VICTORIAN COMPREHENSIVE CANCER CENTRE

JOINT VENTURE

Financial Report

for the year ended

30 June 2021

Contents of the Financial Report

Introduction

This is the Financial Report of the Victorian Comprehensive Cancer Centre joint venture for 2020/21. The Victorian Comprehensive Cancer Centre is an unincorporated entity which was formed when the Member Entities entered into a Joint Venture Agreement on 11 November 2009 for the purpose of establishing a comprehensive cancer centre in Victoria.

A description of the nature of the joint venture operation and its principal activities is included in the Review of Operations.

For enquiries in relation to the Financial Report:
please call: + 61 3 8559 7064, or
email to: craig.zanker@unimelb.edu.au

Glossary

VCCC	Victorian Comprehensive Cancer Centre joint venture
VCCC Ltd, or The Company	Victorian Comprehensive Cancer Centre Ltd
AASB	Australian Accounting Standards Board
DH	Department of Health, Victoria
GST	Goods and Services Tax
State	The Crown in the right of the State of Victoria
SPP	Strategic Program Plan (2021-24)
SRP	Strategic Research Plan (2016-20)

Joint Venture Information

The Member Entities entered into a Joint Venture Agreement on 11 November 2009 for the purposes of establishing a world leading comprehensive cancer centre in Victoria. The Member Entities in Clause 8 of the Joint Venture Agreement agreed to appoint the Victorian Comprehensive Cancer Centre Ltd (the Company) to manage the joint venture. Clause 8 of the Joint Venture Agreement provides authority to the Company to exercise all the powers and rights of the Member Entities in respect of joint venture assets. Further, Clause 8 of the Joint Venture Agreement provides for the Company to hold all joint venture assets as bare trustee for the Member Entities and their respective beneficial interests.

Member Entities
Melbourne Health
Peter MacCallum Cancer Institute (trading as the Peter MacCallum Cancer Centre)
The Royal Women's Hospital
The University of Melbourne
St Vincent's Hospital (Melbourne) Limited
The Walter and Eliza Hall Institute of Medical Research
The Royal Children's Hospital
Western Health
Austin Health
Murdoch Childrens Research Institute

Principal Place of Business
Level 10
305 Grattan Street
Melbourne, Victoria, 3000
Phone: + 61 3 9035 4505

Mailing Address
PO Box 2148
Royal Melbourne Hospital
Victoria, 3050

Auditors
Victorian Auditor-General’s Office
Level 31, 35 Collins Street
Melbourne, Victoria, 3000

Review of Operations

The manager of the joint venture submits the financial report for the year ended 30 June 2021.

The year-ended 30 June 2021 has seen important steps in the progress of the VCCC and delivering on our objectives. It saw the conclusion of delivery of a four-year Strategic Research Plan (SRP) funded by the Department of Health (DH). The plan represented the shared vision and purpose of people and organisations committed to working together in new and better ways towards optimising outcomes for cancer patients. The SRP was due for finalisation by 30 June 2020, however this was extended to 31 December 2020 due to the impacts of the COVID-19 pandemic.

Outcomes of the Strategic Research Plan included: supporting new investigator-initiated clinical trials, clinical trials across new disciplines, upskilling the cancer workforce, the launch of the new Master of Cancer Science with the University of Melbourne, creating cancer nursing research capability, collaborative immunotherapy programs and embedding consumer engagement across the spectrum of our activities.

The VCCC was successful in obtaining a further 3.5 years and $27.66m of program funding from the Department of Health for the delivery of a new Strategic Program Plan (SPP) which commenced 1 January 2021 and for which an initial payment of $4.01m was received this year. Program work in the September 2020 to 30 June 2021 was largely focussed with final planning for the SPP and initial rollout and recruitment of new staff to deliver the plan.

The SPP will enable strategic programs to:
1. Improve data linkage to accelerate cancer research;
2. Embed translational research into routine care;
3. Invest in initiatives to improve equity and ensure world-class cancer outcomes for all Victorians; and
4. Lead the world in cancer education through a new Victorian Centre for Cancer Education.

The VCCC was also succesful in obtaining additional funding to support the succesfull SKILED internship program through the Victorian Government Department of Jobs, Precincts and Regions as well as MTP Connect.

The COVID-19 pandemic impacted operations through significant periods of remote working for the entire VCCC workforce and provided minor impacts in relation to program outcomes. The extension of the Strategic Research Plan to 31 December 2020 and a delayed Victorian State budget resulted in lower than expected expenditure and contributions in the financial year.

The overall result for the year is a $4.512m deficit and comes about due to receiving significantly front-ended revenue in the previous four-year SRP funding agreement (predominantly received in FY 2017 and 2018 and all received prior to FY 2021) and significant program expenditure from this plan being pushed into the first half of the financial year as a result of the extension.

