extend a further 6 years. Properties are held as part of the Inventory balance, with rental revenue an incidental aspect of Development Victoria's long term intention to develop the site. 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.

	2019	2018
	\$'000	\$'000
Non-cancellable operating lease receivables		
Not longer than one year	9,384	7,308
Longer than one year but not longer than five years	26,479	26,795
Longer than five years	7,414	14,181
Total	43,277	48,284

6.4 COMMITMENTS FOR EXPENDITURE

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

6.4.1 TOTAL COMMITMENTS PAYABLE	\$'000			
NOMINAL AMOUNTS 2019	LESS THAN 1 YEAR	1-5 YEARS	5+ YEARS	TOTAL
Operating and lease commitments payable	2,753	9,402	6,355	18,510
Capital commitments payable [a]	-	74,760	-	74,760
Total commitments (inclusive of GST)	2,753	84,162	6,355	93,270
Less GST receivable	250	7,651	577	8,478
Less GST receivable	2,503	76,511	5,778	84,792

6.4.1 TOTAL COMMITMENTS PAYABLE	\$'000			
NOMINAL AMOUNTS 2018	LESS THAN 1 YEAR	1-5 YEARS	5+ YEARS	TOTAL
Operating and lease commitments payable	2,207	8,791	8,006	19,004
Capital commitments payable [a]	-	74,760	-	74,760
Total commitments (inclusive of GST)	2,207	83,551	8,006	93,764
Less GST receivable	200	7,595	727	8,522
Total commitments (exclusive of GST)	2,007	75,956	7,279	85,242

[a] Capital Commitments relate to a contractual obligation at 30 June 2019 to purchase land on 30 June 2021.

7. RISK, CONTINGENCIES AND JUDGEMENTS

INTRODUCTION

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

Structure

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7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

INTRODUCTION

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

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

Categories of financial assets under AASB 9

Financial assets at amortised cost

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

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

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

The following assets are recognised in this category:

- cash and deposits;
- receivables; and
- term deposits

Categories of financial assets previously under AASB 139

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). Development Victoria recognises the following assets in this category:

- cash and deposits;
- receivables; and
- term deposits.

Categories of financial liabilities under AASB 9 and previously under AASB 139

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

Development Victoria recognises the following liabilities in this category:

- payables;
- interest payable; and
- borrowings.

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

- the rights to receive cash flows from the asset have expired; or
- Development Victoria retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- Development Victoria has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION				\$'000
2019	FINANCIAL ASSETS/ LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT/LOSS (FVTPL)	FINANCIAL ASSETS AT AMORTISED COST (AC)	FINANCIAL LIABILITIES AT AMORTISED COST (AC)	TOTAL
Contractual financial assets				
Cash and deposits	-	162,145	-	162,145
Receivables				
Sale of goods and services	-	47,704	-	47,704
Total contractual financial assets	-	209,849	-	209,849
Contractual financial liabilities				
Payables				
Supplies and services	-	-	120,359	120,359
Amounts payable to government and agencies	-	-	27,587	27,587
Borrowings				
Loans from TCV	-	-	482,305	482,305
Total contractual financial liabilities	-	-	630,251	630,251

7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION				\$'000
2018	FINANCIAL ASSETS/ LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT/LOSS (FVTPL)	FINANCIAL ASSETS AT AMORTISED COST (AC)	FINANCIAL LIABILITIES AT AMORTISED COST (AC)	TOTAL
Contractual financial assets				
Cash and deposits	-	81,500	-	81,500
Receivables				
Sale of goods and services	-	42,894	-	42,894
Investments and other contractual financial assets				
Term deposits	-	17,000	-	17,000
Total contractual financial assets	-	141,394	-	141,394
Contractual financial liabilities				
Payables				
Supplies and services	-	-	87,436	87,436
Amounts payable to government and agencies	-	-	20,063	20,063
Borrowings				
Loans from TCV	-	-	478,943	478,943
Total contractual financial liabilities	-	-	586,442	586,442

