



Credit: Department of Environment, Land, Water and Planning



Treasury Corporation of Victoria

TCV Sustainability Bond Annual Report

December 2022

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1 TCV Chair and Managing Director's Foreword

We are pleased to present the 2022 TCV Sustainability Bond Report. The report shows our commitment to investors to provide regular reporting on the progress of our Sustainability Bond Program and the Government's achievements in delivering projects and programs under our asset pool.

Starting in 2016 with our inaugural \$300 million Green Bond issuance, Green and Sustainability Bond programs have been an important feature of our overall funding program, enabling TCV to bring to market a bond program that meet the needs of ESG investors.

Building on this success in September 2021 we launched our inaugural Sustainability Bond Program with the issuance of a \$2.5 billion September 2035 maturity as part of our benchmark bond activities. Subsequently, TCV has continued to issue into this line through a combination of tenders and reverse enquiries with over \$4 billion outstanding in the 2035 bond line at 30 June 2022.

TCV remains committed to our Sustainability Bond Program and will continue to build our 2035 maturity in line with other benchmark issuances. Whether to add additional maturity lines to our Green and Sustainability Bond Program will also be explored in future years.

The TCV asset pool backing the Sustainability Program has continued to grow as expenditure targets are met and as new assets have been added to the pool during 2021-22 to provide additional diversification and coverage to meet future TCV issuance requirements.

TCV has received an assurance from Ernst & Young (EY) that all assets continue to meet International Capital Markets Association (ICMA) requirements as outlined in the TCV Sustainability Bond Framework.

We are also pleased to report that ESG requirements remain a central part of TCV decision making. TCV is committed to improving our environmental awareness and the sustainability of our operations and business model. This has included progressing environmental projects as part of our core business activities as well as reducing the carbon footprint of our day to day business operations.

On behalf of the TCV Board and management, we are pleased to release the TCV Sustainability Annual Report and look forward to continuing to work with investors to further grow the TCV Sustainability Bond Program.



Cassandra Kelly
Chair



William Whitford
Managing Director



Credit: Homes Victoria

2 Overview of TCV Sustainability Bond Framework

TCV Sustainability Instruments are employed for the financing, and re-financing, of Green and/or Social projects and assets ('Eligible Projects') across Victoria, which are funded through TCV 'Participating Authorities' (within the meaning of the *Treasury Corporation of Victoria Act 1992*), Victorian Government Departments and State related entities.

TCV has developed a Sustainability Bond Framework to outline the governance framework under which TCV intends to issue and manage Green, Social and Sustainability Bonds.

The TCV Sustainability Bond Framework sets out the process by which TCV intends to issue and manage sustainability instruments on an ongoing basis to finance, and re-finance projects and assets across Victoria, which are consistent with delivering a low carbon and climate resilient economy and/or delivering positive social outcomes for Victorian communities.

The TCV Sustainability Bond Framework may be subsequently updated at TCV's discretion as relevant market standards and best practice continue to evolve over time.

The 'Sustainability Instruments' issued under the framework may include:

- TCV Green Bonds in accordance with the ICMA Green Bond Principles, and, at TCVs discretion, the Climate Bonds Standard
- TCV Social Bonds in accordance with the ICMA Social Bond Principles, and
- TCV Sustainability Bonds in accordance with the ICMA Sustainability Bond Guidelines.

Reporting and assurance

TCV understands the importance of transparency and disclosure and will publish this TCV Sustainability Bond Report on an annual basis, containing Use of Proceeds reporting, Impact reporting, and Assurance updates.

TCV intends for the annual Use of Proceeds reporting to include:

- summary of Eligible Projects
- confirmation of aggregated amount of proceeds
- the allocation of proceeds per Eligible Project, and the relevant Use of Proceeds category for each
- disclosure of any unallocated proceeds
- confirmation of accordance with applicable market standards, including where relevant ICMA Principles and/or the Climate Bonds Standard
- confirmation of annual assurance.

Impact reporting

TCV may also report on relevant environmental or social impact metrics where feasible. This impact reporting will endeavour to be aligned with ICMA guidance on impact reporting.

Assurance

TCV has obtained a pre-issuance verification for the first Sustainability Instrument issuance under the TCV Sustainability Bond Framework. Pre-issuance verification may also be obtained for subsequent Sustainability Instruments issuance, at TCV's discretion.

On an annual post-issuance basis, TCV will obtain independent verification of the annual TCV Sustainability Bond Report and will obtain assurance that each outstanding TCV Sustainability Instrument is in compliance with the Framework, the ICMA principles, and where relevant, the Climate Bond Standards.



Credit: Solar Victoria

3 Issuance details

In September 2021, TCV launched its inaugural Sustainability Bond Issuance of \$2.5 billion as part of an ongoing issuance program. Since September 2021, TCV has continued to issue into this bond through a combination of tenders and reverse enquiries. TCV is committed to supporting the liquidity of this bond given its benchmark status.

Key details are listed below:

Issuance










Type	Maturity Date	Coupon	First Issue Date	ISIN	Current Amount on Issue (30 June 2022)
Sustainability Bond	17 Sept 2035	2.00%	27 Sept 2021	AU3SG0002579	\$4,254.4 million









Credit: National Affordable Housing

4 Summary Current Project Pool

The following projects formed the asset/expenditure pool at the inception of the TCV Bond Sustainability Bond. Additional projects and expenditure have been added to the pool and support TCV's ongoing issuance.