Review of Operations (continued)

Income ($8.4m) is lower than the previous financial year ($11.3m), primarily due to a decrease in Grants from Department of Health being received during this year. Program funding relating to the SRP was all receieved in prior years and an initial payment ($4.01m) on execution of a new funding agreement was received in the second-half of the financial year.

The categorisation of expenditure has changed this year as projects within the new Strategic Program Plan include elements relating to two or more of the previous classifications of project expenditure (Research, Education & Training and Clinical Research Focus) and therefore makes classification in this manner difficult. The VCCC has moved to categorise project expenditure by nature rather than function moving forward and this can be seen in the Comprehensive Operating Statement. Balances relating to the prior SRP can be seen in the original categories this year, with new project expenditure moving to the new categories.

Overall, project expenditure is down from $9.6m last year to $7.5m this year and this is reflective of the significant time planning during the year. Final payments for the SRP and initial payments for programs that continue into the SPP have been made this year.

Employee benefits expense is down from $5m to $4.3m as the VCCC saw significant staff turnover during the year and recruitment for new roles commenced later in the year once planning for the SPP had progressed.

Conference expenditure reduced from $320k in the previous year to $nil this year as no major conferences were scheduled. Decreases in travel costs (down $169k) due to the pandemic and reductions in professional fees this year contributed to the decrease to supplies and services of $700k.

The VCCC has secured ongoing recurrent funding from DH for the period 1 July 2020 to 30 June 2023 which supports approximately $1.5M in central costs and is matched by the Members of the joint venture.

Significant Events after Balance Date

There were no significant events after Balance Date which affected or may affect the operations of the VCCC, the results of operations or the state of affairs of the VCCC in future financial years.

Signed in accordance with a resolution of the Board of the Victorian Comprehensive Cancer Centre Ltd, the manager of the joint venture.

Professor Linda Kristjanson
Chairperson
Victorian Comprehensive Cancer Centre Ltd

Dated: 30th August 2021
Melbourne

Declaration by the manager of VCCC Joint Venture - Victorian Comprehensive Cancer Centre Ltd

In the opinion of the manager of the joint venture:

(i) The Comprehensive Operating Statement is drawn up so as to present fairly the results of the joint venture for the financial year ended 30 June 2021;

(ii) The Balance Sheet is drawn up so as to present fairly the state of affairs of the joint venture as at 30 June 2021;

(iii) The Statement of Changes in Equity is drawn up so as to present fairly the results of the joint venture for the financial year ended 30 June 2021;

(iv) The Cash Flow Statement is drawn up so as to present fairly the cash flows of the joint venture for the financial year ended 30 June 2021;

(v) At the date of this statement there are reasonable grounds to believe that the joint venture will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Board of the Victorian Comprehensive Cancer Centre Ltd, the manager of the joint venture.

L. Kristjanson
Chairperson

G. McArthur
Executive Director

C. Zanker
Director of Finance & Corporate Services

Melbourne
Dated: 30th August 2021

Comprehensive Operating Statement
for the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue and income from transactions			
Income from Member Entities	2	1,542,010	1,519,220
Grants from Department of Health	2	5,552,010	8,719,222
Other grant funding	2	597,888	63,000
Other income	2	578,890	714,181
Interest income	2	15,899	142,735
Rental revenue	2	137,358	149,308
Total revenue and income from transactions		**8,424,055**	**11,307,667**
Expenses from transactions			
Project Expenditure			
Research Projects		(1,898,303)	(3,782,095)
Education and Training Projects		(268,468)	(720,810)
Clinical Research Focus Projects		(4,039,784)	(5,107,276)
Member Employees		(779,629)	-
Member Goods & Services		(84,168)	-
Non-Member Employees		(237,667)	-
Non-Member Goods & Services		(221,743)	-
		(7,529,762)	(9,610,181)
Other expenses			
Employee benefit expense	3(a)	(4,349,236)	(5,017,482)
Supplies and services	3(b)	(1,000,026)	(1,681,734)
Depreciation and amortisation expense	3(c)	(57,440)	(65,793)
Total expenses from transactions		**(12,936,464)**	**(16,375,190)**
Net result from transactions (net operating balance)		**(4,512,409)**	**(5,067,523)**
Comprehensive result		**(4,512,409)**	**(5,067,523)**

This Comprehensive Operating Statement should be read in conjunction with the accompanying notes included on pages 12 to 30.

Balance Sheet
as at 30 June 2021

	Notes	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	4	5,586,328	6,071,891
Other financial assets	5	-	4,500,000
Trade and other receivables	6	130,592	314,313
Prepayments		84,979	336,339
Total Current assets		**5,801,899**	**11,222,543**
Non-Current assets			
Investment in Cancer Therapeutics CRC		-	18,497
Plant and equipment	7	116,344	100,970
Intangibles	8	50,611	69,016
Total non-current assets		**166,955**	**188,483**
Total assets		**5,968,854**	**11,411,026**
Liabilities			
Current liabilities			
Payables and contract liabilities	9	487,066	1,271,441
Provisions	10	339,164	417,862
Total Current liabilities		**826,230**	**1,689,303**
Non-Current liabilities			
Trade and other payables	9	90,000	150,000
Provisions	10	88,606	95,297
Total Non-Current liabilities		**178,606**	**245,297**
Total liabilities		**1,004,836**	**1,934,600**
Net assets		**4,964,018**	**9,476,426**
Equity			
Accumulated surplus		4,964,018	9,476,427
Total equity		**4,964,018**	**9,476,427**

Contingent assets and contingent liabilities	16	
Commitments for expenditure	17	

This Balance Sheet should be read in conjunction with the accompanying notes included on pages 12 to 30.