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

7.1.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Financial instruments: Credit risk

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

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

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

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

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

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

CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PASSED DUE NOR IMPAIRED			\$'000
2019	GOVERNMENT AGENCIES (AAA RATING)	OTHER (MIN BBB CREDIT RATING)	TOTAL
Cash and deposits	162,145	-	162,145
Trade & other receivables (a)	-	21,548	21,548
Amounts receivable under development agreements	-	26,156	26,156
Term deposits	-	-	-
Total contractual financial assets	162,145	47,704	209,849

CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PASSED DUE NOR IMPAIRED			\$'000
2018	GOVERNMENT AGENCIES (AAA RATING)	OTHER (MIN BBB CREDIT RATING)	TOTAL
Cash and deposits	81,500	-	81,500
Trade & other receivables (a)	-	5,721	5,721
Amounts receivable under development agreements	-	37,173	37,173
Term deposits	17,000	-	17,000
Total contractual financial assets	98,500	42,894	141,394

Notes:

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

Impairment of financial assets under AASB 9 – applicable from 1 July 2018

From 1 July 2018, Development Victoria has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include Development Victoria's contractual receivables, statutory receivables and its investment in debt instruments.

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

Contractual receivables at amortised cost

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

On this basis, Development Victoria determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as follows:

						\$'000
1 JULY 2018	CURRENT	31-60 DAYS	61-90 DAYS	91-365 DAYS	365+ DAYS	TOTAL
Expected Loss Rate	0%	0%	0%	17%	100%	
Gross carrying amount of contractual receivables	40,110	1,974	251	558	1	42,894
Loss allowance	-	-	-	94	1	95

						\$'000
30 JUNE 2019	CURRENT	31-60 DAYS	61-90 DAYS	91-365 DAYS	365+ DAYS	TOTAL
Expected Loss Rate	0%	0%	0%	1%	55%	
Gross carrying amount of contractual receivables	37,798	8,020	69	1,659	159	47,704
Loss allowance	-	-	-	17	87	104

			\$'000
	2019	2018	
Balance at beginning of the year	(184)	(290)	
Opening retained earnings adjustment on adoption of AASB 9	89	-	
Opening Loss Allowance	(95)	(290)	
Increase in provision recognised in the net result	(9)	-	
Reversal of unused provision recognised in the net result	-	106	
Balance at end of the year	(104)	(184)	

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

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables at amortised cost

From 1 July 2018, Development Victoria has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include Development Victoria's contractual receivables, statutory receivables and its investment in debt instruments.

Financial instruments: Liquidity risk

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

Development Victoria operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of dispute, making payments within 30 days from date of resolution.

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

Development Victoria manages liquidity risk by:

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

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

Financial instruments: Market risk

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

Interest Rate Risk

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

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

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

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

Sensitivity Disclosure Analysis

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

INTEREST RATE RISK SENSITIVITY					
	\$'000	DECREASE BY 100 BASIS POINTS		INCREASE BY 100 BASIS POINTS	
	CARRYING AMOUNT	COMPREHENSIVE RESULT	EQUITY	COMPREHENSIVE RESULT	EQUITY
2019					
Contractual financial assets:					
Cash and cash deposits (a)	162,145	(1,621)	(1,621)	1,621	1,621
Receivables (c)	47,704	-	-	-	-
Contractual financial liabilities:					
Payables (c)	147,946	-	-	-	-
Borrowings (b)	482,305	(459)	(459)	459	459
Total impact		(2,080)	(2,080)	2,080	2,080

INTEREST RATE RISK SENSITIVITY					
	\$'000	DECREASE BY 100 BASIS POINTS		INCREASE BY 100 BASIS POINTS	
	CARRYING AMOUNT	COMPREHENSIVE RESULT	EQUITY	COMPREHENSIVE RESULT	EQUITY
2018					
Contractual financial assets:					
Cash and cash deposits (a)	81,500	(815)	(815)	815	815
Receivables (c)	42,710	-	-	-	-
Contractual financial liabilities:					
Payables (c)	107,499	-	-	-	-
Borrowings (b)	478,943	(1,675)	(1,675)	1,675	1,675
Total impact		(2,490)	(2,490)	2,490	2,490

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: (\$162,145m x 0.01 = \$1.62m).
- (b) Sensitivity of borrowings to a one per cent movement in market interest rate. Only the liabilities with a variable rate (\$45.9m) are subject to the sensitivity.
- (c) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and taxes payable).