Program	Delivery Partner	Link to UN Sustainable Development Goals	Planned Expenditure (September 2021) (\$ million)	Additional Planned Expenditure Added to Pool (\$ million)	Total Planned Expenditure (\$ million)
Victoria Renewable Energy Zones	Department of Environment, Land, Water and Planning	  	540.0		540.0
Solar Homes (Grants for PV Panels, Solar Hot Water, Batteries, Small Business, Zero Emissions Vehicles, Interest Free Loans)	Solar Victoria and Department of Environment, Land, Water and Planning	  	880.4	46.1 ⁽¹⁾	926.5
Household Energy Efficiency Upgrades (Low Income grants and Social housing upgrades)	Department of Environment, Land, Water and Planning and Homes Victoria	 	447.7		447.1
High Capacity Metro Trains: Government Capital Contributions	Department of Transport		421.2		421.2

Program	Delivery Partner	Link to UN Sustainable Development Goals	Planned Expenditure (September 2021) (\$ million)	Additional Planned Expenditure Added to Pool (\$ million)	Total Planned Expenditure (\$ million)
Victoria's Big Housing Build	Homes Victoria		5,000.0	209.1 ⁽²⁾	5,209.1
2020-21 Budget - Specialist School Upgrades	Department of Education and Training		388.8		388.8
2020-21 Budget - Inclusion for All: Support for students with a disability in government schools	Department of Education and Training		1,560.0		1,560.0
100 Next Generation Trams	Department of Transport			1,468.3	1,468.3
25 New Metropolitan Trains (X'Trapolis 2.0)	Department of Transport			985.8	985.8
Building the Financial Capacity of the Housing Associations Program	Department of Treasury and Finance and Housing Co-operatives sector			2,044.0	2,044.0
Total Planned Expenditure			9,238.1	4,753.3	13,991.4

Notes

1. Additional expenditure for Zero Emissions Vehicles from the 2021-22 Budget. This investment is in addition to the existing \$25.2 million investment for Zero Emissions Vehicles included in the 2020-21 Budget under the Solar Homes Program.
2. Victorian Big Housing Build - inclusion of 1,000 new public homes for women and children fleeing family violence.

Reconciliation of Victorian Big Housing Build and 1000 new homes:

Reconciliation	Total Estimated Investment (\$ millions)	Dwellings (gross)
Big Housing Build	5,000.0	12,300
1,000 Homes	469.1	1,500
Less dual contribution	(260.0)	(851)
Total	5,209.1	12,949

Source: Homes Victoria

Further details of all programs in the asset/expenditure pool including the new programs are detailed in Section 7.



Credit: Homes Victoria

5 Use of Proceeds statement and Impact Reporting summary

Use of Proceeds Statement

Category	Asset	Total Estimated Investment (\$ million)	Allocation (%)	Allocation (\$ million)
Green	High Capacity Metro Trains: Government Capital Contributions	421.2	3.0%	128.1
Green	Household Energy Efficiency Upgrades (Low Income grants and Social Housing upgrades)	447.7	3.2%	136.1
Green	Solar Homes (Grants for PV panels, solar hot water, batteries, small business, zero emissions vehicles, interest free loans)	880.4	6.3%	267.7
Green	Victoria Renewable Energy Zones	540.0	3.9%	164.2
Green	100 Next Generation Trams	1,468.3	10.5%	446.5
Green	25 New Metropolitan Trains (X'Trapolis 2.0)	985.9	7.0%	299.8
Green	Zero Emissions Vehicles	46.1	0.3%	14.0
Total Green		4,789.5	34.2%	1,456.4

Category	Asset	Total Estimated Investment (\$ million)	Allocation (%)	Allocation (\$ million)
Social	2020-21 Budget - Inclusion for All: Support for students with a disability in government schools	1,560.0	11.1%	474.4
Social	2020-21 Budget - Specialist School Upgrades	388.8	2.8%	118.2
Social	Victoria's Big Housing Build	5,209.1	37.2%	1,583.9
Social	Building the Financial Capacity of the Housing Associations	2,044.0	14.6%	621.5
Total Social		9,201.9	65.8%	2,798.0
Total Combined		13,991.4	100.0%	4,254.4

Impact Reporting summary

Category	Asset	Impact Reporting Measure
Green	High Capacity Metro Trains: Government Capital Contributions	Each train holds up to 1,380 passengers
Green	Household Energy Efficiency Upgrades (Low Income grants and Social Housing upgrades)	Low income Grants: To 30 June 2022, a total of 35,367 rebate applications were approved with 5,405 units been installed Social Housing Upgrades: To 30 June 2022, 3,380 home upgrades were delivered
Green	Solar Homes (Grants for PV panels, solar hot water, batteries, small business, zero emissions vehicles, interest free loans)	Since August 2018 1,604,000 tonnes of greenhouse gas emissions abated and 1,282MW solar capacity installed (estimated total of 3.8 million solar panels)
Green	Victoria Renewable Energy Zones	No metrics yet available
Green	100 Next Generation Trams	Each tram holds up to 150 passengers
Green	New Metropolitan Trains (X'Trapolis 2.0)	Each train holds up to 1,240 passengers
Social	2020-21 Budget - Specialist School Upgrades	At 30 June 2022, 95 percent of the total schools already either in construction or in design phase
Social	2020-21 Budget - Inclusion for All: Support for students with a disability in government schools	At 30 June 2022, funding model currently being used in almost 600 government schools across Victoria
Social	Victoria's Big Housing Build	At 30 June 2022 Homes Victoria had commenced delivery on more than 6,400 homes
Social	Building the Financial Capacity of the Housing Associations	As at 30 June 2022, TCV loans totalling \$515.4 million approved representing the expected delivery of 3,199 dwellings and 12 land acquisitions