Statement of Changes in Equity
for the year ended 30 June 2021

2021	Note	Equity at 1 July 2020 $	Total comprehen-sive result $	Equity at 30 June 2021 $
Accumulated surplus		9,476,427	(4,512,409)	4,964,018
Total equity at end of financial year		**9,476,427**	**(4,512,409)**	**4,964,018**

2020	Note	Equity at 1 July 2019 $	Total comprehen-sive result $	Equity at 30 June 2020 $
Accumulated surplus		14,543,950	(5,067,523)	9,476,427
Total equity at end of financial year		**14,543,950**	**(5,067,523)**	**9,476,427**

This Statement of Changes in Equity should be read in conjunction with the accompanying notes included on pages 12 to 30.

Cash Flow Statement
for the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts			
Receipts from Member Entities		1,579,990	1,481,241
Receipts from Department of Health		6,107,211	9,591,144
Other grant funding		525,000	-
Other income		842,375	1,045,019
Interest income		19,018	210,260
Total receipts		**9,073,594**	**12,327,664**
Payments			
Payments for supplies and services		(10,120,809)	(11,714,537)
Payments for employee benefits		(3,878,784)	(4,583,088)
Goods and Services Tax received from (payed to) the ATO		(5,124)	(5,610)
Total payments		**(14,004,717)**	**(16,303,235)**
Net cash flows from operating activities	12	**(4,931,123)**	**(3,975,571)**
Cash flows from investing activities			
Payments for non-financial assets		(54,440)	(21,093)
Receipts from term deposits and other deposits		4,500,000	5,000,000
Net cash flows used in investing activities		**4,445,560**	**4,978,907**
Net increase in cash and cash equivalents		**(485,563)**	**1,003,336**
Cash and cash equivalents at the beginning of financial year		6,071,891	5,068,555
Cash and cash equivalents at the end of financial year	4	**5,586,328**	**6,071,891**

This Cash Flow Statement should be read in conjunction with the accompanying notes included on pages 12 to 30.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies

(a) Basis of preparation of Financial Report

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations and other mandatory requirements.

The Victorian Comprehensive Cancer Centre is a not for profit entity and therefore applies the additional paragraphs applicable to "not for profit" entities under Australian Accounting Standards.

The reporting period is from 1 July 2020 to 30 June 2021. The reporting period for the 2020 comparative period is from 1 July 2019 to 30 June 2020.

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, VCCC was required to comply with various restrictions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which VCCC operates.

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 is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2021, and the comparative information presented in these financial statements for the year ended 30 June 2020.

The financial report is prepared in accordance with the historical cost convention and on the going concern basis.

The financial statements include all the controlled activities of the Victorian Comprehensive Cancer Centre.

A description of the nature of the VCCC's operations is included in the Review of Operations, which does not form part of these financial statements.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Victorian Comprehensive Cancer Centre. All amounts shown in the financial statements are expressed to the nearest $1. Figures in the financial statements may not equal due to rounding.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Historical cost is based on the fair values of the consideration given in exchange for assets.

In the application of Australian Accounting Standards management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation of Financial Report (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgments made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the Notes to the financial statements.

The nature of significant judgments, estimates and assumptions are described throughout the Notes to the Financial Statements.

The following is a summary of the material accounting policies adopted by the VCCC in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Revenue Recognition

Key judgements and estimates

Identifying performance obligations - VCCC applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.
If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring VCCC to recognise revenue as or when the joint venture transfers promised goods or services to customers.
If this criteria is not met, funding is recognised immediately in the net result from operations.

Determining timing of revenue recognition - VCCC applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.

Revenue and income from transactions

To recognise revenue, VCCC assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: Revenue from Contracts with Customers.

When both these conditions are satisfied, the joint venture:
- Identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfied its performance obligations, at the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, in accordance with AASB 1058 - Income for not-for-profit entities, the joint venture:
- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (Continued)

(b) Revenue Recognition (continued)

Government Grants
Grants received from government do not have sufficiently specific performance obligations and therefore have been recognised as income on receipt in accordance with AASB 1058.

Income from Member Entities
Amounts received from member entities have been recognised as income on receipt in accordance with AASB 1058.