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

INTEREST RATE RISK EXPOSURE OF FINANCIAL INSTRUMENTS					\$'000
2019	WEIGHTED AVERAGE INTEREST RATE %	TOTAL CARRYING AMOUNT PER BALANCE SHEET	FIXED INTEREST RATE	FLOATING INTEREST RATE	NON- INTEREST BEARING
Financial assets					
Cash and deposits	1.40%	162,145	-	162,145	-
Receivables (a)					
Trade receivables		17,681	-	-	17,681
Amounts receivable under development agreements		26,156	-	-	26,156
Other receivables		3,867	-	-	3,867
Investments - Term deposits		-	-	-	-
Total contractual financial assets		209,849	-	162,145	47,704
Financial liabilities					
Payables (b)					
Trade & other payables		147,946	-	-	147,946
Borrowings					
Loans from TCV	4.64%	482,305	436,400	45,905	-
Total contractual financial liabilities		630,251	436,400	45,905	147,946

INTEREST RATE RISK EXPOSURE OF FINANCIAL INSTRUMENTS					\$'000
2018	WEIGHTED AVERAGE INTEREST RATE %	TOTAL CARRYING AMOUNT PER BALANCE SHEET	FIXED INTEREST RATE	FLOATING INTEREST RATE	NON- INTEREST BEARING
Financial assets					
Cash and deposits	1.45%	81,500	-	81,500	-
Receivables (a)					
Trade receivables		5,121	-	-	5,121
Amounts receivable under development agreements		37,173	-	-	37,173
Other receivables		600	-	-	600
Investments - Term deposits	2.04%	17,000	17,000	-	-
Total contractual financial assets		141,394	17,000	81,500	42,894
Financial liabilities					
Payables (b)					
Trade and other payables		107,499	-	-	107,499
Borrowings					
Loans from TCV	5.04%	478,943	311,400	167,543	-
Total contractual financial liabilities		586,442	311,400	167,543	107,499

Notes:

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

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

7.2 FAIR VALUE DETERMINATION

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

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

The following assets and liabilities are carried at fair value:

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

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

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

Fair value estimation

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

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

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

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

7.2.1 FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND LIABILITIES

Development Victoria currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short term nature or with the expectation that they will be paid in full by the end of the 2019 reporting period.

These financial instruments include:

FINANCIAL ASSETS	FINANCIAL LIABILITIES
Cash and deposits	Payables
Receivables:	• Supplies and services
• Sales of goods and services	• Amounts payable to government and agencies
• Receivables	• Other payables
Investments and other contractual financial assets:	Borrowings:
• Term deposits	• Loans from TCV

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

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST				\$'000
2019	CARRYING AMOUNT 2019	FAIR VALUE 2019	CARRYING AMOUNT 2018	FAIR VALUE 2018
Financial assets				
Receivables				
Term deposits	-	-	17,000	16,995
Financial liabilities				
Payables				
Loans from TCV	482,305	497,954	478,943	485,349

7.3 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

Contingent assets

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

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

QUANTIFIABLE CONTINGENT ASSETS	2019	2018
	\$'000	\$'000
Contingent assets		
Bank guarantees (a)	77,484	92,289
Total	77,484	92,289

Notes:

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

Contingent liabilities

Contingent liabilities Contingent liabilities are:

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

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

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

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

QUANTIFIABLE CONTINGENT LIABILITIES	2019	2018
	\$'000	\$'000
Bank guarantees (a)	20,884	21,921
Total	20,884	21,921