Credit: National Affordable Housing

6 Ongoing Assurance

TCV Sustainability Bonds are certified under the International Capital Markets Association (ICMA) as meeting the ICMA's Sustainability Bond Guidelines where the proceeds are used to finance or refinance a combination of both Green and Social projects. Before a bond can be certified, the compliance of that bond with the Sustainability Bond Guidelines (2021) must be verified by a third party verification agent.

On an annual basis, TCV has retained EY to independently verify the annual TCV Sustainability Bond Report, and to provide assurance that each outstanding TCV Sustainability project in our asset/expenditure complies with the requirements of the ICMA's Sustainability Bond guidelines.

In addition, TCV has submitted the financial information to EY to provide an assurance that the Use of Proceeds for the TCV Sustainability Bond have been applied in accordance with the TCV Sustainability Bond Framework.

Refer to the TCV website for the TCV Sustainability Bond EY Periodic Assurance Statement for 2022.



Credit: Homes Victoria

7 Project Summary and Metric updates

7.1 Renewable Energy Zones

Where are the Victorian REZs?



Credit: Department of Environment, Land, Water and Planning

Background to Investment

The Australian Energy Market Operator (AEMO) has identified Renewable Energy Zones (REZs) as areas with potential high volumes of large-scale renewable energy generation based on availability of resource and potential to develop necessary transmission infrastructure.

The Victorian Government – which has recently announced a new proposed commitment to reducing emissions to net-zero by 2045, is developing Victoria's REZs, supported by a \$540 million REZ Fund. By identifying REZs, the Victorian Government can target investment towards strengthening the transmission network in Victoria to enable an orderly and coordinated transition to renewable energy and engage with local communities to ensure that they benefit from REZs. Strategic investment in REZs provides a lower cost and faster way of delivering new generation to the system – helping to accelerate the process of decarbonisation and deliver affordable and reliable power.

VicGrid, a new division established within the Department of Environment, Land, Water and Planning (DELWP) in July 2021, has been tasked with coordinating the overarching planning and development of Victoria's REZs. It will also oversee investment decisions relating to the \$540 million REZ fund that will be used to strengthen the grid and unlock the potential of the REZs.

Status Update to 30 June 2022

In early 2021, the Victorian Government worked with the Australian Energy Market Operator (AEMO) to identify potential network investments in an initial Renewable Energy Zones Development Plan (RDP) Directions Paper. The paper identified nine potential near-term stage 1 projects to reduce existing constraints and support the connection of Victoria's pipeline of renewable energy projects. These included projects to strengthen the system and minor augmentations. The RDP also identified 21 potential longer-term investments in REZ infrastructure (Stage Two projects).

Following stakeholder feedback and further technical and cost benefit analysis, the Victorian Government requested AEMO progress seven Stage One projects. These projects are currently out for procurement.

Social or Environmental benefits

The Victorian Government, through its Climate Change Strategy, has committed to reduce emissions by 28 to 33% by 2025 and 45 to 50% by 2030, to help keep Victoria on track to meet our target of net-zero emissions by 2045. With electricity generation accounting for more than half of Victoria's carbon emissions, the transition to clean energy is vital to achieving the climate change targets. The development of REZs is key to this energy transformation.

By supporting these proposed investments beyond what is possible through the regulatory investment processes, such as the Regulatory Investment Test – Transmission (RIT-T), consumers can potentially benefit from additional lower-cost renewable generation entering the market, as well as non-market benefits such as local economic activity and jobs.

7.2 Solar Victoria program



Credit: Solar Victoria

Background to Investment

The Solar Homes program was announced in August 2018, is a 10-year, \$1.3 billion commitment to support 778,500 rebates for households to install Solar Photovoltaic (PV), solar hot water and battery storage systems at their home. The program has been allocated funds to provide eligible households with interest free loans to reduce upfront costs of installing Solar Photovoltaic systems.

The Solar for Business program was launched in May 2021 and is supporting Victorian small businesses to reduce their operating costs by enabling them to access the benefits of renewable energy through a Solar Photovoltaic rebate. Over the two financial years, the Solar for Business program seeks to support 15,000 eligible small businesses. The November 2020 State Budget included capital funding for a complementary no interest loan for businesses. In April 2022, Solar Victoria launched the loan offering to support the rebate program and provide a further incentive to small businesses to participate in the program.

Status Update to 30 June 2022

The Solar Homes rebates for household continue to enjoy strong demand. To 30 June 2022, approximately \$390.8 million of the rebates have been processed, the program has reached several milestones with over 207,000 applications approved and over 200,000 units have been installed for solar Photovoltaic, solar batteries and solar hot water system.