Interest Income
Interest income is recognised on a time proportionate basis that considers the effective yield of the financial asset, which allocates interest over the relevant

Other income
Amounts disclosed as other revenue and income come from varied sources and are recognised under both AASB 15 and AASB 1058 depending on the individual arrangements.
Contracted sponsorship revenue is recognised under AASB 15 as performance obligations are satisfied. Other types of income such as conference income received through a professional conference organiser and reimbursement of expenses where no contract exists are recognised under AASB 1058 on receipt.

Rental revenue
Rental revenue relates to shared office and laboratory space in the VCCC building governed by the VCCC. The performance obligation is the provision of this space to other parties and revenue is recognised over time.

(c) Expenses from transactions

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

Project expenses include payments to other entities for staff costs and the provision of goods and services to support completion of collaborative projects. Explanations for categories of expenditure are as follows:
Research Projects: project expenses for collaborative programs in cutting-edge areas of cancer research.
Education & Training Projects: project expenses to build capacity and capability of the cancer workforce.
Clinical Research Focus: project expenses to grow clinical trials in new areas and allow greater patient participation in trials.

(d) Employee Benefit Expenses

Employee Benefit Expenses include wages and salaries, annual leave, sick leave, long service leave and superannuation expenses.

Employees of the Victorian Comprehensive Cancer Centre are entitled to receive superannuation benefits and contributions are made to defined contribution superannuation plans which are expensed when incurred.

(e) Depreciation and amortisation

Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost, or valuation, over their estimated useful lives using the straight-line method. Estimates of remaining lives and depreciation method for all assets are reviewed at least annually.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (Continued)

(e) Depreciation and amortisation (continued)

The following table indicates the expected useful lives of non-current and intangible assets on which the depreciation charges are based.

	2021	2020
Office Equipment	10 years	10 years
Computer Equipment (including software)	3-5 years	3-5 years
Leasehold Improvements	10 years	10 years
Website	5 years	5 years

(f) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(g) Other financial assets

Investments and other financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs. VCCC assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(h) Trade and Other Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of statement.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

An expected credit loss allowance is raised when there is a risk of default and expected loss.

(i) Prepayments

Prepayments primarily relate to project costs from members where the work will occur into the next financial year. Other minor operational costs for travel, services and training are also included.

(j) Plant and equipment

Items of plant and equipment are measured initially at cost, and subsequently revalued at fair value less accumulated depreciation and impairment loss.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. 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).

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (Continued)

(j) Plant and equipment (continued)
Peppercorn leases and asset valuation

A number of leases that the VCCC has entered into result in a transaction where the consideration to acquire the asset is significantly less than its fair value principally to enable the VCCC to further its objectives. In December 2018, the Australian Accounting Standards Board provided temporary relief from the requirement to measure right-of-use assets from peppercorn (or "concessionary") leases to fair value at initial recognition and subsequent measurement. Entities that apply this temporary exemption may recognise right-of-use assets at cost. The VCCC has elected to initially and subsequent measure right-of-use assets from peppercorn leases at cost.

The VCCC has entered into two leases for office and laboratory space with the Peter MacCallum Cancer Centre that have significantly below-market terms:

(i) Dedicated administrative office including office furniture for 31 staff on level 10 of the Victorian Comprehensive Cancer Centre at 305 Grattan St, Melbourne.
Lease payments are $1 per annum for a period of 25 years with reimbursement for utilities for the occupied space.

(ii) Administrative office space including office furniture for 14 staff and three meeting rooms on level 13 of the Victorian Comprehensive Cancer Centre at 305 Grattan St, Melbourne.
Lease payments are $1 per annum for a period of 4 years with reimbursement for utilities for the occupied space.

(k) Impairment of assets

All non financial assets are assessed annually for indications of impairment.
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 as an expense.

(l) Payables and contract liabilities

Payables - these balances represent liabilities for goods and services provided to the joint venture prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract Liabilities - VCCC applies significant judgment to measure its progress towards satisfying a performance obligation. Where a performance obligation is yet to be satisfied, the entity assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer.

(m) Provisions

Provisions are recognised when the VCCC has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.
The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (Continued)

(m) Provisions (continued)

Employee Benefits

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

i. Annual Leave

Liabilities for annual leave are recognised in the provision for employee benefits as 'current liabilities' because the VCCC does not have an unconditional right to defer settlements of these liabilities.
Depending on the expectation of the timing of settlement, liability for annual leave are measured at:

- Nominal value - if the VCCC expects to wholly settle within 12 months; or
- Present value - if the VCCC does not expect to wholly settle within 12 months.

ii. Long Service Leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.
Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the VCCC 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. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value - if the VCCC expects to wholly settle within 12 months; or
- Present value - if the VCCC does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. Any gain or loss followed 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 estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

iii. On-costs

Employee benefit on-costs, such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

(n) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.
Receivables and payables are stated with the amount of GST included.
The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.
Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as an operating cash flow.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (Continued)

(o) Commitments for expenditure

Commitments for future expenditure are not recognised on the balance sheet but are disclosed by way of a note at their nominal value and are inclusive of GST payable.