Note:

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

8. OTHER DISCLOSURES

INTRODUCTION

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

Structure

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8.1 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

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

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

	2019	2018
	\$'000	\$'000
Net gain/(loss) on non-financial assets		
Disposal of property plant and equipment (including intangible assets)	[46]	[1,674]
Write back of previous impairments of land inventory/(Impairment of land inventory) (c)	[8,867]	47,817
Total net gain/(loss) on non-financial assets (a)	[8,913]	46,143
Net gain/(loss) on financial instruments		
Impairment of:		
Reversal of bad debt provision	-	106
Loans and Receivables	80	-
Total net gain/(loss) on financial instruments	80	106
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	1,485	[1,576]
Total other gains/(losses) from other economic flows (b)	1,485	[1,576]
Total	[7,348]	44,673

Notes:

- (a) Net gain/(loss) on disposal of non-financial assets is recognised at the date of disposal and is determined after deducting the proceeds from disposal from the carrying value of the asset at the time.
- (b) Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rate.
- (c) Impairment of land inventory relating to the Revitalising Central Dandenong project, further to re-measurement of future revenues.

8.2 DIVIDENDS PAID

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

PAID	2019
	\$'000
Development Victoria paid 2017-18 Declared Project Dividends on 29 October 2018, in accordance with a consultation letter from the Treasurer of the State of Victoria dated 4 October 2018.	9,400
Total dividends paid	9,400

PAID	2018
	\$'000
Development Victoria paid 2015-16 and 2016-17 Declared Project Dividends on 30 November 2017, in accordance with a consultation letter from the Treasurer of the State of Victoria dated 25 October 2017.	10,041
Development Victoria paid a 2015-16 and 2016-17 Revitalising Central Dandenong Project Dividends on 30 November 2017, in accordance with a consultation letter from the Treasurer of the State of Victoria dated 25 October 2017.	4,775
Development Victoria paid a 2017-18 special dividend on 29 June 2018, in accordance with a consultation letter from the Treasurer of the State of Victoria dated 28 June 2018.	25,000
Total dividends paid	39,816

8.3 JOINT OPERATIONS

Development Victoria has eight joint operations of which two are considered material. These are:

1. Riverwalk, Werribee, Victoria

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

3. Avondale Heights, Victoria

This 4.3 hectare site was previously the Kangan Batman TAFE Avondale Heights campus. Development Victoria owns the land and 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 Development Victoria and Frasers Property was agreed in the Agreement. There is a Project Control Group with equal membership and voting rights from both Development Victoria and Frasers Property.

8.4 CHANGE IN ACCOUNTING POLICIES

Development Victoria is applying AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* for the first time in the year ending 30 June 2019.

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.

Revenue from contracts with customers are recognised when performance obligations outlined in the contract with the customer is met, at the consideration to which DV expects to be entitled to, as outlined in the same contract.

Development Victoria has performed a detailed impact assessment of AASB 15 and identified a nil impact upon Development Victoria's financial statements. No adjustment to the financial statements is proposed.

AASB 9 *Financial Instruments*

Development Victoria has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

- (a) any adjustments to carrying amounts of financial assets or liabilities are recognised at beginning of the current reporting period with difference recognised in opening retained earnings; and
- (b) financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

AASB 9 introduces a major change to hedge accounting. However, it is Development Victoria's policy not to apply hedge accounting.

This note explains the impact of the adoption of AASB 9 *Financial Instruments* on Development Victoria's financial statements.

8.4.1 CHANGES TO CLASSIFICATION AND MEASUREMENT IN ACCOUNTING POLICIES

On initial application of AASB 9 on 1 July 2018, Development Victoria's management has assessed for all financial assets based on Development Victoria's business models for managing the assets.