While the Solar for Business program initially received positive interest from businesses, it has experienced slower than expected uptake due to COVID-19 lockdowns and restrictions at the start of the financial year, however we have seen an increase in applications since the launched of the interest free loan and the change in eligibility criteria in April 2022. There has been a 25% increase in applications in the month of June 2022. As of 30 June 2022, 1,868 applications approved with 1,609 units been installed, total rebates processed approximately \$4.9 million.

Social or Environmental benefits

Since the start of the Solar Homes program in August 2018, more than 600,000 Victorian homes have solar, the average household savings is \$1,073 per year, 2,738,000 MWh of power been generated, 1,604,000 tonnes of greenhouse gas emissions abated and 1,282MW solar capacity installed, that's an estimated total of 3.8 million solar panels. In addition, over 4,000 jobs were created in the first three years.

7.3 Acceleration of Zero Emissions Vehicle Adoption program

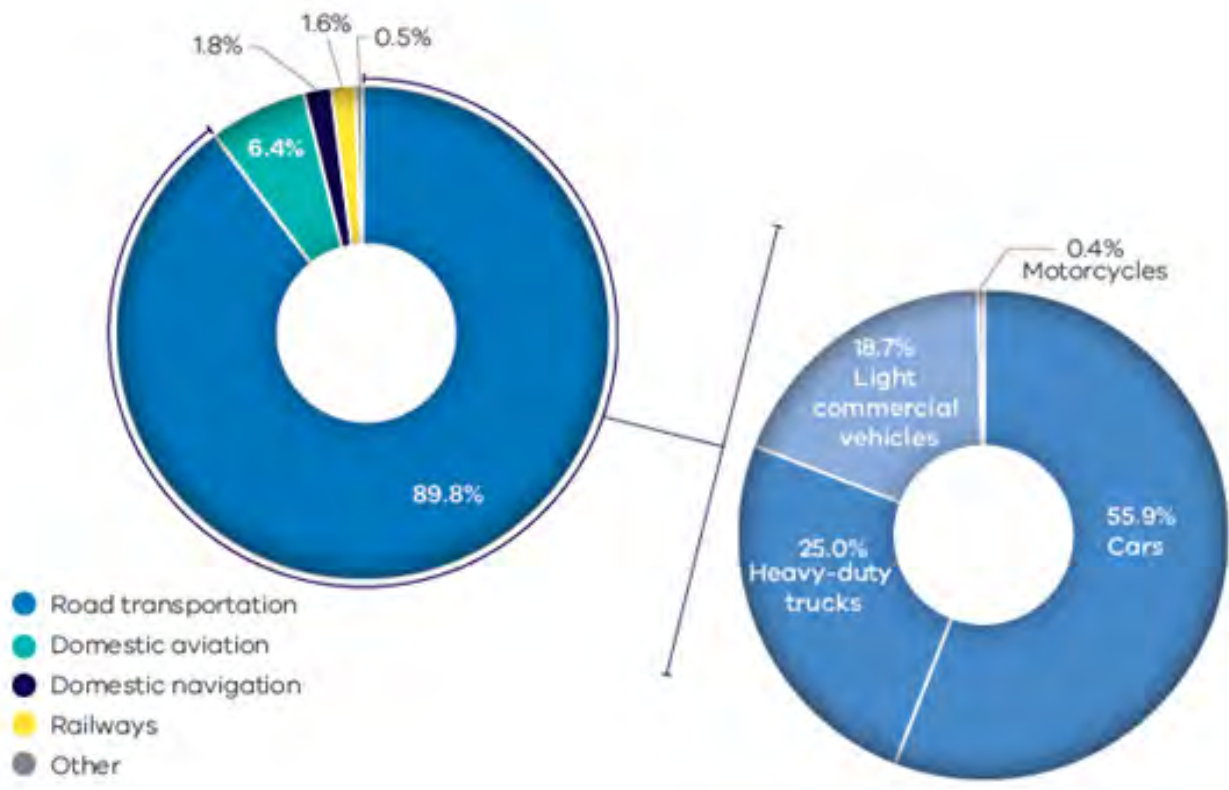


Figure 1. Transport sector CO2 emissions

Credit: Department of Environment, Land, Water and Planning

Background to Investment

The Victorian Government is acting to transition to net zero emissions by 2045, and this includes planning for our transition to zero emissions vehicles (ZEVs). The transport sector currently accounts for 24.8 per cent of Victoria's greenhouse gas emissions, making it the second largest emissions source after electricity generation. Transport emissions have been steadily growing in line with the State's strong population and economic growth. Approximately 90 per cent of transport emissions in Victoria come from the use of internal combustion engine vehicles (ICEVs) – petrol and diesel-powered cars, vans, buses, and trucks. In addition to other initiatives such as enabling more people to embrace public and active transport choices, reducing transport emissions requires shifting road transport from ICEVs to ZEVs.

The \$19.21 million Acceleration of Zero Emissions Vehicles Adoption (AZEVA) program includes a suite of programs ranging from charging infrastructure grants, feasibility studies and technology demonstration grants. It is part of the broader \$100 million ZEV Roadmap package of policies and programs announced in May 2021.