In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(p) Contingent assets and Contingent liabilities

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

(q) Intangible assets

Intangible assets are initially recognised at cost. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. VCCC assigns an estimated useful life to each intangible asset

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(r) New Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. As at 30 June 2021, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2021. The joint venture has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Financial Statements
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified. AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date was issued in August 2020 and defers the effective date to annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022, with earlier application permitted.	01-Jan-23	The assessment has indicated that there will be no significant impact for the VCCC.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2020-21 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

• AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.

• AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 2. Revenue and income from transactions

	2021 $	2020 $
Income from transactions		
Income from Member Entities		
Melbourne Health	154,201	151,922
Peter MacCallum Cancer Institute (trading as the Peter MacCallum Cancer Centre)	154,201	151,922
The Royal Women's Hospital	154,201	151,922
The University of Melbourne	154,201	151,922
St Vincent's Hospital (Melbourne) Limited	154,201	151,922
The Walter and Eliza Hall Institute of Medical Research	154,201	151,922
The Royal Children's Hospital	154,201	151,922
Western Health	154,201	151,922
Austin Health	154,201	151,922
Murdoch Childrens Research Institute	154,201	151,922
Total Contributions from Member Entities	1,542,010	1,519,220
Grants from Department of Health	5,552,010	8,719,222
Other Grant Funding	597,888	63,000
Other Income	578,890	714,181
Interest Income	15,899	142,735
	8,286,697	**11,158,357**
Revenue from contracts with customers		
Rental revenue	137,358	149,308
	137,358	**149,308**
Total revenue and income from transactions	**8,424,055**	**11,307,665**

Note 3. Expenses from transactions

(a) Employee benefits		
Salary and wages	3,721,665	4,086,750
Seconded staff salary and wages	299,588	415,181
Superannuation	331,984	361,635
Movement in provision for employee entitlements	9,801	49,560
Movement in other on-costs - recognised in provision	920	8,247
Movement in retention provision	(14,722)	96,109
	4,349,236	**5,017,482**
(b) Supplies and services		
Professional fees and consultants	50,203	133,386
Insurance expense	25,316	25,316
Travel expense	11,955	178,563
Legal expense	43,781	60,034
Rent	315,108	295,817
External and internal audit fees	32,500	34,850
Communications expense	256,573	219,289
Subscriptions and memberships	36,264	46,246
Staff training	38,022	72,603
Research conference	-	321,306
Other expenses	190,304	294,324
	1,000,026	**1,681,734**

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 3. Expenses from transactions (continued)

(c) Depreciation and amortisation		
Office equipment	789	746
Computer equipment and software	31,562	40,615
Leasehold improvements	6,684	6,684
Website	18,405	17,748
	57,440	**65,793**

Note 4. Cash and cash equivalents

	2021 $	2020 $
Cash on hand	500	500
Cash at bank	5,585,828	6,071,391
Total cash and cash equivalents	**5,586,328**	**6,071,891**

Note 5. Other financial assets

	2021 $	2020 $
Funds on deposit	-	4,500,000
Total other financial assets	**-**	**4,500,000**

Note 6. Trade and other receivables

	2021 $	2020 $
Contractual		
Trade receivables [(i)]	89,621	214,927
Other receivables	40,971	26,571
	130,592	**241,498**
Statutory		
GST input tax credit recoverable	-	72,815
	-	**72,815**
Total trade and other receivables [(ii)]	**130,592**	**314,313**

Notes:

(i) The average credit period on sales of goods is 30 days. No interest has been charged on trade receivables. No allowance for expected credit loss has been recognised as all amounts have been determined recoverable by reference to expected default.

(ii) All receivables balances held at reporting date are classified as current.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 6. Trade and other receivables (Continued)

Ageing analysis of trade and other receivables

2021	0-30 days	30-60 days	60-90 days	Over 90 days
	$	$	$	$
Trade receivables	72,062	3,446	-	14,113
Other receivables	40,971	-	-	-
Total trade and other receivables	**113,033**	**3,446**	**-**	**14,113**

2020	0-30 days	30-60 days	60-90 days	Over 90 days
	$	$	$	$
Trade receivables	148,734	37,981	-	28,212
Other receivables	26,571	-	-	-
GST input tax credit recoverable	72,815	-	-	-
Total trade and other receivables	**248,120**	**37,981**	**-**	**28,212**

Note 7. Plant and equipment

	2021 $	2020 $
Office equipment		
At fair value	7,043	8,063
Less accumulated depreciation	(1,446)	(1,646)
	5,597	6,417
Computer equipment		
At fair value	181,636	146,548
Less accumulated depreciation	(116,965)	(104,755)
	64,671	41,793
Leasehold improvements		
At fair value	66,838	66,838
Less accumulated depreciation	(20,762)	(14,078)
	46,076	52,760
Total Plant and equipment	**116,344**	**100,970**