Development Victoria has performed a detailed impact assessment of AASB 9 and identified the following changes to the classification of financial assets:

- (a) Contractual receivables previously classified as other loans and receivables under AASB 139 are now reclassified as financial assets at amortised cost under AASB 9. A decrease of \$89,000 in loss allowance for these assets was recognised in an opening retained earnings for the period.
- (b) Term deposits previously classified as held to maturity under AASB 139 are now reclassified as financial assets at amortised cost under AASB 9. There was no difference between the previous carrying amount and the revised carrying amount at 1 July 2018 to be recognised in opening retained earnings

The following table summarises the required and elected reclassification upon adoption of AASB 9. The main effects resulting from the reclassification are as follows:

AASB 9 MEASUREMENT CATEGORIES					\$'000
AS AT 30 JUNE 2018	AASB 139 MEASUREMENT CATEGORIES	FAIR VALUE THROUGH NET RESULT (DESIGNATED)	FAIR VALUE THROUGH NET RESULT (MANDATORY)	AMORTISED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
Loans and receivables (a)					
Sale of goods and services	42,110	-	-	42,110	-
Other receivables	600	-	-	600	-
Held to maturities					
Term deposits (b)	17,000	-	-	17,000	-
As at 1 July 2018	59,710	-	-	59,710	-

8.4.2 CHANGES TO THE IMPAIRMENT OF FINANCIAL ASSETS

Changes to the impairment of financial assets

Under AASB 9, all loans and receivables as well as other debt instruments not carried at fair value through net result are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For other loans and receivables, Development Victoria applies the AASB 9 simplified approach to measure expected credit losses based on the change in the ECLs over the life of the asset. Application of the lifetime ECL allowance method results in a decrease in the impairment loss allowance of \$89,000. Refer to note 7.12 for details about the calculation of the allowance. The loss allowance increased further by \$9,000 for these financial assets during the financial year.

For debt instruments at amortised costs, Development Victoria considers them to be low risk and therefore determines the loss allowance based on ECLs associated with the probability of default in the next 12 months. Applying the ECL model does not result in recognition of additional loss allowance (previous loss allowance was nil). No further increase in allowance in the current financial year.

8.4.3 TRANSITION IMPACT

Transition impact

The transition impact of first-time adoption of AASB 9 on the Comprehensive Operating Statement and Balance Sheet has been summarised in the following tables.

Impact on Comprehensive Income Statement as at 1 July 2018 as follows:

COMPREHENSIVE OPERATING STATEMENT	NOTES	30 JUNE 2018
Impairment of financial assets	7.12	89
Comprehensive income		89

Impact on Balance Sheet is illustrated with the following reconciliation between the carrying amounts under AASB 139 at 30 June 2018 and the balances reported under AASB 9 at 1 July 2018 for each affected balance sheet line item:

BALANCE SHEET					\$'000
	NOTES	AMOUNT AT 30 JUNE 2018	RECLASSIFICATION	REMEASUREMENT (ECL)	RESTATED AMOUNT AT 1 JULY 2018
Cash and Deposits	6.2	81,500	-	-	81,500
Loans and receivables	5.1	55,313	(55,313)	-	-
Financial assets held for maturity	4.3	17,000	(17,000)	-	-
Financial assets at amortised cost		-	72,313	-	72,313
Impairment loss allowance	5.1	(184)	-	89	(95)
Other financial assets		-	-	-	-
Total financial assets		153,629	-	89	153,718
Total liabilities		695,955	-	-	695,955
Accumulated surplus/(deficit)		35,492	-	89	35,581
Other items in equity		125,765	-	-	125,765
Total equity		161,257	-	89	161,346