Status Update to 30 June 2022

The AZEVA program update is as follows:

- the \$5 million Destination Charging Across Victoria program has seen a 270 percent oversubscription to grant applications – demonstrating the private and local council interest, and potential for leveraged investment, in the ZEV transition. The program plans to install 141 chargers at 116 sites across Victoria by July 2023. The first chargers have been installed and are operating at Killarney, Mansfield and Tatura.
- the \$1.5 million EV Charging for Council Fleets program is currently assessing grant applications to support the transition of Council vehicle fleets to ZEVs. Successful applicants will be announced in July 2022 and installed at Council sites throughout Victoria by May 2023 to support the transition of Council vehicle fleets to ZEVs.
- the \$1.5 million EV Charging for Business Fleets program is currently assessing grant applications to support the transition of business vehicle fleets to ZEVs. Successful applicants will be announced in October 2022 and projects are planned for completion by September 2023.

Social or Environmental benefits

To combat climate change, the Victorian Government has proposed a long-term target of net-zero greenhouse gas emissions by 2045. The transport sector is the second largest contributor in Victoria to GHG emissions, accounting for around 25 per cent of the state's total (22.7 out of around 114 million tonnes). As the chart above demonstrates, up to 90 per cent of these emissions comes from road transport, with almost 56 per cent of this total coming from light passenger vehicles.

The Victorian Government is addressing the emissions challenge for road transport by planning for and investing in a transport system that provides more sustainable transport options, enabling more people to embrace public and active transport choices, and reducing the emissions intensity of freight transport. However, this will not be enough to fully decarbonise the road transport sector.

The uptake of ZEVs is not only a vital element in efforts to combat climate change, it also has the potential to reduce the incidence and severity of health issues caused by high vehicle exhaust concentrations, as well as reduce the impacts of vehicle-related noise on local communities. The global road vehicle market is currently undergoing an unprecedented shift away from traditional internal combustion engine (ICE) technologies to new and more environmentally sustainable transport technologies.

Sales of EVs have been trending upwards in Australia over the last few years. More fleet owners and operators in Victoria are showing interest in pilot deployments, and in transitioning to ZEVs. There are also a number of Victorian Councils and State Government Fleet which have already begun to transition their fleets to ZEVs. There

are three key priority policy challenges for Victoria in the early transition to ZEVs, but also new opportunities for optimising their impact. This is taking advantage of opportunities to promote industry and workforce transition and economic growth in Victoria. Overcoming challenges and exploring ZEV-related opportunities has the potential to generate both direct and indirect benefits to the Victorian economy and community, including the productivity benefits of zero emission freight vehicles

7.4 Energy Efficiency Upgrades for Homes program



Credit Solar Victoria

Background to Investment

The Home Heating and Cooling Upgrades program was publicly launched on 10 May 2021 with the opening of applications by community housing organisations, to owner-occupiers in August 2021 and to rental providers in October 2021. The program enables 250,000 low-income and vulnerable households to access efficient, lower-cost heating and cooling through offering a rebate to replace costly, inefficient and ineffective heating with electric reverse cycle air conditioning systems.

Status Update to 30 June 2022

Initial uptake of the program was slower than expected due to the impacts of COVID-19 public health measures, supply chain and labour impacts, shifts in consumer spending and low awareness. Despite moderate uptake in rebates for most of FY2021-22, demand is now accelerating, with an average 15 per cent increase week on week in applications on Solar Victoria's customer portal since the beginning of April 2022. To 30 June 2022, a total of 35,367 rebate applications were approved with 5,405 units been installed, approximately 5.1 million rebates were processed.

Social or Environmental benefits

The home heating and cooling program helps low income and vulnerable Victorians to reduce non-discretionary costs of living expenses associated with energy prices is expected to reduce stress and provides health and wellbeing benefits. The program will support jobs in regional as well as metropolitan Victoria across the life of the program, contributing to social and economic wellbeing and position Victoria as a leader in the energy transition.

By replacing old, inefficient heaters, including gas heaters and wood-fired heaters, the program contributes to improving air quality and reduce greenhouse gas emissions, contributing towards Victorian Renewable Energy Targets and aligning with the Gas Substitution Roadmap. The Program's Approved Product List will drive product standards towards higher energy efficiency, environmental sustainability and enhanced future-focus.

7.5 Energy efficiency upgrades in Social Housing

Background to Investment

Homes Victoria is constructing homes¹ with the following set of sustainability requirements as part of the Big Housing Build:

- a minimum 7-star Nationwide House Energy Rating Scheme average
- a requirement for a Green Star certification for developments exceeding three storeys or 100 units
- all-electric specification including the provision of reverse-cycle air conditioning.

In addition, for those developments delivered directly by Homes Victoria (rather than grant funded), the following is also required:

- the integration of solar photovoltaic systems.
- a minimum 5-star Green Star certification for developments exceeding three storeys or 100 units.
- an aspiration of achieving net zero greenhouse gas emissions.

The Victorian Government is also upgrading 35,000 social housing properties at a cost of \$112 million to improve energy efficiency, provide energy cost savings, improve comfort for tenants and deliver environmental benefits. The Energy Efficiency in Social Housing program is part of the wider \$797 million Household Energy Savings Package. The program aims to deliver 35,000 energy efficiency upgrades across public and community housing by the end of June 2024.

¹ Homes which are spot purchased are not subject to the same specification requirements.

Status Update to 30 June 2022

To end of June 2022, Homes Victoria's Energy Efficiency in Social Housing program delivered 3,380 home upgrades. These efforts have reduced greenhouse gas emissions and improved thermal comfort for residents.

Social or Environmental benefits

Significant reductions in greenhouse gas emissions, reductions in energy bills and enhanced thermal comfort for renters and job creation are all outcomes associated with this program, which will be evaluated at the conclusion of the program.

7.6 High Capacity Metro Trains (HCMT) project



Credit: Department of Transport

Background to Investment

The HCMT Project is a Public-Private Partnership (PPP) between the Victorian Government and Evolution Rail.

The Victorian Government ordered 65 High Capacity Metro Trains (HCMTs) as part of a \$2.3 billion investment, which also includes a new train maintenance facility in Pakenham East and a light service facility in Calder Park. An additional \$123 million will deliver five new trains to service the Melbourne Airport Rail Link, bringing the total HCMT fleet to 70.

The Pakenham East Depot was completed on 2 July 2020 after three years of construction. The Depot is continuing to support the testing and commissioning of HCMTs as well as testing the High Capacity Signalling (HCS) systems for future Melbourne Metro Tunnel operations.

Status Update to 30 June 2022

HCMTs

The HCMT fleet is being progressively rolled out. These new trains are currently taking passengers on the Cranbourne and Pakenham lines and will travel through to Sunbury following the opening of the Metro Tunnel.

Pakenham East Depot

The Depot was completed on 2 July 2020 after three years of construction, including 87 per cent local content. This far exceeds the Victorian Industry Participation Policy requirements for local content. Four hundred and fifty staff were employed during construction peak, including local skills and labour. Currently, more than 100 staff are now testing, commissioning, and maintaining Melbourne's bigger, better HCMTs.

Social or Environmental benefits

HCMTs

Delivering new trains supports modern, accessible and reliable public transport services, reducing the number of cars on our roads and associated emissions. The HCMT Project design phase involved extensive consultation and engagement with passengers and accessibility user groups, and the trains include extensive mobility spaces, priority seating, improved passenger information displays, cooling and heating for Melbourne conditions, and mixed-use spaces for bikes, prams and other large items.

The HCMT Project is generating about 1,100 highly skilled jobs, including opportunities for workers in industries in decline (e.g. automotive industry) and support for our local rolling stock supply chain.

Pakenham East Depot

The depot was completed on 2 July 2020 after three years of construction, including 87 per cent local content. This far exceeds the Victorian Industry Participation Policy requirements for local content. Four hundred and fifty staff were employed during construction peak, including local skills and labour. Currently, more than 100 staff are now testing, commissioning, and maintaining Melbourne's bigger, better HCMTs.

The Pakenham East Depot is one of the most sustainable sites of its kind incorporating features such as an energy and water efficient design, vegetation enhancement and the use of recycled asphalt.

7.7 X'Trapolis 2.0 project



Credit: Department of Transport

Background to Investment

The Government is investing in 25 new X'Trapolis 2.0 trains to continue to modernise Melbourne's metropolitan train fleet. To be built in Victoria with at least 60 per cent local content, the new trains will be accessible, reliable, and energy efficient. This vital investment will allow for ongoing retirements of Comeng trains, the oldest on the metropolitan network, with X'Trapolis 2.0 trains to run on the Craigieburn, Upfield and Frankston lines.

Status Update to 30 June 2022

The Government has signed a contract with Alstom to build the fleet of 25 X'Trapolis 2.0 trains locally, primarily at its Ballarat manufacturing facility. The new trains are currently in design phase, which will include engagement with accessibility groups and other passenger representatives.

Social or Environmental benefits

Ordering new trains allows the government to continue to deliver modern, accessible and reliable public transport services, reducing the number of cars on our roads and associated emissions. X'Trapolis 2.0 trains are being designed with energy efficiency in mind, avoiding the need for costly infrastructure and power supply upgrades.

7.8 Next Generation Trams project (G Class)



Credit: Department of Transport

Background to Investment

The Government is investing in a fleet of 100 new G Class trams to continue to modernise and improve Melbourne's tram network. These upcoming low-floor trams will be accessible, energy efficient, and allow for retirements of some of Melbourne's longest serving high-floor trams. The investment also includes a new state-of-the-art tram maintenance facility to be constructed at Maidstone in Melbourne's west.

Status Update to 30 June 2022

Following a comprehensive procurement process, the Government signed a contract with Bombardier Transportation Australia (recently acquired by Alstom) to build and maintain the 100 G Class fleet with over 65 per cent local content. The new trams are currently in design phase, which will include engagement with accessibility groups and other passenger representatives. Planning and consultation is also underway for the new maintenance facility at Maidstone.

Social or Environmental benefits

Ordering new trams allows us to continue to deliver modern, accessible and reliable public transport services, reducing the number of cars on our roads and associated emissions. The G Class trams will be built with energy efficiency in mind, incorporating onboard energy storage technology to limit current draw at peak times and reduce power use. This will reduce the need for expensive infrastructure upgrades, such as new or upgraded substations, and reduce network costs. The new trams will use 30–40 per cent less energy per passenger compared to an E Class tram, by using onboard energy storage technology and regenerative braking.

7.9 Big Housing Build



Credit: Homes Victoria

Background to Investment

Safe, stable, secure, and appropriate housing is integral for improving people's health and wellbeing and participation in the community. Social and affordable housing is essential infrastructure that supports the functioning of our society, economy and resilience to major events.

This is why Homes Victoria is delivering our state's biggest ever investment in social and affordable housing through the \$5.0 billion Big Housing Build.

The Big Housing Build will create more than 12,000 new homes throughout metropolitan and regional Victoria. It will boost the State's social housing stock by 10 per cent – creating 9,300 social housing dwellings, of which 8,200 will be new social homes and 1,100 will replace existing public housing. It will also create 2,400 affordable housing properties to support working Victorians who are earning a wage but can't find housing in the regional communities they live in or can't afford rents in metropolitan Melbourne.

This investment will also:

- deliver 10 per cent of net new social housing for Aboriginal Victorians
- prioritise 2,000 homes for people experiencing mental illness
- deliver 1,000 homes for family violence victim survivors
- build all homes at 7-star Nationwide House Energy Rating Scheme, which is higher than the NCC code requirement. This means the homes are energy-efficient offering cost savings on energy bills and thermal comfort in winter and summer. Many of these developments will also be required to achieve a 5-star Green Star rating, a level which represents Australian leadership in sustainable construction.

Additionally, the Big Housing Build is an economic reform. The Victorian Government's investment is supporting around 10,000 jobs per year over the next four years - supercharging Victoria's economic recovery through the pandemic and beyond.

Status Update to 30 June 2022

Homes Victoria has commenced delivery on more than 6,400 homes, exceeding the department's target of 6,100 homes. More than 1,400 households have either moved in or are getting ready to move into brand-new homes. More than \$2.8 billion has been spent on construction and development since the program started – creating 30,000 jobs. The Big Housing Build program is on track to commence delivery of an additional 5,000 new homes by June 2023 and 1,200 new homes by June 2024

To date, the program has delivered:

- more than 1,450 dwellings purchased, including 852 homes in ready to build projects and 608 already built dwellings
- five 'Fast Start' projects in construction, delivering over 850 dwellings (completion in 2023) in Hawthorn, Ascot Vale, North Richmond, Ashburton and West Heidelberg
- across rural and regional Victoria, 477 dwellings completed with a further 1,346 underway, achieving a significant contribution to the target of 25 per cent of homes being in regional Victoria
- over 2,300 dwellings in the Rapid Grants Round have been contracted (funding of \$778 million) with the Regional Round recently closing (a further ~800 dwellings).

The Community Housing Sector, including Aboriginal Community Controlled Organisations, has a critical role in delivery of the Big Housing Build. That's why we are supporting community housing agencies to deliver rapid housing growth through the Community Housing Sector Development Fund. This fund is growing the capacity of not-for-profit housing providers to help deliver on this historic package.

Social or Environmental benefits

The Government's investments are benefiting Victorians with a wide range of needs. From front line workers in hospitality and tourism, victim survivors of family violence, people experiencing mental illness, Aboriginal Victorians, young people, those in contact with the justice system and Victorians with a disability. These Victorians will soon be moving into new housing, with more than 6,000 properties under construction across the State.

Ten per cent of all net new social housing properties built under the Big Housing Build will be for Aboriginal Victorians, totaling 820 homes. The delivery approach will be guided by the principles of Aboriginal self-determination. This means focusing on growing the Aboriginal housing sector's capacity so that it can benefit from the Big Housing Build delivery through increased Aboriginal ownership, and enhanced ability to provide tenancy management supports that ensure a culturally safe housing response for Aboriginal renters.

All new social housing dwellings built by the Government meet a minimum silver accessibility rating – meaning someone with a mobility impairment can get into the house without a step. And in many of our houses we are going further. Five per cent of the social housing constructed will have a high level of physical accessibility to meet the needs of Victorians with a significant disability.

7.10 Inclusion for all: new funding and support model for school students with disability



Credit: Department of Education

Background to Investment

The Victorian Government announced its \$1.6 billion Disability Inclusion reforms in November 2020.

The Department is transforming how students with disability and additional needs are supported in Victorian government schools. Along with initiatives to build knowledge and skills in inclusive education, Disability Inclusion introduces a tiered funding model and the Disability Inclusion Profile, providing significant additional investment for schools to support students with disability.

The reform is being rolled out over five years and began in 2021. By 2025, all Victorian government schools will have transitioned to the new approach.

Status Update to 30 June 2022

Implementation of the reforms is on track with the profile and tiered funding model currently being used in almost 600 government schools across Victoria. All schools across Victoria can now benefit from the range of initiatives to build knowledge and skills in inclusive education.

The Inclusion for all: new funding and support model for school students with disability contributes to the measures reported below.

Support for students with disabilities performance measures

Performance measures	Unit of measure	2021–22 actual	2021–22 target	Performance variation (%)	Result
Quantity					
Eligible special school students provided with appropriate travel	number	8,925	8,925	0.0	✓
<i>The above performance measure relates to the calendar year.</i>					
Proportion of government school students who receive adjustments to support their access and participation in learning because of disability as defined in the Disability Discrimination Act 1992 (Cth)	%	24.6	17.0	44.7	✓
<i>The above performance measure relates to the calendar year. This performance measure refers to government schools only. The 2021–22 actual is higher than the target due to stronger than forecast program demand for targeted engagement with schools.</i>					
Proportion of total government schools resourced through the Disability Inclusion funding and support model	%	38.0	30.0	26.7	✓
<i>The above performance measure relates to the calendar year and refers to government schools only. The 2021–22 actual is higher than the target due to faster than anticipated implementation.</i>					
Proportion of positive responses to school satisfaction by parents of government special school students	%	85.1	85.0	0.1	✓
<i>The above performance measure relates to the calendar year and refers to government schools only.</i>					

Source: Department of Education and Training – Annual Report 2021–22

Social impacts

Disability Inclusion makes improvements to the identification, assessment, and support provided to students with disability in Victorian government schools. This will contribute to a more inclusive and equitable education system and improve student experiences and outcomes.

This reform is expected to have tangible impacts on outcomes for students with disability receiving support through Disability Inclusion. It is anticipated this will lead to improvements in achievement, engagement and wellbeing measures, and better prepare students for life after school.

While the new funding and support model is targeted at supporting students with disability in Victorian government schools, academic research has demonstrated that interventions that benefit students with disability deliver improved outcomes for all students. A systematic review at the Harvard School of Education in 2016 of 280 studies from 25 countries found evidence that demonstrates that inclusive education benefits all students (Hehir, 2016).

Economic impacts

This reform, alongside other inclusive education initiatives, will contribute to the provision of high-quality education for students with disability. The primary economic benefit will come from supporting people with disability to access education, have satisfying everyday lives and participate in employment opportunities. This will contribute to Victoria's economic growth, productivity, employment and health outcomes and social cohesiveness.

This reform contributes to Whole-of-Government work to embed disability inclusion across the community, such as the State Disability Plan 2022-2026 (Inclusive Victoria). Broader disability inclusion in the community brings a range of economic benefits, including:

- better return for Victorian investment in the National Disability Insurance Scheme
- increased participation by people with disability in the Victorian economy
- promoting universal design to integrate accessibility in all settings and reduce the need for expensive retrofitting of infrastructure and information technology.

7.11 2020-21 Special school upgrades



Credit: Department of Education and Training

The above photo is for Marnebek School Cranbourne 2020-21 (Cranbourne East). The school is currently in the construction phase and is estimated to be completed for the start of 2024 school year.

Background to Investment

Thirty-nine special schools across Victoria received funding for upgrades. This will create modern safe places for students with disability to learn and explore. This initiative will improve educational outcomes through the provision of high-quality teaching spaces. This also includes funding to undertake two planning and provision studies with the following schools:

- Mornington Special Developmental School – to assess specialist provision in the Mornington and Western Port areas, and
- Katandra School with Berendale School.

Status Update to 30 June 2022

The overall delivery of the 2020-21 Specialist School Upgrade initiative remains stable, with 95 percent of the total schools already either in construction or in design phase.

The Department of Education and Training is currently expecting to fully deliver this initiative by early 2024.

7.12 Building the Financial Capacity of the Housing Associations (BFCHA)



Credit: The Haven Foundation

Background

The 'Building the Financial Capacity of the Housing Associations' (BFCHA) program provides government support of up to \$1.1 billion to help housing associations (HA) to access financing at affordable rates. The Government's 2022-23 Budget detailed an increase in the amount of low interest loans to be provided by TCV, from \$1.1 billion to \$2.1 billion.

Loans sourced from TCV can be utilised to fund new social housing developments or refinance existing bank loans. Most projects under the housing program require long term funding and TCV loans are offered for a maximum period 30 years drawn on several loan facility tranches.

Status Update

To date, \$515.4 million of loans have been approved for borrowers under three phases of the BFCHA low interest TCV loan program. An additional \$120 million is under consideration for final approval for phase 2 and 3 borrowers. If approved, a total of \$635 million of loans will be provided by TCV under the program.

Following is a summary of the various phases of the BFCHA loan program currently being delivered.

- Phase 1 (Build/Own/Operate) - TCV has finalised arrangements to provide loan facilities to eight housing associations approved to borrow a total of \$376 million under the first phase of the loan program. Loans drawn under the first phase currently total \$228 million.
- Phase 2 (Rapid Grants Round) - Phase 2 of the BFCHA program will run concurrently with the Social Housing Growth Fund Rapid Grants Round and will offer low interest TCV loans or government guarantees to finance the applicant co-contribution. It is expected that under the second phase of the low interest TCV loan program, funding of up to \$470 million may be made available to housing associations that are either existing clients or new participants in the loan program. To date \$551,000 has been drawn and \$22.8 million of forward settlement loans have been booked under phase 2.
- Phase 3 (Regional, Mental Health and Aboriginal Rounds) - Phase 3 is focussed on the provision of TCV loan funding for regional social housing developments, homes for Aboriginal Victorians and 2,000 new homes for Victorians living with mental illness. This will ensure more people living with mental illness have access to safe, secure and stable social housing. To date two loans have been approved under the third phase for a total of \$15.4 million. A further eight loans are under shortlisting applications with one further in negotiation.

Social or Environmental benefits

The BFCHA program has facilitated low interest loans for housing associations to fund social housing throughout Victoria. The program therefore enables the provision of housing for Victorians in need. It therefore helps people find stability in other areas of their lives such as education, work and the community.

The table below shows the total loans and dwellings supported by the BFCHA program to date:

	Loan (\$ million)	Dwellings
Phase One Loans	372.0	1,967
Phase Two Loans	127.1	1,183
Phase Three Loans (approved to date)	15.4	49 plus 12 land acquisitions
Total	515.4	3,199 plus 12 land acquisitions

8 Disclaimer and TCV contact details

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