	Office Equipment	Computer equipment	Leasehold improve-ments	Total
2021	$	$	$	$
Balance at beginning of year	6,417	41,793	52,760	100,970
Additions	-	54,440	-	54,440
Disposals	(31)	-	-	(31)
Depreciation expense	(789)	(31,562)	(6,684)	(39,035)
Balance at end of year	**5,597**	**64,671**	**46,076**	**116,344**

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 7. Plant and equipment (Continued)

2020				
Balance at beginning of year	3,397	74,351	59,444	137,192
Additions	3,766	8,686	-	12,452
Disposals	-	(629)	-	(629)
Depreciation expense	(746)	(40,615)	(6,684)	(48,045)
Balance at end of year	**6,417**	**41,793**	**52,760**	**100,970**

Note 8. Intangibles

	2021 $	2020 $
Website		
At fair value	92,025	92,025
Less accumulated amortisation	(41,414)	(23,009)
Total Intangibles	**50,611**	**69,016**
Balance at beginning of year	69,016	82,824
Additions	-	3,940
Disposals	-	-
Amortisation expense	(18,405)	(17,748)
Balance at end of year	**50,611**	**69,016**

Note 9. Payables and contract liabilities

	2021 $	2020 $
Current		
Contractual		
Unsecured liabilities		
Trade Creditors	59,487	482,849
Accruals	176,025	541,246
	235,512	**1,024,095**
Statutory		
Superannuation payable	90,794	90,912
PAYG withholding tax payable	91,170	96,434
GST input tax credit payable	9,590	-
	191,554	**187,346**
Contract Liabilities	60,000	60,000
	60,000	**60,000**
Total current payables and contract liabilities	**487,066**	**1,271,441**

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 9. Payables and other contract liabilities (continued)

Non-current

Contract Liabilities	90,000	150,000
Total non-current payables and contract liabilities	**90,000**	**150,000**
Total payables and other contract liabilities.	**577,066**	**1,421,441**

Note: The average credit period is 30 days.

	2021 $	2020 $
Reconciliation of contract liabilities		
Opening balance of contract liabilities	210,000	-
Adjustment for initial adoption of AASB 15	-	-
Payments received for performance obligations not yet fulfilled	-	210,000
Revenue recognised for the completion of a performance obligation	(60,000)	-
Total contract liabilities	**150,000**	**210,000**
Represented by		
Current contract liabilities	60,000	60,000
Non-current contract liabilities	90,000	150,000
	150,000	**210,000**

Maturity analysis of payables and contract liabilities

2021	0-30 days	30-60 days	60-90 days	Over 90 days
	$	$	$	$
Trade creditors	59,487	-	-	-
Accruals	176,025	-	-	-
Superannuation payable	90,794	-	-	-
PAYG withholding tax payable	91,170	-	-	-
GST input tax credit payable	9,590	-	-	-
Contract liabilities	-	-	-	150,000
Total payables	**427,066**	**-**	**-**	**150,000**

2020	0-30 days	30-60 days	60-90 days	Over 90 days
	$	$	$	$
Trade creditors	482,849	-	-	-
Accruals	541,246	-	-	-
Superannuation payable	90,912	-	-	-
PAYG withholding tax payable	96,434	-	-	-
Contract liabilities	-	-	-	210,000
Total trade and other payables	**1,211,441**	**-**	**-**	**210,000**

For nature and extent of risks arising from payables, refer to Note 11.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 10. Provisions

	2021 $	2020 $
Current		
Employee benefits [(i)]		
Annual leave		
Unconditional and expected to be settled within 12 months [(ii)]	256,474	222,510
Unconditional and expected to be settled after 12 months [(iii)]	-	-
Long service leave		
Unconditional and expected to be settled within 12 months [(ii)]	43,205	60,896
Unconditional and expected to be settled after 12 months [(iii)]	-	-
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months [(ii)]	39,485	38,347
Unconditional and expected to be settled after 12 months [(iii)]	-	-
Retention Provision [(ii)]	-	96,109
Total current provisions	**339,164**	**417,862**
Non-current		
Conditional long service leave	80,268	86,740
Provisions related to employee benefit on-costs	8,339	8,557
Total non-current provisions	**88,606**	**95,297**
Total provisions	**427,770**	**513,159**

Notes:

(i) Provisions for employee benefits consists of annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts.

(iii) The amounts disclosed are discounted to present value.

(a) Employee benefits and related on-costs

	2021 $	2020 $
Current employee benefits and related on-costs		
Unconditional long service leave entitlements	47,694	66,903
Annual leave entitlements	291,470	254,850
Retention provision	-	96,109
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	88,606	95,297
Total employee benefits and related on-costs	**427,770**	**513,159**

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2021

Note 11. Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Categories of Financial Instruments

Financial assets at Amortised Cost

are not designated as fair value through net result:
(i) the assets are held to collect the contractual cash flows; and
(ii) 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 joint venture recognises the following assets in this category:

- cash and cash equivalents (Note 4);
- trade and other receivables (Note 6);
- other financial assets (Note 5).