8.5 RESPONSIBLE PERSONS

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

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

Name	Position	Relevant period
The Hon. Jacinta Allan	Minister for Major Projects	1 July 2018 to 30 November 2018
The Hon. Gavin Jennings	Minister for Priority Precincts	1 December 2018 to 30 June 2019
James MacKenzie	Chairperson	1 July 2018 to 30 June 2019
Tony De Domenico	Deputy Chairperson	1 July 2018 to 18 March 2019
Graeme Parton	Acting Deputy Chairperson	9 May 2019 to 30 June 2019
Tamara Brezzi	Board member	1 July 2018 to 1 May 2019
Rebecca Casson	Board member	1 July 2018 to 30 June 2019
Justin Hanney	Board member	1 July 2018 to 29 November 2018
Natalie MacDonald	Board member	1 July 2018 to 30 June 2019
Graeme Parton	Board member	1 July 2018 to 30 June 2019
Christine Wyatt	Board member	1 July 2018 to 30 June 2019
Lou Farinotti	Board member	1 July 2018 to 30 June 2019
Megan Haas	Board member	14 May 2019 to 30 June 2019
Jacqui Walters	Board member	14 May 2019 to 30 June 2019
Angela Skandarajah	Chief Executive Office (Accountable Officer)	4 February 2019 to 30 June 2019
Angela Skandarajah	Acting Chief Executive Officer (Accountable Officer)	1 July 2018 to 3 February 2019

8.6 REMUNERATION

Remuneration received or receivable by the Accountable Officer in connection with the management of Development Victoria during the 12 month reporting period is listed below. The CEO's remuneration was in the range: \$420,000 - \$429,000 for the reporting period. [\$680,000 - \$689,000 in the prior period].

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

8.6.1 REMUNERATION OF RESPONSIBLE PERSONS

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

	12 month period 2019	15 month period 2018
\$0	2	2
\$1 - \$9,999	2	0
\$30,000 - \$39,999	2	0
\$40,000 - \$49,999	4	1
\$50,000 - \$59,999	0	3
\$70,000 - \$79,999	0	1
\$100,000 - \$119,999	1	0
\$130,000 - \$139,999	0	1
Total number of responsible persons	11	8
Total remuneration (\$'000)	348	430

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

8.6.2 REMUNERATION OF EXECUTIVES

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

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

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

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

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

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

	FINANCIAL YEAR 2019	15 MONTH PERIOD 2018
REMUNERATION OF EXECUTIVE OFFICERS		
Short-term employee benefit	7,445	8,550
Post-employment benefit	706	700
Other long-term benefit	396	195
Termination benefit	-	75
Total remuneration (a)	8,547	9,520
Total number of executives	39	37
Total annualised employee equivalent (AEE) (b)	29.15	29.23

Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Development Victoria under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Refer to Note 8.6)

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

8.7 RELATED PARTIES

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

Related parties of Development Victoria include:

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

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

Significant transactions with government-related entities

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

GOVERNMENT-RELATED ENTITIES	NATURE OF TRANSACTION	2019 \$'000	2018 \$'000
Revenue			
Department of Treasury and Finance	Rental Revenue	-	670
Department of Jobs, Precincts and Regions (*)	Rental Revenue	-	1,518
Major Projects Victoria	Rental Revenue	-	441
Department of Environment, Land Water and Planning	Cost reimbursements for staff secondments	-	611
Department of Education and Training	Land sales revenue	27,307	-
Department of Jobs, Precincts and Regions (*)	Capital provided towards civic infrastructure projects	17,565	45,299
Department of Jobs, Precincts and Regions (*)	Project cost recovery	20,419	-
Melbourne and Olympic Parks Trust	Capital provided towards civic infrastructure projects	133,649	63,262
Department of Health and Human Services Victoria	Capital provided towards civic infrastructure projects	219	2,924
State Library Victoria	Capital provided towards civic infrastructure projects	52,564	21,798
Victorian Arts Centre Trust	Capital provided towards civic infrastructure projects	395	480
Kardinia Park Stadium Trust	Capital provided towards civic infrastructure projects	2,023	829
State Sport Centres Trust	Capital provided towards civic infrastructure projects	15,860	1,650
Department of Transport (*)	Cost reimbursements for staff secondments	521	-
Department of Transport (*)	Capital provided towards civic infrastructure projects	24,076	-
Department of Premier and Cabinet	Capital provided towards civic infrastructure projects	-	1,360
Department of Premier and Cabinet	Project Cost Recovery	2,036	-
Melbourne Water Corporation	Land sale revenue	-	632
Yarra Valley Water	Authority contributions towards infrastructure costs	8,388	447
Expenditure			
Department of Jobs, Precincts and Regions(*)	Land acquisition payments	-	14,038
Department of Education and Training	Land acquisition payments	-	31,900
Department of Education and Training	Utility Contribution	15,000	-
Department of Environment, Land Water and Planning	Professional fees - Land valuations	-	612
Department of Environment, Land Water and Planning	Land Valuations	335	-
Department of Health and Human Services	Utility Contribution	519	-
Department of Transport (*)	Project Costs	688	-
Department of Treasury and Finance	Recovery of Costs	688	-
Department of Treasury and Finance	Dividends	9,400	39,815
Department of Treasury and Finance	Financial accommodation levy	4,401	4,239
Department of Treasury and Finance	Land acquisition payments	7,552	3,239
Department of Treasury and Finance	Local government rate related charges & other charges	932	858
Melbourne Water Corporation	Revenue share from development agreements	14,132	13,776
Melbourne Water Corporation	Authority Contribution	1,140	-
State Library of Victoria	Project Costs	1,506	-

GOVERNMENT-RELATED ENTITIES	NATURE OF TRANSACTION	2019 \$'000	2018 \$'000
Expenditure (continued)			
State Revenue Office	Land Tax Assessment	6,870	-
State Revenue Office	Congestion Levy	8,247	-
Victorian Auditor General Office	Audit Fees	138	134
Victorian Managed Insurance Authority	Insurances	899	997
Other			
Treasury Corporation of Victoria (TCV)	Cash and deposits	-	98,500
Treasury Corporation of Victoria (TCV)	Borrowings	482,305	478,943

**Previously Department of Economic Development, Jobs, Transport and Resources*

Development Victoria delivers major project development and delivery services to clients within the Victorian State Government. This service may involve the delivery of projects end to end on behalf of a client department or client Minister and typically includes the development of a project business case to support a funding request by the client department through to project delivery. All work is completed on a fee-for-service basis, with only consultancy fees associated with projects recognised as revenue. Although Development Victoria administers project budgets on behalf clients the budget risk remains with the client agency (refer to note 1).

Key management personnel of Development Victoria include the named Responsible persons members of Development Victoria's Board, the Chief Executive Officer as disclosed in Note 8.5, and members of the Senior Executive Team, which includes:

KEY MANAGEMENT PERSONNEL	POSITION TITLE	2018-2019
The Hon. Jacinta Allan	Minister for Major Projects	1 July 2018 to 30 November 2018
The Hon. Gavin Jennings	Minister for Priority Precincts	1 December 2018 to 30 June 2019
James MacKenzie	Chairperson	1 July 2018 to 30 June 2019
Tony De Domenico	Deputy Chairperson	1 July 2018 to 18 March 2019
Graeme Parton	Acting Deputy Chairperson	9 May 2019 to 30 June 2019
Tamara Brezzi	Board member	1 July 2018 to 18 March 2019
Rebecca Casson	Board member	1 July 2018 to 1 May 2019
Justin Hanney	Board member	1 July 2018 to 29 November 2018
Natalie MacDonald	Board member	1 July 2018 to 30 June 2019
Graeme Parton	Board member	1 July 2018 to 30 June 2019
Christine Wyatt	Board member	1 July 2018 to 30 June 2019
Lou Farinotti	Board member	1 July 2018 to 30 June 2019
Megan Haas	Board member	14 May 2019 to 30 June 2019
Jacqui Walters	Board member	14 May 2019 to 30 June 2019
Angela Skandarajah	Chief Executive Officer (Accountable Officer)	4 February 2019 to 30 June 2019
Angela Skandarajah	Acting Chief Executive Officer (Accountable Officer)	1 July 2018 to 3 February 2019
Manny Bikakis	CFO and Group Head Operations	4 February 2019 to 30 June 2019
Manny Bikakis	CFO and Acting Group Head Operations	1 July 2018 to 3 February 2019
Geoff Ward	Group Head - Precincts	1 July 2018 to 30 June 2019
Neil Anderson	Group Head - Property	30 July 2018 to 30 June 2019
Tom Considine	Group Head - Strategy and Civic Infrastructure	4th February 2019 to 30 June 2019
Tom Considine	Acting Group Head - Strategy and Civic Infrastructure	1 July 2018 to 3rd February 2019

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.

	2019	2018
COMPENSATION OF KMPS	\$'000	\$'000
Short - term benefits	2,294	4,332
Post employment benefits	161	292
Other long term benefits	41	72
Termination benefits	-	133
Total compensation [a]	2,496	4,830

Note:

[a] Note that KMPS (excluding the CEO) are also reported in the disclosure of remuneration of executive officers [Note 8.5].

Transactions and balances with key management personnel and other related parties

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

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

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

The following Board directors were employees of Victorian Government Departments during the reporting period:

Ms Christine Wyatt: Department of Jobs, Precincts and Regions (DJPR)

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

Mr James MacKenzie: Director (President) of Victorian Arts Centre Trust and Chairmen of Victorian Funds Management Corporation (VFM).

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

8.8 REMUNERATION OF AUDITORS

	2019 \$'000	2018 \$'000
Remuneration of the Victorian Auditor-General's Office for:		
Audit of the financial statements	138	134
Total remuneration of Victorian Auditor-General's Office	138	134
Other non-audit services [a]		
Total remuneration of non-audit services	-	-
Total	138	134

[a] The Victorian Auditor-General's Office is not allowed to provide non-audit services.

8.9 SUBSEQUENT EVENTS

No subsequent events have been identified.

8.10 DEED OF SUPPORT

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

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

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

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

8.11 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

The table below outlines the accounting pronouncements that have been issued but not effective for 2018-19, applicable to Development Victoria, which may result in potential impacts on public sector reporting for future reporting periods.

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON ENTITY FINANCIAL STATEMENTS
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	01-July-2019	<p>The assessment has indicated that some operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact in the operating surplus.</p> <p>DV have performed a detailed impact assessment of AASB16 and the potential impact in the initial year of application has been estimated as follows:</p> <ul style="list-style-type: none"> - \$17.5m of additional right of use assets on the balance sheet; - \$17.5m of corresponding lease liabilities; - Additional depreciation expense of \$2.6m; and - Additional \$376k of interest expense <p>No change for lessors.</p>
AASB 1059 <i>Service Concession Arrangements: Grantor</i>	The principle of AASB 1059 requires a grantor to record assets used in service concession arrangements at current replacement cost, in accordance with AASB 13.	01-July-2019	No material service concessions have been identified by Development Victoria.

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

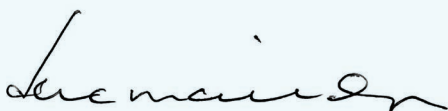
DECLARATION IN THE FINANCIAL STATEMENTS

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of Development Victoria at 30 June 2019.

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

We authorise the attached statements for issue on 29 August 2019



James MacKenzie
Chairperson



Angela Skandarajah
CEO



Manny Bikakis
Group Head Operations

Independent Auditor's Report

To the Board of Development Victoria

Opinion	<p>I have audited the financial report of Development Victoria (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • certification of financial statements for the period ended 30 June 2019. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other Information	<p>The Board of the authority is responsible for the Other Information, which comprises the information in the authority's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>

AUDITOR GENERAL'S REPORT

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

AUDITOR GENERAL'S REPORT

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

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
13 September 2019



Simone Bohan
as delegate for the Auditor-General of Victoria

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DISCLOSURE INDEX

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

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With the exception of the Development Victoria Financial Statements and Additional Reporting Requirements, the information contained in this document is based on material and information collated by Development Victoria, its employees and consultants and from publicly available information.

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



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