Financial Liabilities at Amortised Cost

Financial liabilities 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.

The joint venture recognises Payables and contract liabilities (Note 9) in this category.

Liquidity risk

Liquidity risk arises when the joint venture is unable to meet its financial obligations as they fall due. The joint venture continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

The joint venture's exposure to liquidity risk is deemed insignificant based on the current assessment of risk. Cash for unexpected events is generally sourced from its cash and cash equivalents balance.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the Balance Sheet.

Investment in Cancer Therapeutics CRC

The VCCC holds equity (0.15%) in Cancer Therapeutics CRC (now CanThera). Canthera’s objectives are to translate cancer research into more effective therapies for cancer patients. This equity has been received through making in-kind contributions and re-investing any cash flows receivable back into CanThera equity. As such, the VCCC has revalued the holding in this company to $nil as any future distributions are unreliable and likely to be re-invested in their operations to further pursue their objectives which are in common with the VCCC.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 12. Cash flow information

	2021 $	2020 $
Reconciliation of the net result for the year to net cash flows from operating activities		
Net result for the year	(4,512,409)	(5,067,523)
Non-cash movements		
(Increase)/decrease in investments	18,497	-
Loss on disposal of assets	33	629
Depreciation and amortisation	57,440	65,793
Movements in assets and liabilities		
(Increase)/decrease in trade and other receivables	183,721	(110,643)
(Increase)/decrease in prepayments	251,359	884,104
Increase/(decrease) in payables and other contract liabilities	(784,375)	(56,548)
(Increase)/decrease in current payables for fixed assets	-	4,702
Increase/(decrease) in current provisions	(78,698)	164,929
Increase/(decrease) in non-current payables and other contract liabilities	(60,000)	150,000
Increase/(decrease) in non-current provisions	(6,691)	(11,013)
Net cash flows from operating activities	**(4,931,123)**	**(3,975,570)**

Note 13. Responsible persons disclosures

The following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Ministers and Accountable Officers in the joint venture are also considered key management personnel of the joint venture and are as follows:

Minister

Health:	The Hon. Jenny Mikakos	1 July 2020 - 26 September 2020
	The Hon. Martin Foley	26 September 2020 - 30 June 2021

Board of Directors

Chairperson	L. Kristjanson	1 July 2020 - 30 June 2021
Deputy Chairperson	R. Thomas	1 July 2020 - 30 June 2021
Director	M. Dolan	1 July 2020 - 30 June 2021
Director	R. Harrison	1 July 2020 - 30 June 2021
Director	D. J. Hilton	1 July 2020 - 4 March 2021
Director	A. Horsburgh	18 August 2020 - 30 June 2021
Director	C. J. Kilpatrick	1 July 2020 - 30 June 2021
Director	S. M. Matthews	1 July 2020 - 30 June 2021
Director	J. McCluskey	1 July 2020 - 30 June 2021
Director	A. Nolan	1 July 2020 - 30 June 2021
Director	K. North	1 July 2020 - 30 June 2021
Director	A. Roberts	4 March 2021 - 30 June 2021
Director	J.C. Stanway	1 July 2020 - 30 June 2021

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 13. Responsible persons disclosures (Continued)

Accountable Officer

Executive Director	G McArthur	1 July 2020 to 30 June 2021

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the joint venture during the reporting period was in the range:

Accountable Officer 2020/21 $380,000 - $389,999 ($390,000 - $399,999 in 2019/20)

Note 14. Related parties

The VCCC is a joint venture managed by the VCCC Ltd which is governed by a board of directors appointed by each of the members of the joint venture with an independent Chairperson and Deputy Chairperson appointed by the Department of Health and Human Services (Victoria).

The following entites are equal members of the joint venture at 30 June 2021:

Melbourne Health	The Walter and Eliza Hall Institute of Medical Research
Peter MacCallum Cancer Institute	The Royal Children's Hospital
The Royal Women's Hospital	Western Health
The University of Melbourne	Austin Health
St Vincent's Hospital (Melbourne) Limited	Murdoch Childrens Research Institute

These entities, as well as the personnel listed in Note 13 and their close family members and personal business interests (controlled entities, joint ventures and entities they have signifcant influence over), are considered related parties of the joint venture.

Significant joint venture transactions

The VCCC received member contributions of $154,201 ($151,922 in 2019/20) from each of the joint venture members.

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

Related parties transact with the VCCC in a manner consistent with other non-related parties. Procurement processes occur on terms and conditions consistent with the VCCC purchasing policy and procedure requirements.

The following related party transactions that involved key management personnel, their close family members and their personal business interests are noted below:

The Walter & Eliza Hall Institute of Medical Research worked on two projects on behalf of the VCCC and provided one research & education lead on commercial terms to the value of $211,832 ($479,444 in 2019/20).

Western Health worked on two projects & provided one research & education lead on behalf of the VCCC during the year on commercial terms to the value of $80,000 ($186,694 in 2019/20).

The Royal Children's Hospital worked on one project on behalf of the VCCC during the year on commercial terms to the value of $4,834 ($104,415 in 2019/20).

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 14. Related parties (continued)

St Vincent's Hospital (Melbourne) Limited worked on five projects on behalf of the VCCC during the year on commercial terms to the value of $176,084 ($132,814 in 2019/20).

Melbourne Health worked on two projects and provided two research & education leads on behalf of the VCCC during the year on commercial terms to the value of $46,008 ($182,722 in 2019/20).

Austin Health worked on four projects on behalf of the VCCC during the year and provided two research & education leads on commercial terms to the value of $185,610 ($442,274 in 2019/20).

The Royal Women's Hospital worked on one project on behalf of the VCCC during the year and provided one research & education lead on commercial terms to the value of $4,200 ($4,744 in 2019/20).

Murdoch Children's Research Institute worked on three projects on behalf of the VCCC during the year and seconded one staff member on commerical terms to the value of $62,108 ($153,788 in 2019/20).

The University of Melbourne provided IT service support on a peppercorn basis ($1) during the year.
They also provided educational programs on commercial terms to the value of $91,505 ($108,877 in 2019/20) and worked on 14 projects on commercial terms to the value of $1,773,293 ($2,477,984 in 2019/20).
Other purchases were made on a cost-recovery basis for $1,249 ($13,175 in 2019/20).
One research & education lead was appointed on commercial terms for $60,000 ($55,660 in 2019/20).
The VCCC received revenue from the University of Melbourne of $149,143 relating to educational programs on commercial terms.

The Peter MacCallum Cancer Centre provides office space to the VCCC on a peppercorn ($1) basis.
This arrangement is on behalf of the State Government of Victoria as a sub-landlord.
They also provided seconded staff on commercial terms for $199,965 ($305,792 in 2019/20) and other purchases for occupancy related costs were made to the value of $309,039 ($416,031 in 2019/20).
Venue hire costs to the value of $nil ($18,002 in 2019/20) were provided on commercial terms.
Services for Clinical Trial support were provided to the VCCC through grants to a value of $3,712,373. ($2,013,860 in 2019/20).
The centre worked on eight projects behalf of VCCC to the value of $423,809 ($670,748 in 2019/20).
Six research & education leads were provided to work on behalf of the VCCC on commercial terms to the value of $242,500 (7 - $257,791 in 2019/20).

Key management personnel
Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of VCCC, directly or indirectly.

The personnel listed in Note 13 are the KMPs of VCCC.

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.

Remuneration of Key Management Personnel

	2021 $	2020 $
Short-term benefits	464,672	732,749
Post-employment benefits	28,988	45,301
Other long-term benefits	3,525	5,375
Total remuneration	**497,185**	**783,425**

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2021

Note 15. Remuneration of auditors

	2021 $	2020 $
Victorian Auditor-General's Office		
Audit of the financial statements	17,500	16,850
	17,500	**16,850**

The audit fee of the Victorian Comprehensive Cancer Centre Ltd of $3,500 (2020: $4,100) is borne by the Victorian Comprehensive Cancer Centre joint venture and included above.

Note 16. Contingent assets and contingent liabilities

The VCCC has no known contingent assets or liabilities (2020: Nil).

Note 17. Commitments for expenditure

The VCCC has no capital commitments at balance date.

The VCCC has non-cancellable, contractual obligations at balance date for expenditure on projects that have been commissioned and not yet completed.

	2021 $	2020 $
Other expenditure commitments		
Not later than one year	421,868	3,159,869
Later than one year but not later than 5 years	230,243	1,893,126
Total expenditure commitments	**652,111**	**5,052,995**
Total commitments (inclusive of GST)	652,111	5,052,995
less GST recoverable from the ATO	(59,283)	(459,363)
Total commitments (exclusive of GST)	**592,828**	**4,593,632**

All amounts shown in the commitments note are nominal amounts inclusive of GST.

Note 18. Significant events after balance date

There were no significant events after Balance Date which affected or may affect the operations of the VCCC, the results of operations or the state of affairs of the VCCC in future financial years.

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Manager of the Victorian Comprehensive Cancer Centre

Opinion	I have audited the financial report of the Victorian Comprehensive Cancer Centre (the joint venture) which comprises the: • balance sheet as at 30 June 2021 • 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 • declaration by the manager of VCCC joint venture - Victorian Comprehensive Cancer Centre Ltd. In my opinion the financial report presents fairly, in all material respects, the financial position of the joint venture as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the joint venture in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Manager's responsibilities for the financial report	The Manager of the joint venture is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as the Manager 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. In preparing the financial report, the Manager is responsible for assessing the joint venture'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.

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the joint venture's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager
- conclude on the appropriateness of the Manager'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 joint venture'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 joint venture to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Manager 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
2 September 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria