

Victorian Planning Authority

ANNUAL REPORT

2018/2019



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Minister for Planning



Victoria continues to be Australia's fastest-growing and most prosperous state, and the work of the Victorian Planning Authority (VPA) is critical to ensuring this growth and prosperity benefits current and future Victorians.

The 2018/19 year was another big year of growth for our state, bringing opportunities and challenges. The VPA, working with my department and its partners, played a key role in managing urban growth across the state. At the end of 2018 the authority completed structure planning to achieve the government's commitment to unlock land for 100,000 homes in Melbourne's greenfields, while at the same time also zoning land for 60,000 jobs.

Over the course of 2018/19, the VPA negotiated three GAIC works-in-kind agreements, delivering early certainty on land for public infrastructure in Melbourne's growth corridors.

To provide housing in established areas, the VPA also delivered amendments to the planning scheme to facilitate urban renewal across Melbourne.

The VPA allocated \$8.5 million in funding to 73 projects under the government's very successful Streamlining for Growth program, with a focus on capacity-building in our regional cities and towns and on reducing timeframes for post-Precinct Structure Plan (PSP) approval decisions.

The Andrews Government has a strong agenda to create a liveable, sustainable and prosperous future for all Victorians.

Importantly, we want to make housing more affordable and new places of work close to where Victorians live. While housing is an essential piece of the puzzle to cater for Victoria's growth, it goes hand-in-hand with creating new jobs.

The VPA will continue to play a key role in making this vision a reality by delivering quality plans for designated urban areas across the state.

This will include partnership with the Victorian Government, together with our community, to put in place the right planning and infrastructure, like public transport, to deliver the jobs, homes and services Victorians need.

I am particularly pleased that the VPA now has the additional role of advising my colleague, Gavin Jennings MLC, Minister for Priority Precincts, in relation to land use planning for priority precincts. The need for coordinated government action to realise the potential of key precincts and sites is crucial and the VPA is best placed as Victoria's strategic spatial planning organisation to provide integrated structure planning for urban growth.

I thank the Chair, Board and staff of the VPA for their efforts to shape Victoria's urban future and I look forward to the authority continuing its strong track record of achievement.

**The Hon. Richard Wynne MP
Minister for Planning**

October 2019

Chair of the Victorian Planning Authority



Our strategic focus over the last year has been on delivering for our stakeholders.

We have delivered on our 100,000 PSP lots target. This has ensured 15 years of zoned land supply for Melbourne.

We have also led the reform of our planning processes via our PSP 2.0 initiative. This promises to reduce the average time taken to develop a Precinct Structure Plan by 12 months. The Board sees this as a significant advance in reducing holding costs, improving PSP quality and enhancing work processes.

Within the organisation, we have lifted flexible work arrangements from nine per cent of staff to 36 per cent. Along with improved IT tools and the use of mobile devices, this has further boosted productivity.

The VPA is also planning for urban growth in regional Victoria and we are increasing collaboration with State Government agencies. All of this ensures we unlock value and contribute to the long-term financial sustainability of the VPA.

The opportunity ahead lies in supporting the State Government's strong infrastructure agenda through our focus on planning in priority precincts. We will also be supporting emerging government priorities such as infrastructure coordination, integrated water management and affordable housing.

I would like to thank Board members for their committed expertise in setting strategic guidance, the VPA CEO and staff and of course the Minister for his support, direction and wise counsel.



Jude Munro AO
Chair
Victorian Planning Authority

Responsible body declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Planning Authority's Annual Report for the year ended 30 June 2019.



Jude Munro AO
Chair
Victorian Planning Authority

11 September 2019



In 2018, Melbourne was one of the fastest growing cities in the developed world and Victoria remains the fastest growing state in Australia. Rapid growth, along with climate change, globalisation, and greater cultural diversity make for a complex urban planning landscape.

The VPA's unique role in this landscape is to develop land use and infrastructure plans for designated urban growth areas across the state. Plans that enable the development of prosperous, sustainable and liveable communities. Plans that lay the groundwork for delivering jobs, homes and amenities for the Victorians of today and tomorrow.

In delivering our plans, we actively respond to the drivers of change around us including population growth, economic conditions and the impact of technology. Our work, based on the most contemporary research, also helps inform and shape government policy.

Ernst and Young recently provided the VPA with a report, *Economic benefits of the Victorian Planning Authority*. The report estimated that the VPA would deliver \$2.4 billion of economic and financial benefit to the State from its urban and place planning efficiency and leveraging major infrastructure remit for the period 2018-2055, primarily through accelerating the provision of housing and employment areas and speeding up the delivery of land to market.

Expert consultants, ACIL Allen, found that the Streamlining for Growth program saved more than \$210 million to date, both in:

- better efficiency of Government investment
- economic benefits to the community from better and faster development outcomes.

The findings show that for every \$1 of Government money spent on the program, the economic benefit was \$8 – increasing Victoria's employment opportunities and housing choice, diversity and affordability.

During the 2018/19 year, the VPA continued to focus on supporting delivery of *Plan Melbourne 2017-50*, the growth plans for Victoria's regions and *Homes for Victorians: affordability, access and choice*.

The VPA also continued rolling out its *Strategic Plan 2017-20* through delivery of a range of internal and external projects focused on improving our processes and practices.

My report provides a summary of the VPA's year in review.

1.0 HIGHLIGHTS OF THE YEAR

Over 2018/19, the VPA:



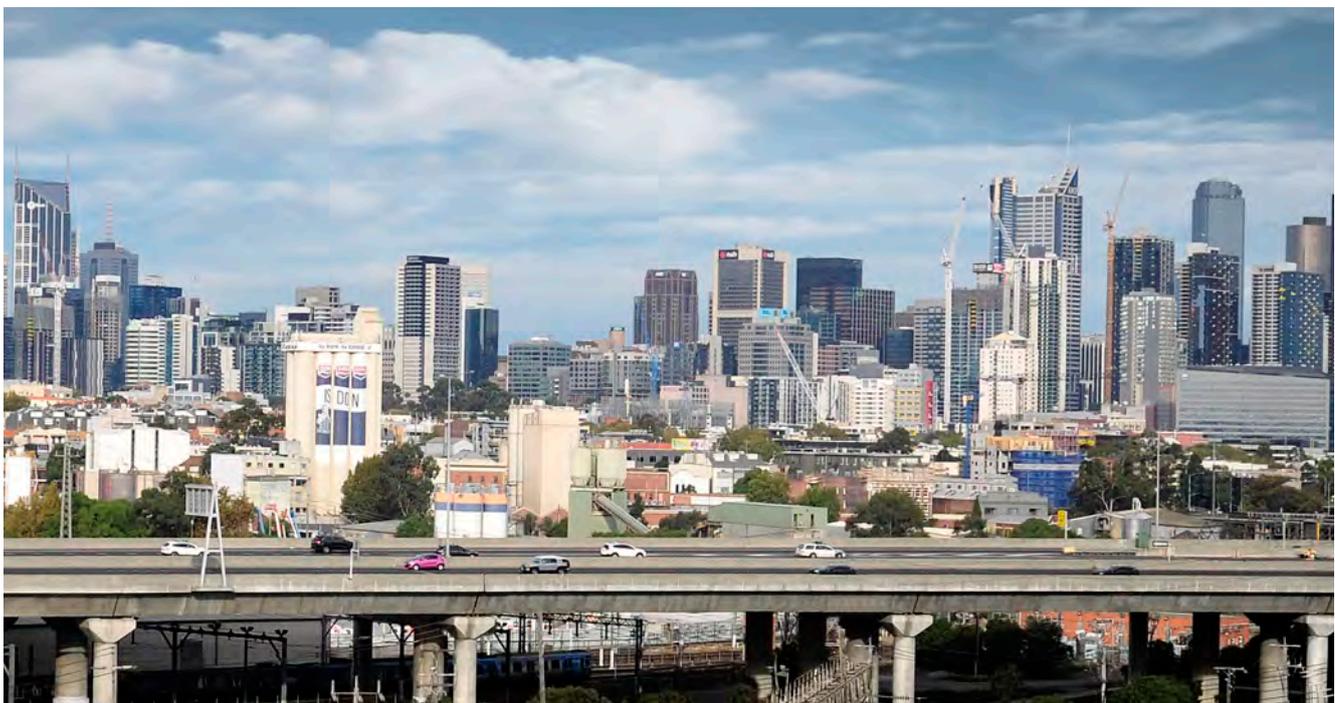
2.0 NEW GOVERNMENT DIRECTIONS

On re-election in November 2018, the Victorian Government introduced a number of significant portfolio changes, several of which impact directly upon the VPA. The Minister for Planning, the Hon. Richard Wynne MP, now has the additional responsibilities for Housing and for Multicultural Affairs. These additional portfolios are complementary to the VPA's planning role and in particular will create further opportunities for initiatives in social and affordable housing.

The programs of activity that the Minister for Planning has requested the VPA to focus on over the coming two years are:

- Priority precincts
- Urban renewal in Melbourne
- Melbourne growth corridors
- Regional cities and towns
- Infrastructure planning and coordination (including Growth Areas Infrastructure Contributions (GAIC))
- Streamlining plan delivery
- Planning solutions, innovation and partnerships
- Organisational capability and capacity.

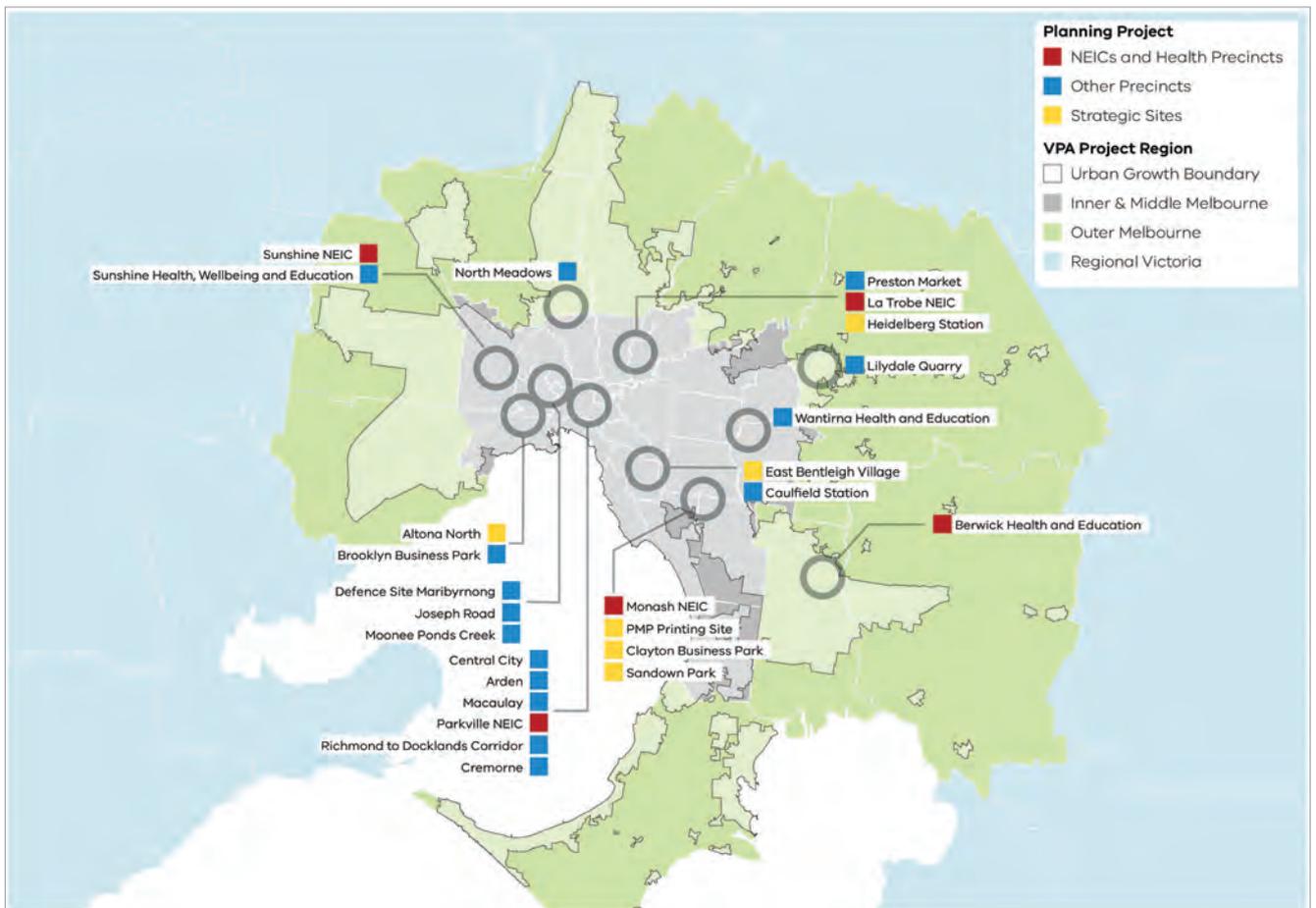
A major change for the VPA's operating environment was also made during 2018/19 with the creation of a new Minister for Priority Precincts, Gavin Jennings MLC, being given the power to direct the VPA to undertake specified activities or roles under section 36(1) of the *Victorian Planning Authority Act 2017*. The current Direction from the Minister for Priority Precincts was issued on 23 May 2019 and sets the priorities for the coming two years. This cements the VPA's ongoing role in the priority precincts agenda for the government.



3.0 ACROSS VICTORIA – OUR WORKING LANDSCAPE

The VPA has a statewide remit to operate in designated growth areas around Victoria. During 2018/19 we worked in the designated areas identified below.

Established Melbourne



Outer Melbourne (Greenfields)



Regional Cities and Towns



3.1 Established Melbourne

The VPA's work contributes to delivery of local jobs and aims to deliver 70% of housing growth in established Melbourne and city-shaping liveability and economic outcomes.

Due to the scale of the challenge of planning for growth in Melbourne, the VPA's work program in established Melbourne has increasingly focused on planning for growth at the precinct scale (rather than at a site-by-site level).

In 2018/19, this included delivering the following:

- Release of the *Arden Vision*, to accommodate a new suburb with more than 34,000 jobs and 15,000 residents by 2051, around the major transport hub at the new North Melbourne station (as part of the Melbourne Metro project)
- Preparation of the online Moonee Ponds Creek 'story map', to inform preparation of an implementation plan for improvements to open space along the Moonee Ponds Creek with Melbourne City Council
- Consultation on a draft plan for the Sunshine Health and Wellbeing Precinct, to support more than 7,200 jobs (by 2051) across 67 hectares, which informed preparation of the Comprehensive Development Plan to be exhibited by Brimbank City Council.

Further discussions are underway with the newly formed Department of Jobs, Precincts and Regions (DJPR) relating to planning for:

- Monash National Employment and Innovation Cluster (NEIC)
- Sunshine NEIC
- Parkville NEIC
- La Trobe NEIC.

The Victorian Government's commitment to significant investments in transport infrastructure, including the Melbourne Airport Rail Link, the Suburban Rail Loop and fast rail upgrades for the Geelong and Ballarat lines, creates once-in-a-generation opportunities to plan new places for people to live, work and invest. To respond to these opportunities, the VPA's work program in established Melbourne will continue to more strongly align itself to the state's infrastructure agenda.

During 2018/19 the VPA continued to work closely with local councils to progress complex spatial planning in a diverse range of situations and locations, with the first planning scheme amendment gazetted under the VPA's extended 'urban renewal' mandate. Planning scheme amendment packages for two other sites were handed over to the relevant local councils to finalise the amendment process. Extensive consultation with local communities, stakeholders and government agencies contributed to shaping plans under development by VPA and a strengthened focus by government on affordable housing.



3.1.1 Preparation of planning scheme amendments for urban renewal sites

The VPA is assisting councils, landowners and developers to speed up the redevelopment of a number of strategic sites across established Melbourne for jobs and housing by relieving planning backlogs and streamlining approvals.

The VPA, typically, has the 'provider' role for these sites. Our staff prepare planning scheme amendment packages and undertake informal consultation with stakeholders then handing the package to the relevant local council for exhibition and finalisation. The Altona North Comprehensive Development Plan (CDP) and associated planning scheme amendment was the first such project to be gazetted (September 2018), prepared in collaboration with Hobsons Bay City Council. The plan and associated Development Contributions Plan (DCP) will facilitate 3,000 homes (including a commitment to 5% affordable housing), new shops and civic space, commercial office space, large central park and bus route to Newport and Spotswood train stations.

In a similar process, in October 2018, the VPA handed over the planning scheme amendment package for East Bentleigh Village CDP and DCP to Glen Eira City Council, which will lead to the exhibition and finalisation of the amendment. The plan was informed by a Community Reference Group which reviewed key project material and provided feedback to the project team throughout the process. Public consultation sessions in 2018 were well attended by members of the public, who discussed their ideas for the future of the precinct. The site will deliver 3000 new dwellings including 5% affordable housing; capacity for 4,500 new jobs; and a new school (planned to open in 2022). Council anticipates that the planning scheme amendment will be exhibited in the first quarter of the 2019/20 financial year.

Plans for Berwick Health and Education Precinct were finalised following two separate Planning Panels in 2018/19, to facilitate opportunities for allied health and education uses. Business, office, research and development uses are also encouraged along with retail and housing options to support a thriving health and education precinct, and gazettal of this amendment is anticipated soon.

Preparation of further plans to facilitate delivery of housing and jobs in locations well-served by public transport are under way in the following locations:

- Caulfield station precinct
- Clayton Business Park
- Preston Market Precinct (with a focus on retaining a market on the site) – where the VPA is the 'Planning Authority'
- Wantirna (with a health and education focus).

VPA is also providing a role as 'advisor' to Yarra Ranges Shire Council and Greater Dandenong City Council on the future plans for Lilydale Quarry and Sandown Park respectively.



3.2 Regional planning

During 2018/19 the VPA continued working closely with councils and Government agencies to provide place-based planning solutions to support urban growth in regional cities and towns.

In Victoria's peri-urban and regional areas, the VPA supports councils to achieve growth aspirations by planning for precincts and places. Coordinated planning in these areas will result in the form of a more productive economy for regional Victoria and an affordable and attractive place to live.

During the year, the VPA was active in 31 regional projects, with a number of additional projects funded through the *Streamlining for Growth* program. In 2018/19, we have achieved the following in partnership with councils:

Delivered by VPA	Commenced by VPA in partnership with councils	Underway
<p>Approved - Leneva Baranduda PSP for Wodonga 6,000 dwellings, 2 government schools three neighbourhood hubs</p> <p>Approved - Bacchus Marsh Urban Growth Framework that sets the next 10 years of growth for Moorabool, with PSPs to follow in Parwan and Bacchus Marsh (14,000 lots, 4,200 potential jobs)</p> <p>Submitted - Shepparton North East PSP (1,300 lots, 220 potential jobs)</p>	<p>Greater Bendigo Industrial Development Land Strategy to unlock 100's of hectares of employment land for the Loddon Mallee region</p> <p>Assisting Greater Geelong to deliver the draft Framework Plan for the Northern and Western Growth areas – a combined 5,000 ha and future population of 110,000 and future growth boundary.</p> <p>PSPs:</p> <p>East of Aberline (Warrnambool) 1,500 dwellings, 380 jobs</p> <p>Traralgon South East PSP and DCP/ICP (2,400 dwellings, 600 potential jobs)</p> <p>Yarrowonga Framework Plan (2,700 dwellings, 300 potential jobs)</p>	<p>Bendigo West Action Plan (including Marong Township/Maiden Gully PSP) (3,000 dwellings, 300 potential jobs)</p> <p>SE Shepparton PSP for 2,500 dwellings and 200 jobs</p> <p>Echuca West PSP for 6,100 dwellings and 1,500 jobs</p> <p>Wonthaggi NE PSP approx. 5,000 dwellings and 400 jobs</p> <p>Portland Framework Plan and Shepparton Mooroopna 2050 Regional City Growth Framework Plan that set the growth narrative for the next 10-15 years.</p>

Over 4 years of Streamlining for Growth assistance the VPA has funded 101 regional projects with a total value of \$8,397,585 which includes Grants to Council - \$5,108,210 and VPA Resourcing Assistance - \$2,976,775. This is a huge boost to planning capacity in Victoria's regions.

3.3 Melbourne's growth corridors

3.3.1 Successful conclusion of the 100,000 lots target for Melbourne's greenfield areas

In Melbourne's fast-growing outer suburbs, the delivery of the government's 100,000 lot commitment in December 2018 has created a 15-year supply of zoned land, helping to reduce upward pressure on house prices. This gives Melbourne a significant affordability edge and the priority now is to maintain this supply by continuing to rezone new land to keep pace with demand. Importantly, these plans also enable the creation of valuable jobs for the Victorian community.

Five PSPs related to the '100,000 lot target' were gazetted during the 2018/19 financial year:

PSP Name	No of Lots
Beveridge Central	3,400
Cardinia Creek South	10,000
Sunbury South / Lancefield Road	19,400
Minta Farm	3,100
Total for 2018/19	35,900

The gazettal of these five PSPs represented the successful delivery of the 100,000 lots target, resulting in the VPA preparing plans for 11,000 hectares, enabling 20 new communities and town centres, accommodating a future population of 300,000 residents.

3.3.2 Continued progress on Infrastructure Contribution Plans associated with the 100,000 lots

The *Planning and Environment (Public Land Contributions) Act 2018* came into effect on 2 July 2018. This Act created a new mechanism for securing contributions from landowners to ensure that there was appropriate funding to enable the provision of key community infrastructure, through the new Infrastructure Contribution Plan (ICP) provisions. Initially this Act is only being applied to Melbourne's greenfield growth areas and to nominated strategic sites.

In order to progress the implementation of the PSPs adopted and prepared over the last two years, in some instances the VPA was required to prepare interim ICP arrangements to align to the new ICP Framework, and to separately draft final Supplementary ICPs. The current status of the ICPs being prepared are:

- Cardinia Creek South ICP – Complete, gazetted in April 2019
- Expected to be gazetted in 2019/20
 - Mt Atkinson / Tarneit Plains Interim Supplementary ICP
 - Donnybrook / Woodstock Interim Supplementary ICP
 - Plumpton / Kororoit Final Supplementary ICP
 - Beveridge Central Interim Supplementary ICP
 - Minta Farm Interim Supplementary ICP
 - Sunbury South / Lancefield Road Interim Supplementary ICP
 - Lindum Vale ICP.

The task of bringing historic ICPs into the new framework is resource intensive and the VPA is managing its work program to limit impacts on other work.

3.3.3 New 50,000 jobs and lots target for Melbourne's greenfield areas

In February 2019, the Government announced new greenfield planning targets for the VPA for an additional 50,000 residential lots and the capacity for 50,000 new jobs. These are expected to be progressively delivered until 2022/23.

During the 2018/19 year the Minister for Planning approved the Lindum Vale PSP (1,700 lots) and the Pakenham East PSP (7,200 lots and 1,480 jobs) was under consideration post planning panel. These two PSPs will contribute towards the VPA's target of 50,000 lots.

3.3.4 Enhancements to the PSP process

During 2018/19, our stakeholder survey identified the need to review the PSP process to ensure:

- early clarity about purpose, scope and outcomes
- early engagement of key stakeholders to ensure co-design opportunities are maximised
- streamlining the process to make it quicker and less formulaic.

In 2019, the VPA commenced a review to identify opportunities to streamline the process and reduce timeframes to deliver a PSP, while maintaining or enhancing product quality and liveability outcomes. This innovation project (known as PSP 2.0) has involved councils, state government agencies, industry and internal staff to inform the core challenges with the existing process and identify desired future outcomes.

PSP 2.0 is about achieving a future state process and product, where good planning is a result of shared decision making and good planning outcomes are a shared responsibility of all stakeholders.

PSP 2.0 will be progressively implemented in the 2019/20 financial year and outcomes will be delivered in all stages of PSP preparation including:

- engaging openly and collaboratively with agencies on cross-agency issues
- stronger articulation of design and urban structure response
- scaling up of early strategic planning activities
- shorter timeframes for the PSP
- front loading topics/issues in and out of scope.

In addition, the VPA is undertaking a consultative process to revise the PSP Guidelines. The purpose of the revision is to identify and incorporate Government policy that has been introduced since the original guidelines were put in place a decade ago. The VPA has been consulting with industry, councils and numerous state government agencies about the revision of the guidelines. Further consultation will be undertaken during the 2019/20 year in relation to the draft guidelines with our partners. This will ensure a streamlined whole-of-government approach to delivering PSPs that provides an appropriate balance between certainty and flexibility and delivery of '20-minute neighbourhoods'. Finalisation of the draft PSP Guidelines will be followed by engagement with developers, private consultants, local government and the broader public.

3.3.5 Revision of the Small Lot Housing Code

As part of the VPA's *Plan Melbourne* activities and the *Homes for Victorians* objectives, the VPA is seeking to streamline the current Small Lot Housing Code (the Code).

During 2011/12 we developed a practice which enabled the streamlining of the construction of dwellings on small lots (less than 300 square metres) in Melbourne's growth areas. The Code was updated in 2014 and a Practice Note was added. The VPA has now been progressing a further revision to the Code with the intention of addressing aspects of the Code which are prone to mis-interpretation. It is hoped that in the future this will be applied to established Melbourne.

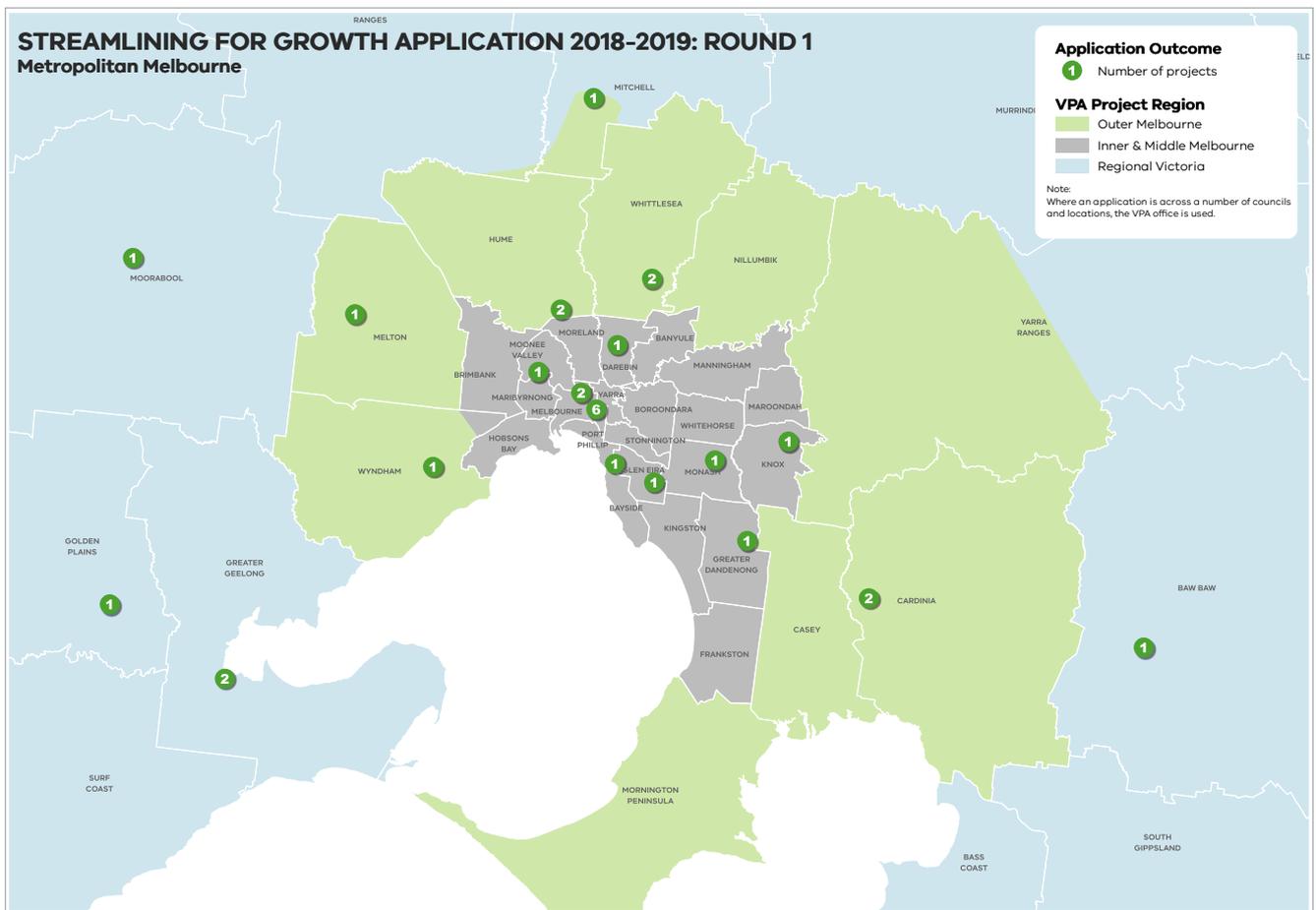
During 2018/19 the VPA has been leading a consultation process with key industry bodies and has been able to incorporate the feedback received into a draft of the document. This will be further refined and is expected to be able to be released in 2019/20.



4.0 STREAMLINING FOR GROWTH

The VPA has had carriage of the Government's well received *Streamlining for Growth* program which has aimed at facilitating faster and more cost-effective delivery of employment and residential land across Victoria by supporting local authorities in their land-use planning activities. The program was launched in 2016/17, and is scheduled to run until 2019/20, with \$24.056 million available to support the planning activities of local councils over that period.

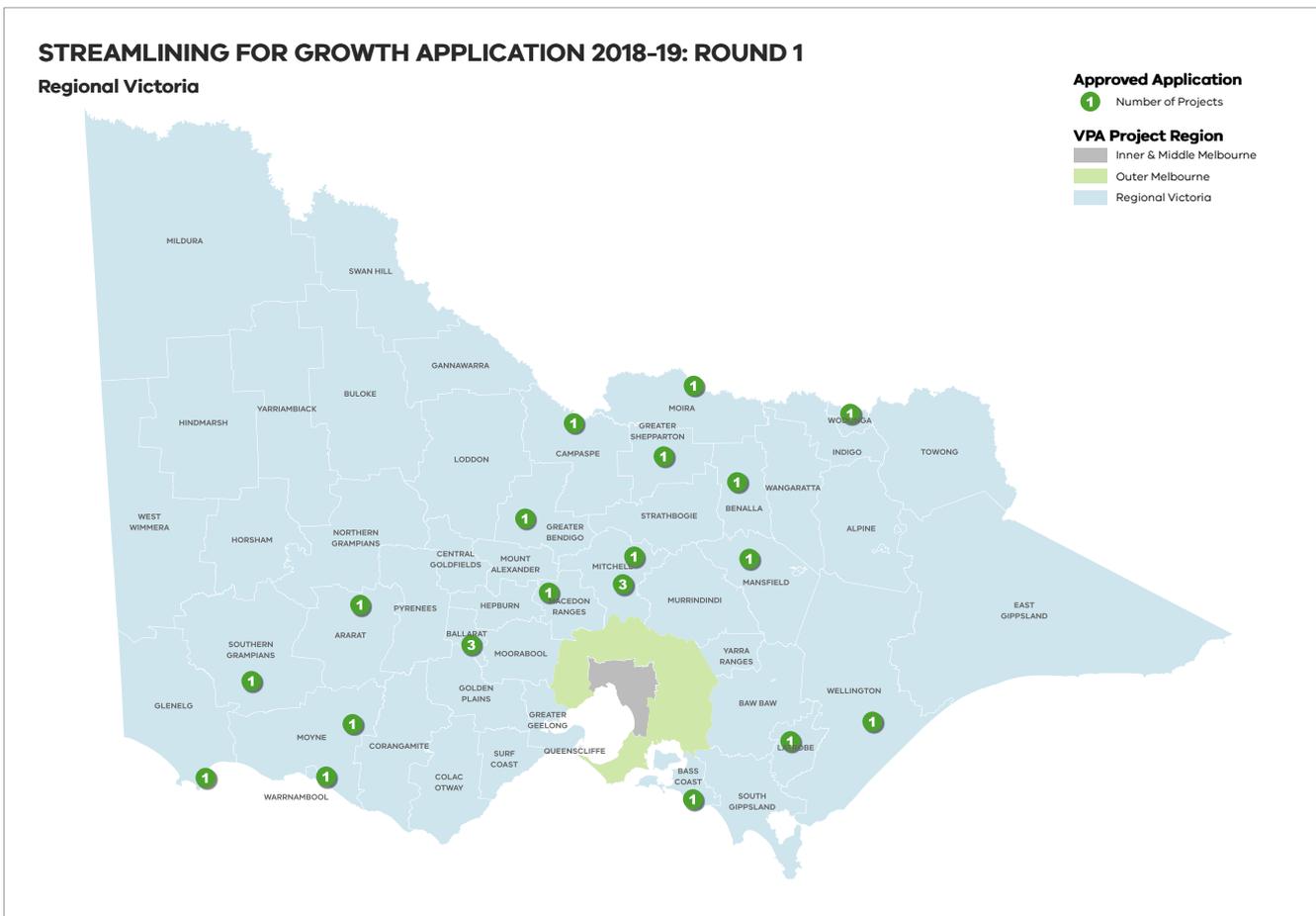
In 2018/19, the VPA had \$8.5 million available for allocation to projects in support of local authorities, and allocated funds for 73 projects as depicted in the figures below. The 2018/19 program included a focus on capacity-building in Victoria's regional cities and towns and on reducing timeframes for post-PSP approval decisions.



During the year the VPA commissioned a study by consultants ACIL Allen on the benefit of the *Streamlining for Growth* program to date. The report concluded that the program was estimated to have resulted in savings of between \$170 to \$210 million to date. For every \$1 of Government expenditure, \$8 of benefit was delivered to the community. In addition, the report considered that the program so far had resulted in 119 years of time saved, through streamlining planning processes.

The report considered that around 33% of the calculated benefit arose from projects which focused on improving the post PSP processes in the land development chain. It also noted that the program had delivered many other benefits, such as enhancing the potential of job generation by bringing forward the planning of employment related land and contributing to housing affordability.

The program has a final year to run and the VPA is allocating \$5.2 million to new projects in 2019/20.



5.0 INFRASTRUCTURE COORDINATION

5.1 Planning for infrastructure delivery

The VPA has been active in planning for the required state infrastructure in Melbourne's growth areas and for key regional cities and peri-urban towns. The Government's record investment in growth area infrastructure creates an opportunity for the VPA to be proactive in providing information to departments and agencies about the infrastructure growing communities need.

It has also had a role in assisting other State agencies and local governments plan for infrastructure in some of the major urban renewal precincts in metropolitan Melbourne, such as Arden, Defence Site Maribyrnong and the Monash NEIC.

The VPA has also responded to the infrastructure integration opportunities presented by government's ongoing agenda for delivering integrated water management and boosting urban sustainability

5.2 GAIC and GAIC WIK

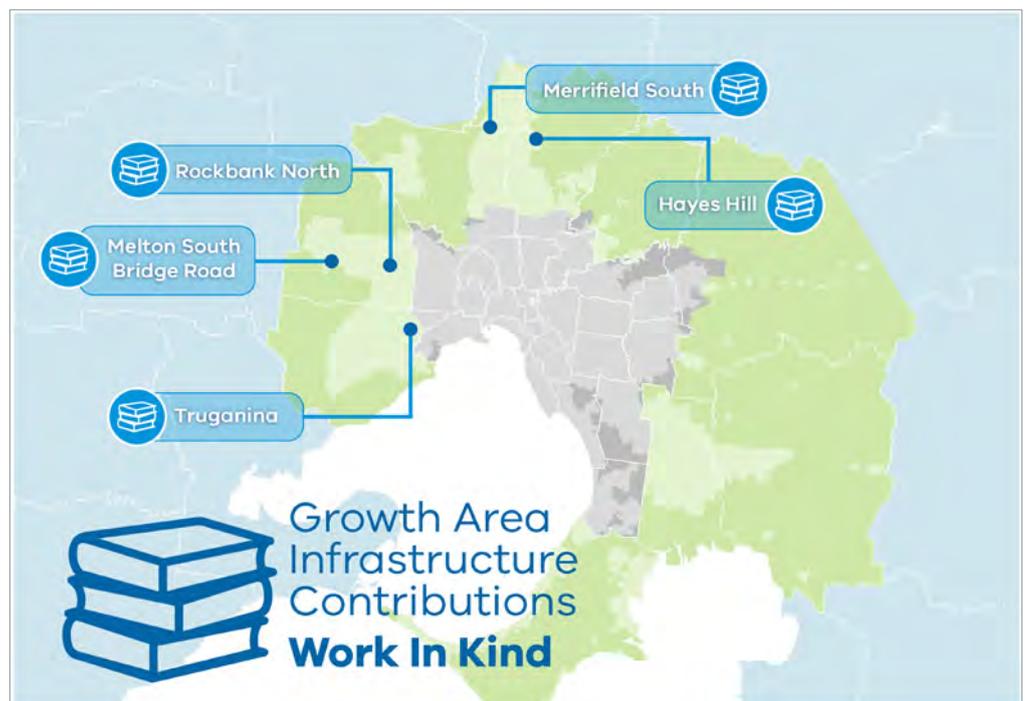
Over the course of 2018/19, the VPA negotiated three GAIC WIK agreements, valued at \$19.5 million, delivering early certainty on land for public infrastructure. This makes a total of five GAIC WIK agreements negotiated by the VPA since the legislation came into effect. This innovation is now proving to be an attractive alternative for

landowners and there are a number of potential agreements being discussed with landowners or their representatives. All five of the WIKs to date have been designed to provide the land for future public schools. The map below reflects the geographic distribution of the agreements reached.

5.3 Section 173 and DCP collections

The VPA is also responsible for the collection of DCP payments for the East Werribee Employment Precinct, and the 2018/19 year saw the first of these receipts being made. The VPA is required to pass these across to the Wyndham City Council, as the Council is the Development Agency for this area.

In addition, under the Planning Schemes for the City of Melbourne and for the City of Port Phillip, the VPA is responsible for the collection of certain amounts under section 173 agreements, until such time as a DCP (or ICP) is put in place. The VPA is required by the Minister for Planning to periodically pass these funds across to the Department of Environment, Land, Water and Planning (DELWP). These funds are reflected in the Balance Sheet of the VPA as both Cash and Deposits, and also in Payables, as being Amounts Payable to Government. These section 173 collections are not regarded as revenue of the VPA and are not included in the VPA's Comprehensive Operating Statement.



6.0 ORGANISATIONAL CAPACITY

6.1 Financial sustainability

The VPA continues to diversify its funding base to ensure the ongoing capability and capacity to deliver its program.

To this end the VPA has been more actively seeking contributions to reimburse the VPA for the cost of its planning activities from landowners or their representatives, or from government agencies. Over recent years the VPA has been progressively more successful in raising funds from these sources and can be expected to continue down this path.

6.2 We engage with our stakeholders

The VPA has long realised the importance of partnerships in the way it carries out its activities. Though the VPA had previously conducted independent assessments of how it was viewed by external parties, in 2018 the VPA determined that it would undergo a more rigorous stakeholder assessment conducted by an independent professional body. In September 2018, the VPA received a report on the result of the stakeholder survey.

This report found that the VPA was regarded to have strengths in the following areas, which ought to be maintained:

- Leadership
- Governance
- Collaboration.

The stakeholders also recommended that the VPA place additional focus on:

- Increased transparency in dealing with service partners
- Continue to focus on quality outcomes
- Be bold in championing innovations.

The VPA has developed an action plan to embed improved work practices across the organisation and to address this useful feedback, will check back in with our stakeholders on our progress in 2020.

7.0 IN SUMMARY

It has been a busy year with many external factors contributing to a reprioritising of VPA's program of work. I would like to thank the Minister for Planning, the Board Members, DELWP and DJPR officers and government, council and industry partners for their strong partnership in our work over the past year. I would also like to acknowledge the efforts of our hard-working staff. I look forward to continuing working together to plan for great new communities, places and neighbourhoods that we can all be proud of.



Stuart Moseley
Chief Executive Officer

VPA vision and values

(From the Victorian Planning Authority Strategic Plan 2017-2020)

VISION OF THE VICTORIAN PLANNING AUTHORITY

All of our people – from the technical experts to the planners, from the research team to the administrative staff – play an important role in achieving our vision of connected, vibrant and sustainable communities.

VALUES AND BEHAVIOURS OF THE VICTORIAN PLANNING AUTHORITY

The VPA's success is driven by our talented and dedicated staff. We combine a deep commitment to delivering public value with a strong understanding of the private sector to cut through complexity and actively facilitate innovative spatial planning solutions.

The Victorian Public Sector (VPS) Values and associated Code of Conduct, underpin all of our interactions with communities, stakeholders, partners and each other.

In addition, there are four values that we consider crucial to the VPA, which shape the way we work together as an organisation to deliver high-quality outcomes for Victoria's growing and future communities.

Value	Behaviours
Leadership	We drive new solutions We provide clarity and certainty, develop new and innovative solutions to problems, provide authoritative advice and lead by example to get things done and make a positive difference.
Partnership	We bring people together We work in collaboration with our stakeholders through genuine consultation, sharing of information, and harnessing their expertise and resources.
Professionalism	We inspire trust and confidence We act with honesty and openness, are accountable for our actions and are respected for our expertise and high-quality, balanced advice.
Responsiveness	We make it happen We are attuned to the needs of our stakeholders and strive to provide a high level of service and advice at all times.

Manner of establishment and relevant Minister

The Victorian Planning Authority (VPA) is a state government authority established under the *Victorian Planning Authority Act 2017* (the VPA Act). The VPA Act came into effect as of 1 July 2017.

The Authority reports to the Minister for Planning, the Hon. Richard Wynne MP, appointed Minister for Planning in December 2014 and in December 2018. The Hon. Richard Wynne MP was the responsible Minister for the period from 1 July 2018 to 30 June 2019.

Under the VPA Act, the VPA has a Board of directors responsible for determining the general policies and strategic direction of the VPA, with a clear purpose to provide advice and assistance as directed by the Minister for Planning in accordance with the objectives of planning in Victoria.

The Authority has functions and powers under the *Planning and Environment Act 1987*. We also have responsibilities as an interface body under the *Transport Integration Act 2010*.

The VPA is also accountable to the Minister for Priority Precincts, the Hon Gavin Jennings MLC, to deliver advice to him in accordance with the Ministerial Direction pursuant to section 36(1) of the *Victorian Planning Authority Act 2017* issued on 23 May 2019.

Nature and range of services provided

We are the Victorian Government's statewide land use planning authority, providing planning solutions in growth areas across Victoria. We provide strategic urban planning solutions and work in lockstep with our partners across government, industry, councils and community to deliver:

Urban renewal planning:

We plan the future of transitioning our under-utilised areas for jobs, investment and housing across inner and middle Melbourne and in key regional cities. We work with local government and the community to plan for the revitalisation of existing urban areas.

Greenfields planning:

We have been planning new suburbs across outer Melbourne since 2006 and more recently in regional cities using PSPs. We have been working to ensure that new neighbourhoods offer a diverse range of efficient and affordable housing and jobs that are connected, vibrant and sustainable.

Planning for regional cities and towns:

We work closely with councils and Regional Development Victoria to provide spatial planning solutions that unlock urban growth. We plan to ensure that our regional cities and towns add to the liveability and vibrancy of regional Victoria and play a key role in the development of the state and help boost Victoria's productivity.

Technical services, infrastructure planning and coordination:

We provide innovative technical and design solutions across all aspects of planning. We also recognise the interdependent relationship between land use plans and infrastructure networks and services, particularly transport. We seek to influence, coordinate and respond to these interdependencies.

Capacity building:

We provide support for councils to facilitate delivery of urban plans and projects by working closely with our local government partners and sharing knowledge and learnings.

Engagement, policy input and innovation:

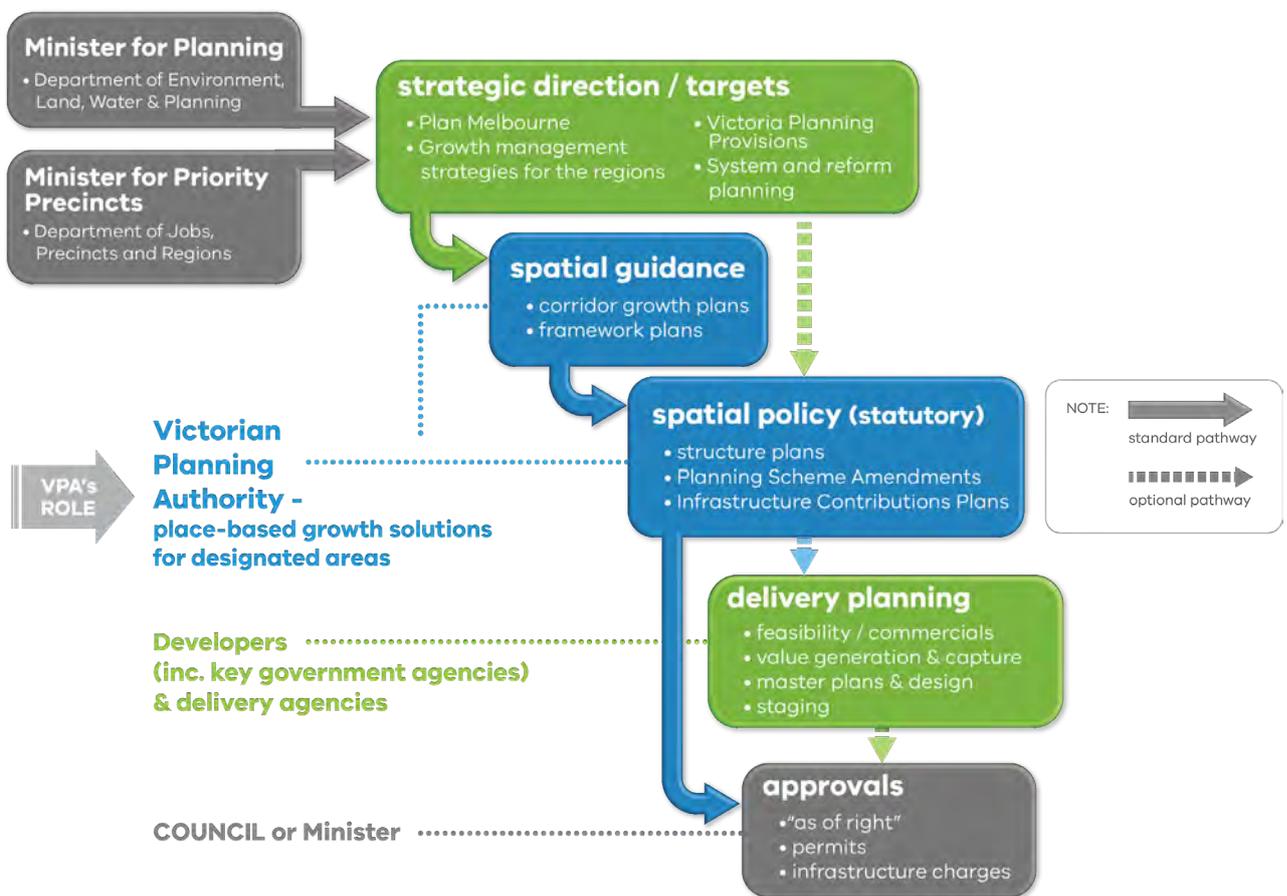
We influence policy and we lead new thinking about the urban environment. We ensure local communities and stakeholders are actively engaged in our planning and utilise 21st century tools to develop 21st century places.

The VPA works with key stakeholders to better understand the views of:

- Our government partners such as DELWP and DJPR to deliver the Victorian Government’s planning policies to support urban growth, housing, jobs and transport options across the state.
- Individuals and organisations with a connection or interest in the VPA’s plans, to ensure our plans reflect community aspirations.

- Development industry (including peak bodies and consultants) to ensure our plans facilitate quality outcomes on privately owned land. Two-way communication with developers is essential to remain aware of commercial realities.

Our operating environment in government is depicted in the figure below.



The VPA has continued to work in Melbourne’s growth areas whilst broadening its focus to the areas identified for urban development in *Plan Melbourne* and precincts in regional Victoria. We lead, we act and we cut through the complexity to get the job done.

The latest population projections for Melbourne (*Victoria in the Future 2019* – Department of Environment, Land, Water and Planning) indicate that the city’s population could increase to 9 million by 2056, whilst the population for the whole of Victoria could exceed 11.2 million. Up to 1.6 million new

dwellings will be required between 2019 and 2056 to house Melbourne’s growing population. An additional 470,000 dwellings will be required in regional centres.

It is important we start planning now for this growth to ensure we can accommodate increased demand, while maintaining housing quality and Melbourne’s liveability. This growth requires significant early and integrated urban planning to shape how our city’s infrastructure, housing stock and employment opportunities will evolve.

Objectives, functions, powers and duties

OBJECTIVES

The objects of the VPA are set out in section 7 of the *Victorian Planning Authority Act 2017*:

- (1) The primary object of the Authority is to provide advice and assistance that is in accordance with the objectives of planning in Victoria.
- (2) Without limiting subsection (1), the primary object includes collaborating with government agencies (including public sector bodies) and Councils —
 - (a) to promote the objectives of planning in Victoria; and
 - (b) to support productivity, liveability, housing affordability and environmental quality for Victorian communities; and
 - (c) for facilitation of timely and coordinated delivery of infrastructure and services; and
 - (d) to promote the alignment of decisions made by government about infrastructure with land use planning; and
 - (e) to promote the supply of housing; and
 - (f) to encourage land development that is sustainable and that takes into account natural and other hazards.

The Authority has functions and powers under the *Planning and Environment Act 1987*.

The Authority is also an interface body within the meaning of the *Transport Integration Act 2010*.

FUNCTIONS AND POWERS

The VPA provides advice to the Minister for Planning on development and planning issues in Melbourne and Victoria's growth areas and monitors, advises and partners with key stakeholders on a range of planning issues.

The VPA's functions are set out in section 8 of the *Victorian Planning Authority Act 2017*:

- (1) For the purposes of achieving its objects, the Authority has the following functions—
 - (a) to provide the Minister with advice and assistance in relation to planning the use, development and protection of land in Victoria;
 - (b) subject to subsection (3), to provide Councils and public sector bodies with advice and assistance in relation to planning the use, development and protection of land in Victoria;
 - (c) to perform any other functions conferred on it under this Act, the *Planning and Environment Act 1987* or any other enactment.
- (2) The Authority also has the following functions in relation to designated areas for the purposes of achieving its objects—
 - (a) to undertake integrated land use and infrastructure planning in those areas;
 - (b) to coordinate State Government action in relation to planning the use, development and protection of land in those areas.
- (3) The Authority must not give advice or provide assistance under subsection (1)(b) unless the Minister, or a person authorised by the Minister, has approved the giving of advice or the provision of assistance in a specified case or class of cases.

The VPA's powers are set out in section 9 of the *Victorian Planning Authority Act 2017*:

- (1) The Authority has power to do all things that are necessary or convenient to be done for or in connection with the achievement of its objects and the performance of its functions.
- (2) Without limiting subsection (1), the Authority may—
 - (a) enter into any agreements, contracts or arrangements in connection with its objects, functions or powers; and
 - (b) exercise the powers conferred on the Authority by this Act or any other enactment.

Performance reporting – non-financial

ACHIEVEMENTS, KEY INITIATIVES AND PROJECTS

The CEO's report (page 4) highlights the achievements, and progress on the key initiatives and projects of the VPA over the 2018/19 financial year.

OPERATIONAL PERFORMANCE

In accordance with section 44 of the *Victorian Planning Authority Act 2017*, the VPA prepared the *2018/19 Business Plan*. This annual business plan included a number of key performance measures for the 2018/19 financial year. The table below summarises the progress made against the VPA's 2018/19 strategic priorities as set out in its adopted *2018/19 Business Plan*, and aligned with its legislative objectives under section 7 of the *Victorian Planning Authority Act 1987*.

VPA'S KEY PERFORMANCE MEASURES FOR 2018/19

In order to achieve the VPA's outcomes over the coming four years, the VPA was expected to achieve the following during the 2018/19 financial year, as set out in our *2018/19 Business Plan*:

Task	Strategic Plan Outcome	Reference to the <i>Victorian Planning Authority Act 2017</i>	KPI	Target	Status as at 30 June 2019
Unlock the supply of land, while creating well serviced and sustainable communities	Affordable Housing Open Spaces Walkability Infrastructure Coordination Sustainability Liveability with Quality design Regional growth Productivity	Section 7(1) and 7(2)(a), (b), (c), (d), (e) & (f)	ICP solutions in place for all plans where required	ICPs in place for all completed PSPs and Development Contribution Plans where required	Partially achieved. The following ICPs have been completed or are awaiting Ministerial approval: <ul style="list-style-type: none"> • Plumpton / Kororoit Final Supplementary ICP • Lindum Vale ICP • Cardinia Creek South ICP. The following ICPs are expected to be gazetted in 2019/20: <ul style="list-style-type: none"> • Mt Atkinson / Tarneit Plains Interim Supplementary ICP • Donnybrook / Woodstock Interim Supplementary ICP • Beveridge Central Interim Supplementary ICP • Minta Farm Interim Supplementary ICP • Sunbury South / Lancefield Road Interim Supplementary ICP (Refer page 13 for further explanation)

Task	Strategic Plan Outcome	Reference to the Victorian Planning Authority Act 2017	KPI	Target	Status as at 30 June 2019
			PSP Guidelines revised and extended	Prepare the revised Structure Planning Guidelines by 30 June 2019	<p>Not achieved.</p> <p>Feedback provided through consultation with key stakeholders has resulted to alterations to the approach</p> <p>Now separated greenfield and urban renewal solutions are to be individually progressed. <i>2019/20 VPA Business Plan</i> has new target completion date of June 2020 (refer page 14 for further explanation)</p>
			Metropolitan Melbourne planning projects progressed	Planning Scheme Amendments prepared for four urban renewal sites by 30 June 2019	<p>Partially achieved.</p> <p>VPA's role in three planning scheme amendments for urban renewal sites prepared by 30 June 2019:</p> <ul style="list-style-type: none"> • Altona North • East Bentleigh • Berwick Health & Education <p>Planning scheme amendments still being progressed:</p> <ul style="list-style-type: none"> • Sunshine Health, Wellbeing & Educational Precinct
			Outer Melbourne planning projects progressed	Make significant progress towards rezoning to enable the remaining 40,000 dwelling lots (of the 100,000 target) by 30 June 2019	<p>Achieved.</p> <p>The Minister for Planning announced in December 2018 that the VPA had achieved the 100,000 lots target</p>

Task	Strategic Plan Outcome	Reference to the Victorian Planning Authority Act 2017	KPI	Target	Status as at 30 June 2019
				Make significant progress towards rezoning to enable a further 12,000 dwellings in other PSPs by 30 June 2019	<p>Achieved.</p> <p>In addition to the 100,000 lots, the VPA made significant progress on the following PSPs by 30 June 2019:</p> <ul style="list-style-type: none"> • Pakenham East (7,211 dwellings) • Shenstone Park (3,150 dwellings) • Lindum Vale (1,700 dwellings) <p>This will enable a further 12,061 dwellings</p>
			Regional Victoria planning projects progressed	Completed plans and rezoning for 10,000 lots for dwellings by 30 June 2019 (towards a target of 50,000 dwellings by 2022)	<p>Exceeded.</p> <p>The VPA had completed its work on 12,677 lots for dwellings:</p> <ul style="list-style-type: none"> • Shepparton North East PSP (1,500 dwellings) • Wonthaggi North East PSP (5,027 dwellings) • Leneva-Baranduda PSP (6,150 dwellings)
				7 framework and place making plans delivered by 30 June 2019	<p>Partially achieved.</p> <p>In addition to the three listed above the VPA completed its work on:</p> <ul style="list-style-type: none"> • Bacchus Marsh Framework Plan • Tangambalanga Plan <p>Three other place making plans were also near completion as at 30 June 2019</p>

Task	Strategic Plan Outcome	Reference to the Victorian Planning Authority Act 2017	KPI	Target	Status as at 30 June 2019
Provide opportunities for employment growth in sustainable communities	Infrastructure Coordination Sustainability Liveability with Quality design Regional growth Productivity Governance & organisation	Section 7(1) and 7(2)(a), (b), (c), (d), & (f)	Hectares of employment land included in draft PSPs prepared for exhibition by 30 June 2019	300 hectares of employment land included in draft structure plans prepared by 30 June 2019	Achieved Gross hectares of employment land included in draft structure plans adopted during 2018/19: <ul style="list-style-type: none"> Minta Farm (78.5 ha) Sunbury South/ Lancefield Rd (63.9 ha) Gross hectares of employment land included in draft structure plans exhibited during 2018/19: <ul style="list-style-type: none"> Shenstone Park (168 ha)
Future population growth balanced across Melbourne's greenfield growth areas, inner Melbourne, significant development sites and regional Victoria, in accordance with <i>Plan Melbourne 2017-2050</i>	Affordable housing Open Spaces Walkability Infrastructure Coordination Sustainability Liveability with Quality design Regional Growth Productivity	Section 7(1) and 7(2)(a), (b), (c), (d), (e) & (f)	Deliver the approved work program of the VPA in accordance with the Minister's Statement of Expectations	90% of program well progressed at 30 June 2019 against the published timeframes	Achieved. 91% of the projects in the work program were well progressed against the timeframes in the Business Plan. 'Well progressed' means that the anticipated completion date is within six months of the date published in the Business Plan.
Implement aspects of <i>Homes for Victorians</i> relevant to the role of the Authority	Affordable housing Open Spaces Walkability Infrastructure Coordination Sustainability Liveability with Quality design Regional Growth Productivity	Section 7(1) and 7(2)(a), (b), (c), (d), (e) & (f)	VPA to allocate funds received from the Streamlining for Growth program	By 30 June 2019 allocate 40 projects from funds received from the Streamlining for Growth program (this is a VPA whole of government performance indicator – BP3 measure)	Exceeded. The VPA approved the allocation of 72 Streamlining for Growth program projects

Task	Strategic Plan Outcome	Reference to the Victorian Planning Authority Act 2017	KPI	Target	Status as at 30 June 2019
Provide the opportunity for sustainable communities	Affordable housing Open Spaces Walkability Infrastructure Coordination Sustainability Liveability with Quality design Regional Growth Productivity	Section 7(1) and 7(2)(a), (b), (c), (d), (e) & (f)	Complete preparation of planning for zoned residential sites in outer Melbourne	Completed outer Melbourne PSPs and zoned land with the capacity to ultimately deliver 40,000 dwelling lots following subdivision. (this is the residual element of the previously announced 100,000 lot target). (This is a VPA whole of government performance indicator)	Achieved. The Minister announced in December 2018 that the VPA had achieved the 100,000 residential lots target
VPA and its stakeholders work in partnership for optimum planning outcomes		Section 7(1) and 7(2)(a), (b), (c), (d), (e) & (f)	Key Stakeholders to confirm that VPA has satisfactorily consulted with them during planning processes	The assessments requested by the VPA on its performance at the end of each assignment indicate a 70% satisfaction level	Achieved. Overall stakeholder satisfaction result of 76.7% from a broad survey undertaken in September 2018
Ensure strong organisational governance	Governance and Organisation	Section 21(3)	No significant governance breaches arise	No significant governance breaches reported in 2018/19 annual report	Achieved. No significant breaches of governance identified during the 2018/19 financial year
VPA produces a Business Plan annually	Governance and Organisation	Section 44	Approved Business Plan published on VPA website	Approved Business Plan published on VPA website by 31 December 2018	Achieved. Approved 2018/19 Business Plan published on VPA website on 14 December 2018
VPA remains financially sustainable	Governance and Organisation	Section 45	Operating shortfall within agreed tolerance	Operating shortfall for the year is no greater than 10% more than the budgeted deficit for the year ended 30 June 2019	Achieved. The VPA was able to achieve a better than budgeted for operating deficit for the 2018/19 financial year
Ensure that the VPA has a positive and inspiring organisational culture	Governance and organisation	Section 23	Demonstrate an improving trend in the annual People Matters survey	Employee satisfaction from survey to be higher than the result of the previous survey	Partially achieved (not directly comparable). The VPA had an overall employee satisfaction result of 72% (which is 4% higher than the Victorian Public Sector average)

Performance reporting – financial

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 30 June 2019 \$	Year ended 30 June 2018 \$	Year ended 30 June 2017 (as GAA) \$	Year ended 30 June 2016 (as GAA) \$	Year ended 30 June 2015 (as GAA) \$
Income from government (a)	20,053,188	19,781,664	17,829,000	13,900,000	12,709,083
Total income from transactions (b)	26,108,894	22,131,790	19,353,770	15,548,671	14,669,175
Total expenditure from transactions	27,661,984	22,050,194	18,744,888	19,099,436	15,378,819
Net result for the period	(1,548,984)	81,596	608,882	(3,550,765)	(709,644)
Net cash flow from operating activities	(4,371,971)	1,754,067	3,722,648	(2,238,097)	2,138,041
Total assets	15,335,928	19,485,477	17,023,123	13,671,107	16,015,312
Total liabilities	8,051,994	10,653,109	8,272,352	5,529,218	4,322,658
Net equity	7,283,933	8,832,367	8,750,771	8,141,889	11,692,654

Notes:

- (a) Income from government only includes output and special appropriations. Other contributions from government are recorded within total income from transactions.
- (b) Includes non-material amount of \$4,656 which is correctly regarded as an Economic Inflow.

SIGNIFICANT CHANGES IN FINANCIAL POSITION

Overall the financial position of the VPA has largely remained unaltered. The detailed movements in the different financial aspects are discussed below.

CURRENT YEAR FINANCIAL REVIEW

Overview

The Victorian Government considers the net result from transactions to be the appropriate measure of financial management that can be directly attributed to government policy. This measure excludes the effect of revaluations (holding gains or losses) arising from changes in market prices and other changes in the volume of assets shown under 'other economic flows' on the comprehensive operating statement, which are outside the control of the agency.

In 2018/19 the VPA recorded a deficit of \$1.548 million. This result was more favorable than the budgeted deficit of \$4.7 million. Both total income and expenditure from transactions has increased steadily over the past three financial years as a result of an increased mandate across government for the services and value add that the VPA provides.

Financial performance and business review

The VPA received more funds from Other Government agencies in 2018/19 (\$3,480,503) than in 2017/18 (\$520,898) and received a higher level of funding from the government from the *Streamlining for Growth* program, receiving \$7,102,000 in 2018/19 and \$6,602,000 in 2017/18.

Accordingly, the VPA increased its expenditure to match its additional revenue. The VPA staff complement increased from 95 to 113 in 2017/18, then to 114 at 30 June 2019, the increase in employment costs from \$13.5 million (2017/18) to \$15.1 million (2018/19) is largely due to the increased staff complement working the full year in 2018/19 rather than for part of the year in 2017/18.

Financial position – balance sheet

The VPA closed the financial year with a total accumulated surplus of \$7.284 million of which \$2.657 million is committed third party expenditure and will be reversed at 1 July 2019 from the accumulated surplus as a liability as per the modified retrospective approach taken by the VPA in accordance with AASB 15 Revenue from Contracts with Customers, leading to an adjusted accumulated surplus at 1 July 2019 of \$4.627 million.

Financial Assets and Payables have decreased considerably from 30 June 2018 due to the transfer of \$5.477 million of S173 collections for Fishermans Bend to DELWP. In addition, the VPA no longer holds Investments as since the Authority was required to move its financial assets from Treasury Corporation Victoria (TCV) to the Centralised Banking System (CBS) in February 2019, now all of its cash is held at call through the CBS.

SUBSEQUENT EVENTS

There have been no identified significant events subsequent to the reporting period that may significantly affect the organisation's future operations, other than the adjustment to the opening accumulated surplus due to AASB 15 discussed below, and a potential legal claim arising from the discontinued sale of land on behalf of the government in the East Werribee Employment Precinct (referred to in the Unquantifiable Contingent Liabilities note on page 88).

IMPACT OF AASB 15 AND AASB 16

These two new Accounting Standards which come into effect as of 1 July 2019 have an impact on the manner in which the VPA accounts for specific revenue and expenditure items. The Standard AASB 15 Revenue from Contracts with Customers requires that in future the VPA will only recognise revenue from third party funding arrangements, once the milestone associated with that funding has been achieved. The modified retrospective approach to the standard, which has been followed across the Victorian Government, also requires that the Accumulated Surplus as at 30 June 2019 be adjusted as of 1 July 2019, so as to remove any revenue recorded in the brought forward Accumulated Surplus from 30 June 2019 that relates to funding for which the associated milestone has not yet been achieved. This adjustment to the VPA's opening Accumulated Surplus will be reflected in the 2019/20 Annual Financial Statements.

As per AASB 16 Leases the value of the VPA Right of Use Accommodation Lease Asset and the Lease Liability will be transferred onto the balance sheet.

Governance and organisational structure

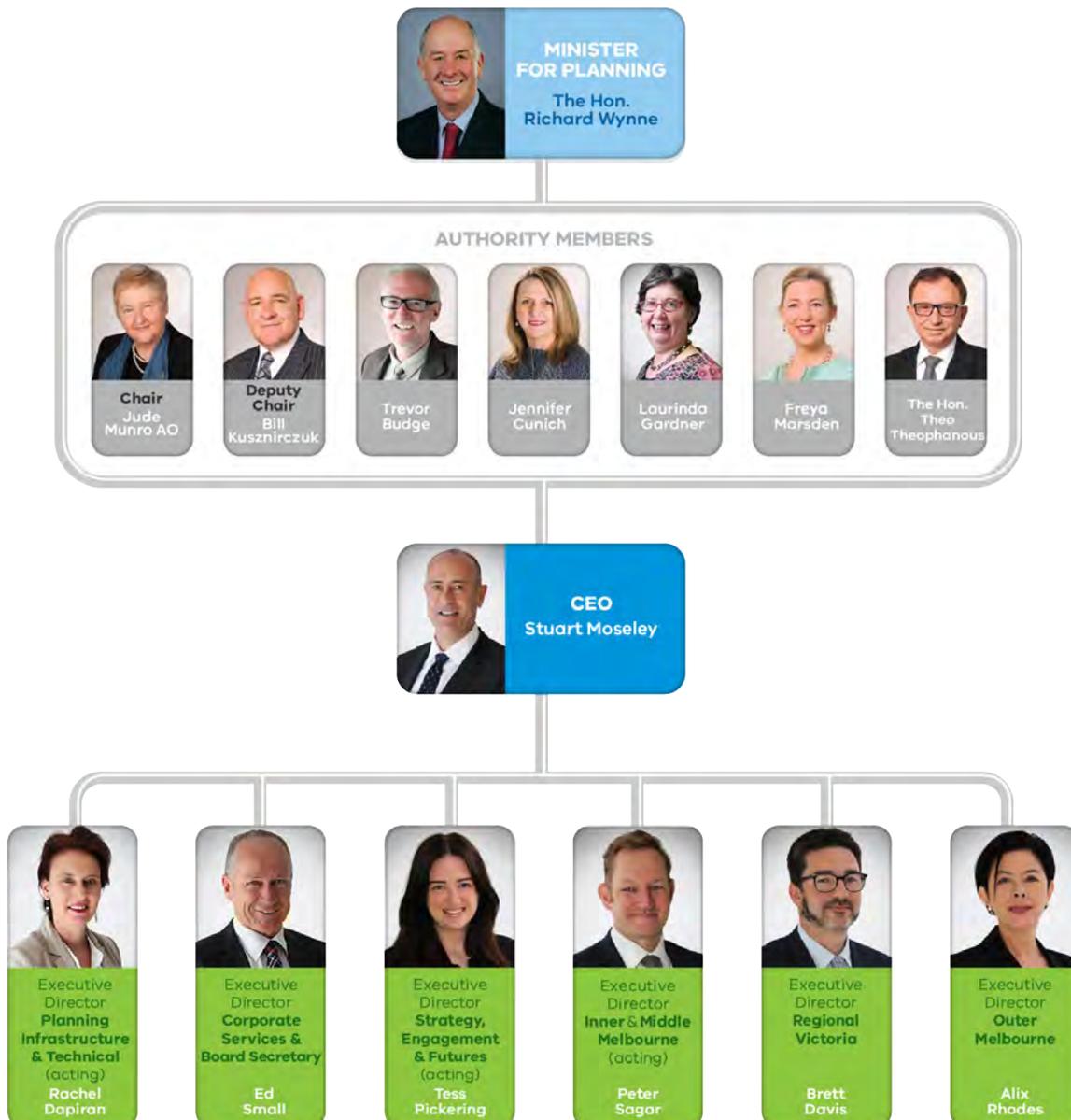
GOVERNING BOARD

The VPA is overseen by a Board with experience in state and local government and industry that brings together a broad range of disciplines including planning, development, economics, financial management, education and housing. The Board is responsible for determining the general policies and strategic direction of the Authority for the purpose of achieving its objects.

The Authority reports to the Minister for Planning the Hon. Richard Wynne MP. The VPA is governed by a seven-person Board which was appointed by the Minister for Planning. The Minister provides the Board with a Statement of Expectations and Directions.

The seven Board Members of the Victorian Planning Authority were in office for the whole period of 1 July 2018 until 30 June 2019.

The VPA's organisational structure as at 30 June 2019 is as follows:



* Exclusive of VPA Executives currently undertaking secondments in Victorian Government.

The VPA's organisational structure supports its strategic direction and is designed to ensure that the VPA delivers and improves planning projects that shape the future growth and transformation of designated urban growth areas, precincts and places. The Board appointed a CEO, and the VPA adopted an organisational structure with three planning teams to carry out its planning projects:

- Inner & Middle Melbourne
- Outer Melbourne
- Regional Victoria.

The planning teams are supported by three specialist teams:

- Planning, Infrastructure and Technical
- Strategy, Engagement and Futures
- Corporate Services (and Board Secretariat).

BOARD MEETINGS

Board meeting attendances for 2018/19

Authority Member	Membership Period	Board Meeting attendance
Jude Munro AO (Chair)	1 July 2018 to 30 June 2019	11 out of 11
Bill Kuszniczuk (Deputy Chair)	1 July 2018 to 30 June 2019	10 out of 11
Freya Marsden	1 July 2018 to 30 June 2019	11 out of 11
Theo Theophanous	1 July 2018 to 30 June 2019	11 out of 11
Jennifer Cunich	1 July 2018 to 30 June 2019	10 out of 11
Trevor Budge	1 July 2018 to 30 June 2019	9 out of 11
Laurinda Gardner	1 July 2018 to 30 June 2019	10 out of 11

BOARD MEMBERS' CONFLICT OF INTEREST DISCLOSURES

During the 2018/19 financial year, VPA board members disclosed the following potential, perceived or actual conflicts of interest:

Name of Board Member	Disclosure	Management Plan
Jude Munro	Monitor for Greater Geelong City Council	Member will absent herself from any Board discussions relating to Geelong.
William (Bill) Kusznirczuk	Managing Director of Clement Stone Town Planners	Member will advise Board if any matter that is relevant to his role with Clement Stone Town Planners comes before the Board.
Freya Marsden	Family member is a partner in a consultancy firm that may undertake work for VPA	Member will not take part in any procurement decisions that involve this firm.
Freya Marsden	Prior working relationship with Cube Group	Member will not take part in any procurement decisions that involve this firm.
Trevor Budge	Employed as Manager, Strategy at City of Greater Bendigo	Member will absent himself from any Board discussions relating to any matter in the City of Greater Bendigo.
Theo Theophanous	Family member standing as candidate, and subsequently elected as MP, for Northcote	Member will absent himself from any Board discussions relating to Preston Market
Jennifer Cunich	Appointed to Monash University Estates Committee	Member will absent herself from any Board discussions relating to Monash NEIC

BOARD COMMITTEES

The Board of the VPA has two sub-committees.

Risk and Audit Committee

The Risk and Audit Committee ensures that the VPA discharges its responsibilities as prescribed in the *Financial Management Act 1994* and *Audit Act 1994*, as well as other relevant legislation and prescribed requirements.

The Risk and Audit Committee has four members and was chaired by Freya Marsden. The Risk and Audit Committee Members are all independent of the operations of the Authority.

In line with Standing Direction 3.2.11, the role of the Risk and Audit Committee includes reporting to the Board of the VPA on:

- financial performance;
- the financial reporting process;
- the scope of work, performance and independence of the internal auditor;
- the scope of work and performance of the external auditor;
- the operation and implementation of the risk management framework;
- matters of accountability and internal control affecting the operations of the VPA;
- the effectiveness of management information systems and internal controls;
- the acceptability, disclosure of and correct accounting treatment for significant transactions that are not part of the VPA's normal course of business
- the review of the Financial Management Framework Compliance attestation.

Risk and Audit Committee meeting attendances for 2018/19

Authority Member	Membership Period	Risk and Audit Committee attendance
Freya Marsden (Chair)	1 July 2018 to 30 June 2019	4 out of 4
Jude Munro AO	1 July 2018 to 30 June 2019	3 out of 4
Jennifer Cunich	1 July 2018 to 30 June 2019	4 out of 4
Theo Theophanous	1 July 2018 to 30 June 2019	4 out of 4

Executive Remuneration, People and Culture Committee

This Committee is responsible to the Board and oversees the development of executive remuneration policy and practices and also monitors the development and implementation of strategies to enhance staff and organisational effectiveness within the VPA. The Committee approves individual executive remuneration packages. The Executive Remuneration, People and Culture Committee has four members and was chaired by Bill Kuszniarczyk.

The Committee recognises and demonstrates a clear relationship between people, executive performance and organisational effectiveness as an important part of the culture of the Authority.

The Committee monitors the development and progress of a People and Culture Plan which includes key strategies aimed at improving the Authority's organisational culture, executive and leadership development, attraction and selection practices and succession planning initiatives.

Executive Remuneration People and Culture Committee meeting attendances for 2018/19

Authority Member	Membership Period	Executive Remuneration People and Culture Committee attendance
Bill Kuszniarczyk (Chair)	1 July 2018 to 30 June 2019	4 out of 4
Jude Munro AO	1 July 2018 to 30 June 2019	4 out of 4
Trevor Budge	1 July 2018 to 30 June 2019	3 out of 4
Laurinda Gardner	1 July 2018 to 30 June 2019	4 out of 4



**Jude Munro AO
(Chair)**

BA Hons (University of Melbourne), Grad Dip Business Administration (Swinburne), Grad Dip Public Policy (University of Melbourne), FAICD, FIPAA

Jude Munro is experienced in guiding large complex organisations both as a Non-Executive Director and when she was a CEO. Jude is currently a Director, Newcastle Airport, SunCentral Maroochydore and Metro Tasmania, and Board Chair, Victorian Pride Centre. She has been a Director of 20 companies, including board chair of Australia's fourth largest water utility, a director of a national aviation business, a development company, and a director of one of Australia's largest not-for-profits with a \$1.3B budget.

She also mentors CEOs. Her last CEO position was as CEO of Brisbane City Council for 10 years. She led the Council with its \$2.6 billion annual budget, 9000 employees and delivered infrastructure projects, bus and ferry services, regulatory and other municipal services for 1.2M people. Infrastructure projects included \$2.7B Clem7 tunnel, steering committee chair for the feasibility stage of Airport Link, the Green Bridge, and Go Between bridge. She was awarded the Keys to the City of Brisbane in 2010 for her service to the people of Brisbane.



**W. R. (Bill) Kuszniarczyk
(Deputy Chair, Chair of Executive Remuneration People and Culture Committee)**

BA (Urb Studies) FIT; Grad Dip (Urb Plg) FIT; CPP; MPIA; MAAP; AFAIM; MVEPLA; MBDAV; MAPA; MEIANZ; MAICD; MUDIA

Bill Kuszniarczyk is a leading Urban and Regional Planner in Australia.

He has extensive experience and knowledge in all aspects of planning, building, property development and how cities, rural and regional areas should look in the future. He is the founder and Managing Director of Clement-Stone Town Planners which has a long and respected tradition of providing professional advice in these fields. Bill is sought as a regular commentator for radio, TV and print media.

He is the former Chair of the Building Advisory Council. Mr Kuszniarczyk was appointed as the inaugural Chairman and Chief Commissioner of the Victorian Building Authority in 2013. He is also an Advisory Board Member of the Office of Projects Victoria reporting to Government on overseeing the delivery of major infrastructure projects in Victoria. He is a Certified Practising Planner and Associate Fellow of the Australia Institute of Management. Bill also brings his expertise in strategic and business planning, project management, stakeholder engagement, finance, risk and corporate governance. His valuable industry experience puts him at the forefront of advisors across Australia. He also provides his valuable knowledge to the community, charities and on not-for-profit Boards.

Bill is an Australia Day Ambassador to Victoria.



**Freya Marsden
(Chair of Risk and Audit)
Bachelor of Agriculture and Resource Economics with Honours, La Trobe University; Master of Commerce (Specialising in Economics) University of Melbourne; GAICD**

Freya brings policy and economic experience gained across industry and Victorian and Australian Governments, including the Victorian Premier's Department and Department of Infrastructure, as a Director of the Business Council of Australia and Commonwealth Treasury Executive. With extensive Non-Executive Director industry and government experience, Freya provides the VPA with increased governance, risk, finance and strategy skills.

Freya is currently Chair of Finance, Assurance and Risk Management and a Non-Executive Director on South East Water, Chair of the Sustainability Fund, a Charter Member for the Brotherhood of St Laurence and a Member of VicRoads Risk Audit and Governance Committee. Freya Marsden is Managing Director of the Acuity Group, providing governance, strategy, policy and economic advice since 2012.



Trevor Budge AM
BA (Monash), Grad Dip of Education (Monash University), Grad Dip Town & Regional Planning (University of Melbourne), MA (Town Planning) (Victoria University), LFPIA

Trevor Budge is the Manager Regional Sustainable Development at the City of Greater Bendigo. He is an Adjunct Associate Professor in the Community Planning and Development Program at the Bendigo campus of La Trobe University. He is a former State President of the Planning Institute of Australia, and is a Life Fellow and has a National Lifetime Achievement Award from the Institute. He became a Member (AM) in the General Division of the Order of Australia in June 2011 for service to town planning, particularly the development of regional and rural communities in Victoria, and to education.

He was a Ministerial appointee for six years of the Victorian Catchment Management Council and a founding Board Member on the Victoria Walks Board. He has worked extensively for state, regional and local governments, and conducted his own consulting business for 16 years. For 12 years Trevor taught at RMIT and La Trobe universities in planning and community development.



Jennifer Cunich

Jennifer Cunich has over 30 years' experience in the business and property sectors. She held the position as CEO of the Australian Institute of Architects and was the Executive Director of the Property Council of Australia, first as the ACT Executive Director and from 2002 to 2016 as the Executive Director at the Victorian Division.

Jennifer is one of Australia's most experienced property lobbyists and business manager. Jennifer is a champion of promoting women and broader diversity across businesses and industry. She has held positions on the Property Council Executive Committee, the Women's Property Initiatives Board, the Victorian Building Advisory Council and the Victorian Building Industry Consultative Council. Jennifer is currently on the Monash University Estates Committee.



Laurinda Gardner
BA Hons (University of Melbourne), MAICD, FIPAA

Laurinda Gardner is a board director, organisational reform and change management consultant and career coach. Laurinda has over 25 years senior executive experience and was formerly a Deputy Secretary with the Victorian Department of Treasury and Finance and a Director at the City of Melbourne. She has



The Hon. Theo Theophanous
BA Hons (La Trobe University)

Theo Theophanous is a former Victorian Government Minister, who has held a number of senior portfolios, including Industry, Trade, Energy, Resources, State Development, ICT and Major Projects. Highlights include developing the first Victorian Renewable Energy Scheme, attracting Major International Airlines and investment to Victoria, steering the development of the Recital Centre, AAMI Stadium, Melbourne Conference Centre and Austin Hospital redevelopment. He now works as a specialist industry advisor and has served on National ICT Australia board.

He is also a Director at State Trustees Ltd and Vice President of the Cypriot Community of Melbourne and Victoria.

led large operational teams in diverse areas including strategic and business planning, HR, IT, communications, town planning, stakeholder engagement, finance and risk. Laurinda has performed the role of trusted adviser to several CEOs, was an Administrator at the City of Greater Geelong and is currently on the Board of the Victorian Equal Opportunity and Human Rights Commission and a member of several remuneration, and audit and risk committees.

OUR PEOPLE

At the VPA, we believe our success is driven by our talented and dedicated workforce. Our strategic plan sets out a clear direction to build a “dynamic and high performing organisation that delivers and creates an inspiring workplace”. The 2018/19 year saw the continued implementation of our three-year *People and Culture Plan* and program, which focuses on three key areas for the organisation:

- Developing our people and creating career pathways;
- Attracting and selecting the right people for the right jobs;
- Creating an inspiring workplace.

Key achievements in the 2018/19 year include:

- The development of a Health and Wellbeing Plan which focuses on three core areas which we believe contributes to creating ‘healthy well beings’ - promoting healthy minds; encouraging physical health and supporting people with mental illness.
- Organisation commitment to creating a workplace which supports and embraces flexibility in the workplace, which supports our people to balance work and life responsibilities and assists in attracting and retaining a diverse workforce.
- Development of a new corporate learning and development program which will provide continuous learning and development opportunities for all employees including leadership, people management, technical skills and business skills.

PUBLIC SECTOR VALUES AND EMPLOYMENT PRINCIPLES

All VPA policies and procedures are aligned to the public sector values and employment principles as set out in the *Public Administration Act 2004* (Vic).

The VPA’s recruitment and selection processes are conducted in accordance with the principles of fair treatment, merit and equity. Candidates undergo a thorough selection process against established key selection criteria without discrimination. Our employee on-boarding and annual compliance program provides all new and existing employees with a clear understanding of the *Code of Conduct* and key VPA policies and procedures including conflict of interest, privacy, gifts, benefits and hospitality and appropriate workplace behaviours.

EMPLOYMENT AND CONDUCT PRINCIPLES

The VPA is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data collections.

WORKFORCE INCLUSION

The VPA is committed to building a diverse and inclusive workplace, creating a culture that values and harnesses diversity. We actively promote equal employment opportunity through diversity in our policies and practices. The VPA de-identifies all job applications prior to the initial assessment process, which enables us to minimise potential unconscious bias in the recruitment and selection processes and encourage and promote a diverse range of applicants to the VPA.

The VPA supports and embraces the diversity of our people and the communities in which we operate and live. The VPA participates and supports a broad range of activities that raise awareness and celebrate diversity and inclusion such as Mental Health Week, R U OK Day?, Taste of Harmony and Cultural Diversity Week, and NAIDOC Week.

Disability Action Plan

The VPA formally endorsed the implementation of its *Disability Action Plan* in September 2015. Our comprehensive plan sets out how we can reduce barriers for those with a disability who wish to participate or engage with our key activities. Actions set out in this plan apply to all aspects of our organisation, including employment, community consultation and planning for new growth area communities as well as urban renewal and the evolution of regional centres. We continue to implement action items from within the plan across the organisation. The plan can be accessed at www.vpa.vic.gov.au/about/disability-action-plan.

Improving accessibility

The VPA is committed to providing access to information to all members of the community. In relation to the access to material on the VPA’s website, the VPA provides detailed information on how to access and read VPA documents, and provides a contact facility for resolving any queries, by way of the e-mail address of accessibility@vpa.vic.gov.au.

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

The VPA has a clear commitment to the health, safety and wellbeing of our employees. Through our OHS Committee, we continually review our OHS governance and compliance frameworks.

The VPA's performance against occupational health and safety management measures

Measure	KPI	2018/19	2017/18
Incidents	No. of incidents	2	2
	Rate per 100 FTE	2	2
	No. of incidents requiring first aid and/or further medical treatment	2	1
	Hazards	1	0
Claims	No. of standard claims	1	0
	Rate per 100 FTE	1	0
	No. of lost time claims	0	0
	Rate per 100 FTE	0	0
	No. of claims exceeding 13 weeks	0	0
	Rate per 100 FTE	0	0
Fatalities	Fatality claims	0	0
Claim costs	Average cost per standard claim	\$353	0
Return to work	Percentage of claims with RTW plan <30 days	0	0
Management commitment	Evidence of OH&S policy and objectives, regular reporting to senior management	Achieved	Achieved
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs).	Achieved	Achieved
	Compliance with agreed structure on DWGs, HSRs, and IRPs.	Achieved	Achieved
	Number of quarterly OHS Committee meetings	4	4
Risk management	Percentage of internal audits/inspections conducted as planned.	Achieved	Achieved
	Percentage of reported incidents investigated	100%	100%
	No. of Improvement Notices issued across the Department by WorkSafe Inspector.	0	0
	Percentage of issues identified actioned arising from: <ul style="list-style-type: none"> internal audits; HSR provisional improvement notices; and WorkSafe notices. 	100% n/a n/a	100% n/a n/a
Training	Induction	Achieved	Achieved
	Staff training	Achieved	Achieved

WORKFORCE DATA

Staffing trends from 2015 to 2019

The following total staff members (headcount) were employed by the Authority as at 30 June:

2019	2018	2017 (GAA)	2016 (GAA)	2015 (GAA)
114	113	95	88	84

The VPA has an expanded role from that of the GAA. This resulted in the VPA taking up a wider range of tasks, and expanding its staff complement correspondingly.

Comparative workforce data

The following table discloses the head count and full-time staff equivalent (FTE) of all active VPA employees, employed in the last full pay period in June of the current reporting period (2018/2019), and in the last full pay period in June of the previous reporting period (2017/2018).

Details of employment levels at 30 June 2019 and 30 June 2018 are as follows:

	June 2019						June 2018							
	All employees		Ongoing			Fixed term and casual		All employees		Ongoing			Fixed term and casual	
	Number (head-count)	FTE	Full-time (head-count)	Part-time (head-count)	FTE	Number (head-count)	FTE	Number (head-count)	FTE	Full-time (head-count)	Part-time (head-count)	FTE	Number (head-count)	FTE
Gender														
Women	55	50.78	2	1	2.6	52	48.18	55	51.5	2	1	2.6	52	48.9
Men	59	56.06	4	0	4	55	52.06	58	55.16	4	0	4	54	51.16
Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Age														
15-24	10	8.6	0	0	0	10	8.6	12	10	0	0	0	12	10
25-34	37	36.5	1	0	1	36	35.5	36	35.6	1	0	1	35	34.6
35-44	34	31.28	2	0	2	32	29.28	34	31.7	2	0	2	32	29.7
45-54	17	16.56	1	1	1.6	15	14.96	21	20.56	2	1	2.6	18	17.96
55-64	13	12.2	2	0	2	11	10.2	8	8	1	0	1	7	7
65+	3	1.7	0	0	0	3	1.7	2	0.8	0	0	0	2	0.8
VPA 1-6 grades	114	106.84	6	1	6.6	107	100.24	113	106.66	6	1	6.6	106	100.06
VPA 1	3	1.6	0	0	0	3	1.6	6	3.6	0	0	0	6	3.6
VPA 2	3	3	0	0	0	3	3	4	4	0	0	0	4	4
VPA 3	10	9.6	0	0	0	10	9.6	15	15	0	0	0	15	15
VPA 4	21	21	0	0	0	21	21	16	16	0	0	0	16	16
VPA 5	24	21.98	0	0	0	24	21.98	23	20.9	0	0	0	23	20.9
VPA 6	36	33.26	5	1	5.6	30	27.66	33	31.16	5	1	5.6	27	25.56
Senior employees														
STS	10	9.4	1	0	1	9	8.4	8	8	1	0	1	7	7
Executives	7	7	0	0	0	7	7	8	8	0	0	0	8	8
Total Employees	114	106.84	6	1	6.6	107	100.24	113	106.66	6	1	6.6	106	100.06

Annualised total salary by \$20,000 bands for executive staff at 30 June 2019

The following table discloses the annualised salary for Executive Officers of the organisation. The salary amount is reported as the full-time annualised salary and excludes Superannuation.

In the tables below, the VPA Chief Executive Officer (CEO) is included as an Executive Officer. It is noted that the CEO is however excluded from the Executive Remuneration Note of the 2018/19 Annual Financial Statements as the CEO is included in the Responsible Persons Note.

Income Band	Executives 2018/19	Executives 2017/18
\$220,000 - \$239,999	5	6
\$260,000 - \$279,999	1	1
\$380,000 - \$399,999		1
\$400,000 - \$419,999	1	
Total no. of Executives	7	8

Notes:

The salaries reported above is for the full financial year, at a 1-FTE rate, and excludes superannuation.

Executive Officer data

The executive employment and total remuneration packages as at 30 June (those employed as at 30 June) is set out below.

Table 1 Total Number of Executive Officers for the VPA, broken down into gender

Class	2019				2018			
	Male	Female	Self Described	Vacancies	Male	Female	Self Described	Vacancies
CEO	1	0	0	0	1	0	0	0
EO2	4	2	0	0	4	3	0	0
EO3	0	0	0	0	0	0	0	0
Total	5	2	0	0	5	3	0	0

Table 2 Reconciliation of Executive Numbers with note in annual financial statements

	2019	2018
Executives (financial statement Note 8.3)	7	7
Accountable Officer (CEO)	1	1
Less Separations	(1)	0
Total Executive Officers employed at 30 June 2019	7	8

Growth Areas Infrastructure Contribution

COMPLIANCE WITH THE *PLANNING AND ENVIRONMENT ACT 1987*

The Growth Areas Infrastructure Contribution (GAIC) was introduced under Part 9B of the *Planning and Environment Act 1987* (the Act) in 2010, to respond to the challenges facing new and growing communities in growth areas within the municipalities of Cardinia, Casey, Hume, Melton, Mitchell, Whittlesea and Wyndham. Under section 201RH of the Act, Part 9B is to be read together with the *Taxation Administration Act 1997*.

GAIC is payable by landowners (GAIC liable entity (GLE)) developing urban communities on land within the growth areas that have been rezoned since 2005, and after certain events associated with urban development have been undertaken; including the sale of land, subdividing land and applying for a building permit. GAIC rates for each financial year are adjusted in accordance with section 201SG of the Act.

GAIC rates per hectare of contribution area

Land Type	Year Ended 30 June 2019 (\$)	Year Ended 30 June 2018 (\$)
Type A	97,360	95,440
Type B1, B2 & C	115,640	113,360

GAIC levies part of the value uplift of the land as a contribution to the delivery of state-funded infrastructure necessary for the successful development of the land into a new community.

GAIC is collected by the State Revenue Office (SRO), including any interest applicable and any refunds made, then paid into the Consolidated Fund by section 201SZJ of the Act. Under section 201V(2) of the Act, these funds are periodically drawn down equally into the two special purpose funds; the Growth Areas Public Transport Fund (GAPTF) and the Building New Communities Fund (BNCF).

More information is available on the Department of Environment, Land, Water and Planning (DELWP), Victorian Planning Authority (VPA) and SRO websites.

Who administers GAIC?

Under the general and supplementary administrative orders issued by the Premier in 2017, the Minister for Planning and the Treasurer are jointly and separately responsible for the administration of GAIC under the provisions in Part 9B of the Act.

The Minister for Planning's role under the Act is to authorise projects for funding under both the GAPTF and BNCF. The Treasurer's approval is required for all expenditure from the GAPTF, and for expenditure amounts over \$2 million from the BNCF.

As a result of machinery of government changes the Office for Suburban Development (OSD) moved to Department of Jobs, Precincts and Region on 1 January 2019. For the first six months of the 2018/19 financial year the administrative responsibility of the GAIC program was the responsibility of OSD. Local Government Victoria (LGV) within DELWP became responsible for managing the commitment and expenditure of GAIC funds from 1 January 2019.

LGV also invests GAIC funds not immediately required in approved interest earning government accounts through Treasury Corporation of Victoria. All interest so earned is returned to the GAIC funds in proportion to the amount invested.

When considering applications for expenditure of GAIC funds, LGV consults with the GAIC inter-departmental panel comprising of the DELWP Planning Group, Department of Treasury and Finance (DTF) and the VPA. Each year, the inter-departmental panel makes recommendations to the Minister for Planning, who then authorises projects for final approval by the Treasurer. GAIC projects can also be allocated through the State Budget, which are subject to the same final authorisation and approval process.

Administrative responsibilities for other aspects of GAIC are shared between DELWP, DTF, SRO, and the VPA. The SRO maintains a record of those properties which fall within GAIC areas and is responsible for assessing outstanding GAIC liability and interest, then collecting those GAIC amounts when due. The SRO is reimbursed for its expenses from the GAPTF.

DELWP Planning Group is responsible for GAIC policy, legislation, GAIC reductions and exemptions, and the Hardship Relief Board (HRB) appointments. The VPA is responsible for the management of GAIC Work-In-Kind (WIK) agreements, investigating any planning and zoning anomalies that may be raised as they relate to GAIC, and preparing staged payment arrangements (SPA) for landowners subdividing land in Melbourne's growth areas. The VPA also provides secretariat support to the HRB.

Under section 45 of the *Financial Management Act 1994* and section 201VC of the Act, DELWP and the VPA are required to report annually on the operation of GAIC.

GAIC financial summary – inception to 30 June 2019

Since its commencement in 2010, GAIC has collected \$543.77 million in cash and earned a total interest of \$16.92 million on investment. To date, the total income of both the GAPTF and the BNCF is \$560.69 million.

A total of \$319.72 million has been expended on projects across the GAPTF and the BNCF, with 67 per cent of this (\$212.91 million) expended in the 2018/19 financial year.

The graph below shows the financial position from the 2013/14 to 2018/19 financial years. The graph and the table below indicate that the 2018/19 financial year has been the most significant year for GAIC to date in relation to the income received and expenditure.

Accumulated cash receipts, commitments and expenditure as at 30 June 2019



Accumulated cash receipts and expenditure as at 30 June 2019⁽ⁱ⁾

	Accumulated cash receipts (\$)	Accumulated committed ⁽ⁱⁱ⁾ (\$)	Committed/cash receipts ⁽ⁱⁱⁱ⁾ (%)	Expenditure ^(iv) (\$)	Expenditure/cash receipts ^(v) (%)	Uncommitted ^(vi) (\$)
Position at 30 June 2019	543,771,876	458,339,934	84	319,721,508	59	85,431,942

Notes:

- (i) This table does not include interest received since GAIC was established.
- (ii) Committed funds include expenditure and SRO costs.
- (iii) Percentage of committed cash receipts compared to cash receipts.
- (iv) Expenditure includes SRO expenses.
- (v) Percentage of expenditure compared to cash receipts.
- (vi) Uncommitted funds include interest earned from investments in Treasury Corporation of Victoria term deposits, at a rate of approximately 1.9 per cent per annum.

2018/19 year in review

The net cash receipts from GAIC increased to \$150.09 million from \$112.15 million, an increase of 34 per cent. This sees the total cash receipts since the inception of GAIC total \$543.77 million. This resulted in \$75.04 million being transferred to each of the GAIC trust funds. A further \$4.2 million was earned in interest, bringing the total combined income to \$154.29 million in 2018/19.

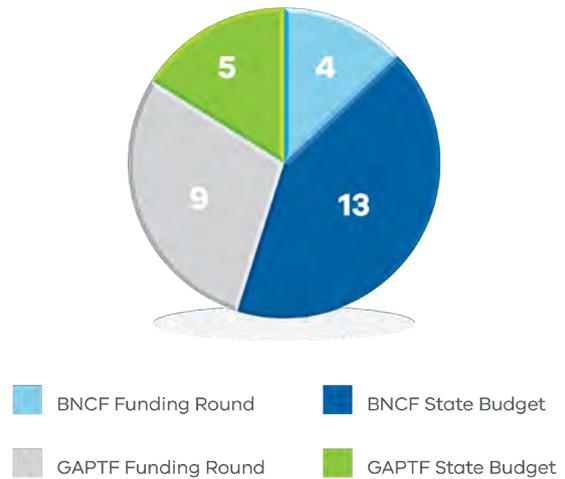
The 2018/19 financial year has seen further gains on the significant growth observed in GAIC expenditure over the previous financial year. On the back of record commitments in 2017/18, total expenditure in the year ending 30 June 2019 reached \$212.91 million on projects addressing priorities in education, health, public transport and other infrastructure in Melbourne’s growth council areas. The SRO was paid a further \$0.54 million in 2018/19 to cover its expenses, bringing total payments to date to \$4.10 million or \$0.51 million per annum on average.

As at 30 June 2019, a cumulative total of \$319.72 million has been paid out of the GAIC funds since its establishment. Full details of project payments and commitments in 2018/19 are provided later in this report.

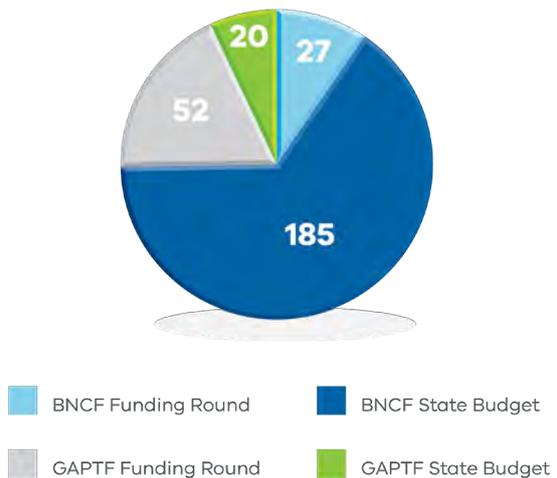
2018/19 total GAIC project allocation

\$284.61 million of GAIC funds was committed to 31 new projects in the 2018/19 financial year under both the 2018/19 Victorian State Budget (\$205 million) and the annual GAIC Funding Round (\$79.61 million).

Number of approved projects in 2018/19



Total value of approved projects in 2018/19 (in \$m)



2018/19 State Budget allocations

The 2018/19 Victorian State Budget committed \$205 million from GAIC to 18 projects. These projects were subsequently approved by the Minister for Planning and the Treasurer.

A total of \$20 million was allocated to five projects under the GAPTF, with \$185 million committed to 13 projects under the BNCF.

2018/19 GAPTF State Budget Project	2018/19 GAPTF State Budget (\$)
Metro Bus - Casey	3,300,000
Metro Bus - Wyndham	800,000
Parking and amenity improvements - Sunbury Station	3,000,000
Parking and amenity improvements - Craigieburn Station	11,000,000
Parking and amenity improvements - Epping Station	1,900,000
Total	20,000,000

2018/19 BNCF State Budget Project	2018/19 BNCF State Budget (\$)
Clyde North East Proposed P6 Construction	20,800,000
Casey Fields Proposed P6 Construction	20,100,000
Botanic Ridge Proposed P6 Construction	3,000,000
Clyde North P6 land acquisition	15,700,000
Clyde Primary school - site extension	4,700,000
Cranbourne West special school	32,100,000
Thoroughbred P6 land acquisition	15,700,000
Craigieburn South Proposed 7-12	24,000,000
Merrifield West P6 Land Acquisition	11,300,000
Cobblebank 7-12 land acquisition	16,200,000
Grassland P6 land acquisition	11,300,000
Woollahra P6 land acquisition	9,100,000
Greening the Pipeline Werribee early works	1,000,000
Total	185,000,000

2018/19 funding round

The 2018/19 funding round resulted in \$79.61 million committed across 13 projects. This funding round was assessed by an inter-departmental panel, with representatives from DELWP, DTF and the VPA. The recommendations of the panel were provided by the Minister for Suburban Development to the Minister for Planning. The following projects were subsequently approved by the Minister for Planning and the Treasurer.

A total of \$52.32 million was allocated to nine projects under the GAPTF, with a further \$27.29 million committed to four projects under the BNCF.

2018/19 GAPTF funding round project	2018/19 GAPTF Funding Round (\$)
Cranbourne Station car parking in Casey	4,800,000
Sunbury Railway Station car parking extension	7,000,000
Clyde North - Berwick bus route	4,300,000
Clyde - Berwick bus route	3,700,000
Merrifield - Craigieburn bus route	8,920,000
Melton - Toolern bus route	3,500,000
Aintree - Rockbank bus route	2,700,000
Tarneit West bus route	10,200,000
Truganina bus route	7,200,000
Total	52,320,000

2018/19 BNCF funding round project	2018/19 BNCF Funding Round (\$)
Berwick-Cranbourne Rd Intersection PAO land acquisition	3,800,000
Clyde North Fire Station construction	8,520,000
Casey Field Regional Soccer	5,000,000
Kalkallo P6 Land	9,970,000
Total	27,290,000

The amount of GAIC triggered and received in the financial year ending 30 June 2019 is shown in the table below.

Summary of GAIC transactions for the year ending 30 June 2019

	Transaction value for 30 June 2019 (\$)	Transaction value for 30 June 2018 (\$)
GAIC payments ⁽ⁱ⁾	149,864,532	104,654,162 ⁽ⁱⁱ⁾
Interest received (associated with GAIC payments)	3,907,632	3,860,724
Less: WIK (prior year reversal) ⁽ⁱⁱⁱ⁾	(3,600,000)	0
GAIC refunds	0	(114,697)
Net cash GAIC receipt ^(iv)	150,172,164 ^(v)	108,400,189
WIK fulfilment - SPA	22,753,115	3,553,384
WIK fulfilment - SPA interest	351,405	46,616
Total GAIC Revenue	173,276,684	112,146,216

Notes

- (i) The GAIC cash receipts paid into the Consolidated Fund by the SRO, after interest received with the GAIC payments and refunds made within the Fund. It does not include interest received once the monies are in the GAIC funds, this is reported separately in the table above. GAIC revenue received includes payments that were subsequently refunded and excludes GAIC interest received.
- (ii) This figure was not published in the 2017/18 DELWP annual report.
- (iii) GAIC receipts have been reduced by \$3.6 million for incorrect accounting treatment of the Truganina P6 school land WIK from the previous year.
- (iv) This total does not include an adjustment relating to an understatement of \$0.08 million warrant for special appropriations.
- (v) Differs to SRO report due to 2017/18 reversal of \$3.6 million for incorrect accounting treatment of the Truganina P6 school land WIK and \$0.08 million warrant understatement.

Significant GAIC liability has also been accrued in the form of Staged Payment Arrangements (SPA) and from the deferral of GAIC. These funds remain unpaid and will be received by the SRO in future years in accordance with the SPAs or the next GAIC event in the case of deferral of GAIC.

GAIC deferrals and future payments

	Transaction value for 30 June 2019 (\$)	Transaction value for 30 June 2018 (\$)
GAIC deferred ⁽ⁱ⁾	12,598,720	138,493,959
Staged payment arrangements ⁽ⁱⁱ⁾	249,181,474	98,734,516
Net staged payments outstanding ⁽ⁱⁱⁱ⁾	235,610,326	143,461,970

Notes

- (i) Deferrals arise from purchase transactions whereby the liable party elects to defer all, or part of their GAIC liability until the next GAIC event. Should the liable party elect to defer part of the liability, then a payment of the non-deferred portion of the total liability is due. The reported total GAIC deferred for the year is the total amount elected to have been deferred during the financial year. Some of those amounts may have subsequently been paid or have been converted into staged payment arrangements (SPA).
- (ii) When GAIC is due, the landowner can elect to pay 30 per cent upfront and enter a SPA for the balance of the 70 per cent of their liability. The Minister for Planning, or the Chief Executive Officer of the VPA under delegated authority up to \$10 million, approves each SPA. The SRO is responsible for processing approved SPA.
- (iii) The outstanding amounts in relation to an approved SPA are progressively reduced in accordance with the agreed payment arrangements and increased by applicable interest.

GAIC cash receipts made and expenditure paid out in each Growth Area (not including WIK fulfilment)

Growth Area	Total GAIC receipts from 1 July 2010 to 30 June 2018 (\$)	Cash receipts for year ended 30 June 2019 (\$)	Total cash receipts as at 30 June 2019 (\$)	Total commitments made by 30 June 2019 (\$)	Proportion of receipts (%)	Total paid out as at 30 June 2019 ⁽ⁱ⁾ (\$)	Proportion paid as at 30 June 2019 ⁽ⁱⁱ⁾ (%)
Cardinia	0	5,332,406	5,332,406	7,378,506 ⁽ⁱⁱⁱ⁾	138	6,075,634	114
Casey	123,918,161	26,002,601	149,920,762	173,110,448	115	110,273,425	74
Hume	91,099,083	32,198,176	123,297,259	108,046,747	88	63,642,186	52
Melton	84,418,098	30,699,319	115,117,417	88,499,890	77	76,310,028	66
Mitchell	626,704	0	626,704	4,049,855 ⁽ⁱⁱⁱ⁾	646	4,054,334	647
Whittlesea	2,733,559	10,768,055	13,501,614	20,857,011 ⁽ⁱⁱⁱ⁾	154	19,851,543	147
Wyndham	90,888,611	45,087,103	135,975,714	56,397,478	41	39,514,359	29
Total	393,684,216	150,087,660^(iv)	543,771,876	458,339,934	84	319,721,509^(v)	59

Notes

- (i) Includes SRO expenses \$4.10 million.
- (ii) Reported under section 201VC(b) of the Act.
- (iii) Funds that have been committed in Cardinia, Mitchell and Whittlesea will be GAIC revenue to be collected from these areas in the future.
- (iv) Difference between SRO revenue and DELWP cash received indicated above relates to an understatement of \$0.08 million to '2018/19 warrant for special appropriations'.
- (v) Includes SRO expenses paid in proportion to GAIC funds received per growth area.

Growth Areas Public Transport Fund by Growth Area for the year ending 30 June 2019

The Growth Areas Public Transport Fund (GAPTF) has a total cash balance at 30 June 2019 of \$171.31 million, with existing commitments from projects totalling \$37.48 million.

This leads to the GAPTF being under committed by \$133.83 million at 30 June 2019.

Growth area	Opening fund balance as at 1 July 2018 (\$)	Interest earned for the year to 30 June 2019 (\$)	Amount paid into the fund for the year to 30 June 2019 (\$)	Amount paid from the fund for the year to 30 June 2019 (\$)	Balance of the fund as at 30 June 2019 (\$)	Commitments yet to be paid (\$)	Balance yet to be committed (\$)
Cardinia	0	20,545	2,666,203	805,293	1,881,456	224,898	1,656,557
Casey	61,493,710	1,008,391	13,001,301	13,838,728	61,664,673	14,780,193	46,884,480
Hume	42,635,691	723,548	16,099,088	14,472,323	44,986,004	16,518,275	28,467,729
Melton	7,703,504	240,922	15,349,659	5,074,208	18,219,877	1,777,298	16,442,579
Mitchell	224,187	3,703	0	621	227,268	2,925	224,344
Whittlesea	(10,014,127)	0	5,384,028	1,913,399	(6,543,498)	63,037	(6,606,535)
Wyndham	46,161,639	826,730	22,543,551	18,654,905	50,877,016	4,114,666	46,762,350
Total	148,204,604	2,823,839	75,043,830	54,759,477	171,312,797	37,481,292	133,831,504

Allocations and payments made from the Growth Area Public Transport Fund for the year ending 30 June 2019

Details in relation to funds allocated to projects that were completed in previous financial years can be found in the relevant annual report. Actual project costs may vary from the original allocation. If no further amounts are due to be paid during or after the 2018/19 year, the project is treated as complete and not shown in the table.

Allocated to	Growth area	Purpose	Amount allocated ⁽ⁱ⁾ (\$)	Amount paid to 30 June 2018 (\$)	Amount paid in year to 30 June 2019 (\$)	Amount not yet paid as at 30 June 2019 (\$)
LXRA ⁽ⁱⁱ⁾	Cardinia	Pakenham Bus Interchange	1,000,000	0	800,000	200,000
PTV ⁽ⁱⁱⁱ⁾	Casey	Cranbourne Railway Station	992,292	1,311,800 ^(iv)	0	(319,508)
PTV	Casey	Merinda Park Railway Station	9,000,000	10,000	990,000	8,000,000
DoT ^(v)	Casey	Cranbourne East Railway Station	3,000,000	0	3,000,000	0
DoT	Casey	Metro Bus Service Improvements - Casey	3,300,000	0	3,300,000	0
PTV	Hume	Craigieburn Railway Station	3,638,083	3,265,283	0	372,800
DoT	Hume	Craigieburn Station Improvement Works	11,000,000	0	9,350,000	1,650,000
DoT	Hume	Sunbury Station Improvement Works	3,000,000	0	3,000,000	0
PTV	Melton	Toolern Railway Station - early works	6,800,000	6,788,358	0	11,642
PTV	Melton	Toolern Railway Station - Station	26,900,000	26,900,000	0	0
PTV	Whittlesea	Donnybrook Railway Station	4,000,000	4,000,000	0	0
DoT	Whittlesea	Wollert Rail Corridor	3,800,000	0	3,800,000	0
DoT	Whittlesea	Epping Station Improvement Works	1,900,000	0	1,900,000	0
DoT	Wyndham	Metro Bus Service Improvements - Wyndham	800,000	0	800,000	0
DoT	Casey	Cranbourne Railway Station improvements	4,800,000	0	0	4,800,000
DoT	Hume	Sunbury Station Improvement Works 1	7,000,000	0	2,000,000	5,000,000
PTV	Casey	Clyde North - Berwick bus route	4,300,000	0	3,440,000	860,000
PTV	Casey	Clyde - Berwick bus route	3,700,000	0	2,960,000	740,000
PTV	Hume	Merrifield - Craigieburn bus route	8,920,000	0	0	8,920,000
PTV	Melton	Melton - Toolern bus route	3,500,000	0	2,800,000	700,000
PTV	Melton	Rockbank - Aintree bus route	2,700,000	0	2,160,000	540,000
PTV	Wyndham	Tarneit West 182 bus route	10,200,000	0	8,160,000	2,040,000
PTV	Wyndham	Truganina 152 bus route	7,200,000	0	5,760,000	1,440,000
State Revenue Office	N/A			3,561,079	539,477	
Total Current GAPTF Projects and Expenditure			131,450,375	45,836,520	54,759,477	34,954,934

Notes:

- (i) Represents revised amount allocated across all projects.
- (ii) Level Crossing Removal Authority (LXRA).
- (iii) Public Transport Victoria (PTV).
- (iv) Cranbourne railway station refund of \$319,508 is expected to be received in 2019/20.
- (v) Department of Transport (DoT)

Building New Communities Fund by Growth Area for the year ending 30 June 2019

At 30 June 2019, the BNCF has a total cash balance of \$69.37 million, with existing commitments for projects totalling \$103.45 million.

These projects have projected future cash outflows across the forward years to 2022/23. As a result, the BNCF is currently over allocated based on its current cash position by \$34.08 million as at 30 June 2019.

Growth Area	Opening fund balance as at 1 July 2018 (\$)	Interest earned for the year to 30 June 2019 (\$)	Amount paid into the fund for the year to 30 June 2019 (\$)	Amount paid from the fund for the year to 30 June 2019 (\$)	Balance of the fund as at 30 June 2019 ⁽ⁱ⁾ (\$)	Commitments yet to be paid (\$)	Balance yet to be committed (\$)
Cardinia	(2,000,000)	0	2,666,240	3,237,500	(2,571,260)	1,100,000	(3,671,260)
Casey	58,808,662	109,161	13,001,480	89,065,000	(17,145,697)	48,680,000	(65,825,697)
Hume	34,629,280	314,927	16,099,311	32,322,743	18,720,774	28,400,000	(9,679,226)
Melton	31,695,474	348,175	15,349,872	23,400,000	23,993,521	10,900,000	13,093,521
Mitchell	(3,545,371)	0	0	80,000	(3,625,371)	0	(3,625,371)
Whittlesea	(5,067,985)	0	5,384,102	0	316,117	1,020,000	(703,883)
Wyndham	36,573,075	611,666	22,542,825	10,047,339	49,680,227	13,350,000	36,330,227
Total	151,093,135	1,383,929	75,043,830	158,152,582	69,368,311	103,450,000	(34,081,689)

Note

(i) Reported under section 201VC(b) of the Act.

Allocations and payments made from Building New Communities Fund for the year ended 30 June 2019

Details in relation to funds allocated to projects that were completed in previous financial years can be found in the relevant annual report. Actual project costs may vary from the original allocation. If no further amounts are due to be paid during or after the 2018/19 year, the project is treated as complete and not shown in the table.

Allocated to	Growth area	Purpose	Amount allocated ⁽ⁱ⁾ (\$)	Amount paid to 30 June 2018 (\$)	Amount paid in year to 30 June 2019 (\$)	Amount not yet paid as at 30 June 2019 (\$)
DET ⁽ⁱⁱ⁾	Cardinia	Timbertop (Officer NW) P6 School	3,237,500	0	3,237,500	0
DHHS ⁽ⁱⁱⁱ⁾	Cardinia	Pakenham Ambulance Station	1,100,000	0	0	1,100,000
DET	Casey	School building projects and land acquisitions	118,225,000	0	81,825,000	36,400,000
DHHS	Casey	Clyde North Ambulance Station	1,200,000	0	1,200,000	0
VicRoads	Casey	Casey Active Transport Improvements	2,500,000	1,500,000	500,000	500,000
VicRoads	Casey	Berwick-Cranbourne Rd and Hardy's Road land acquisition	3,800,000	0	3,040,000	760,000
CFA ^(iv)	Casey	Clyde North Fire Station construction	8,520,000	0	0	8,520,000
City of Casey	Casey	Casey Fields Regional Soccer Centre	5,000,000	0	2,500,000	2,500,000

Allocated to	Growth area	Purpose	Amount allocated ⁽ⁱ⁾ (\$)	Amount paid to 30 June 2018 (\$)	Amount paid in year to 30 June 2019 (\$)	Amount not yet paid as at 30 June 2019 (\$)
DHHS	Hume	Ambulance Stations	2,700,000	0	1,500,000	1,200,000
VicRoads	Hume	Vineyard Road Shared Use Path	1,011,407	900,000	111,407	0
DET	Hume	Hume Early Access Kindergartens	2,500,000	1,575,000	925,000	0
DET	Hume	School Building Projects and land acquisitions	52,620,000	0	27,850,000	24,770,000
DHHS	Melton	Melton Ambulance Stations	6,800,000	0	1,500,000	5,300,000
DET	Melton	School Building Projects	27,500,000	0	21,900,000	5,600,000
DET	Mitchell	Mandalay Community Centre	1,600,000	1,520,000	80,000	0
PV ^(v)	Whittlesea	Merri Creek Marran Baba Parklands	1,700,000	680,000	0	1,020,000
DHHS	Wyndham	Ambulance Stations	3,000,000	0	1,500,000	1,500,000
CFA	Wyndham	Fire Stations	7,500,000	0	0	7,500,000
VicRoads	Wyndham	Wyndham Active Transport Improvements	797,339	500,000	247,339	50,000
DET	Wyndham	Wollhara P6 School	11,600,000	0	7,300,000	4,300,000
DELWP	Wyndham	Greening the Pipeline Early Works and Design	1,000,000	0	1,000,000	0
Sub-total			263,911,246	6,675,000	156,216,246	101,020,000
GAIC WIK						
DET	Wyndham	Merrifield South WIK supplementary payment	5,500,000 ^(vi)	0	1,936,335	3,563,665
DET	Wyndham	Truganina P6 School Land	2,500,000	0	0	2,500,000
Total WIK projects			8,000,000		1,936,335	6,063,665
Total Current BNCF Projects			271,911,246	6,675,000	158,152,581	107,083,665

Note: These allocations are made net of GST.

(i) Represents revised amount allocated across all projects.

(ii) Department of Education and Training (DET).

(iii) Department of Health and Human Services (DHHS).

(iv) Country Fire Authority (CFA).

(v) Parks Victoria (PV).

(vi) Merrifield South WIK supplementary payment revised amount listed. Initial approved project by Minister for Planning - \$5.5m.

GAIC Hardship Relief Board

The GAIC Hardship Relief Board (HRB) meets when required to consider applications for hardship relief. During the year ended 30 June 2019 the HRB made no decisions on hardship applications and at that date there were no active applications before the HRB.

GAIC Work-In-Kind

A Work-In-Kind (WIK) agreement with the Minister for Planning may be entered into by a person liable to pay GAIC, under which they agree to provide land and/or works (construction of state infrastructure) instead of a cash payment, to meet the GAIC liability in whole or in part. Each WIK agreement and supplementary payment valued at \$2 million or more are approved by the Treasurer and agreed to or authorised by the Minister for Planning.

During the year ended 30 June 2019 three WIK agreements were approved to acquire priority school sites and there are two WIK agreements that have not been completed.

Details of current WIK agreements, and guidelines and model agreement links are available on the VPA website www.vpa.vic.gov.au.

Current Work-in-Kind Agreements

Receiving agency	Growth area	Purpose ⁽ⁱ⁾	Estimated value of agreement ⁽ⁱⁱ⁾ (\$)	GAIC credit to 30 June 2018 (\$)	Supplementary payments made to 30 June 2018 (\$)	GAIC credit in year to 30 June 2019 (\$)	Supplementary payments made in year to 30 June 2019 (\$)	Value not agreed or amount not paid as at 30 June 2019 (\$)
DET	Hume	Merrifield South P6 School land	7,830,000 ⁽ⁱⁱⁱ⁾ (inc up to 5,500,000 BNCF)	0	0	3,444,105	1,936,335	2,430,000 ^(iv) (inc up to 3,544,105 BNCF)
DET	Melton	Melton South P6 school	6,300,000	0	0	6,300,000	0	0
DET	Melton	Rockbank North P6 school land	8,200,000	0	0	8,200,000	0	0
DET	Whittlesea	Hayes Hill P6 school land	5,365,005	0	0	5,365,005	0	0
DET	Wyndham	Truganina P6 school land	7,300,000 ^(v) (inc up to 2,500,000 BNCF)	3,600,000	0	0	0	3,700,000 (inc up to 2,500,000 BNCF)
TOTAL			34,995,005	3,600,000	0	23,309,110	1,936,335	6,130,000

Notes

- (i) Some WIKs may require a supplementary payment from GAIC funds, with the fund shown in parenthesis (refer to appropriate BNCF or GAPTF projects table above for approved maximum amount, with actual amounts expected to be less).
- (ii) Agreed values are determined according to the terms of each WIK at the time an assessment is made and may be used by the GAIC liable entity to meet the whole or part of their GAIC liability.
- (iii) The Merrifield South P6 school land is also approved for a supplementary payment of up to \$4.37 million as the value of the land exceeds the liability.
- (iv) Final amount will be confirmed in 2019/20 Annual Report.
- (v) The Truganina South P6 school land is approved for a supplementary payment of up to \$2.5 million as the value of the land exceeds the liability.

Several other GAIC WIK agreements are under negotiation. If approved, these GAIC WIKs will result in a reduction in future revenues as the land or works are provided in lieu of a cash payment. Some Staged Payment Arrangements may be modified as a result.

Infrastructure Contribution reporting

The provisions of the *Planning and Environment Amendment (Infrastructure Contributions) Act 2016* came into effect as of 1 June 2016. Collecting agencies are required to report in relation to infrastructure contributions received and expended.

In addition, the VPA acts as the collecting agency for the East Werribee Employment Precinct Development Contribution Plan (EWEP DCP). In accordance with sections 46GM and 46QD of the *Planning and Environment Act 1987*, the VPA is required to report annually on aspects of that DCP.

The VPA also collects funds from section 173 agreements in the Fishermans Bend Precinct.

The following tables reflect the different elements to be reported annually.

Total DCP contributions received for the year ended 30 June 2019

Name of DCP	Contributions received for the year 30 June 2019 (\$)	Contributions received for the year 30 June 2018 (\$)
EWEP	62,366	Nil
Total	62,366	Nil

DCP land, works, services or facilities accepted as works-in-kind for the year ended 30 June 2019

Name of DCP	Project description	Item purpose	Project value 2019 (\$)	Project value 2018 (\$)
EWEP	n/a	n/a	Nil	Nil
Total			Nil	Nil

Total DCP contributions received and expended to 30 June 2019

Name of DCP	Total levies received (\$)	Total levies expended (\$)	Total works-in-kind accepted (\$)	Total DCP contributions received (levies and works-in-kind) 2019 (\$)	Total DCP contributions received (levies and works-in-kind) 2018 (\$)
EWEP	62,366	Nil	Nil	62,366	Nil
Total	62,366	Nil	Nil	62,366	Nil

Land, works, services or facilities delivered for the year ended 30 June 2019 from DCP collections

Project description	Name of DCP	DCP fund expended during the year (\$)	VPA's contribution for the year (\$)	Other contributions for the financial year (\$)	Total project expenditure for the year 2019 (\$)	Percentage of item delivered	Total project expenditure for the year ended 2018 (\$)
n/a	EWEP	Nil	Nil	Nil	Nil	Nil	Nil
Total		Nil	Nil	Nil	Nil	Nil	Nil

Fisherman Bends Section 173 collections and disbursements for the year ended 30 June 2019

	2018/2019 \$	2017/2018 \$
Opening Balance	4,930,803	3,018,376
Receipts for the Year	2,695,143	2,412,427
Disbursements for the Year	5,977,773	500,000
Section 173 Collections on hand at the 30 June	1,648,173	4,930,803

Other disclosures

ENVIRONMENT STRATEGY

The VPA is committed to working towards environmental sustainability in both its operations and in the planning of new communities. The VPA strives to be an environmentally responsible organisation in its own operations, and to improve the liveability and sustainability of the natural and built environment within new communities.

Following on from this goal the VPA's 2018/19 Business Plan expanded upon the VPA's Strategic Plan 2017-2020 and identified the following key objectives:

- the promotion of sustainable urban areas in the development of land, including the protection of biodiversity.
- minimising environmental effects of urban development through innovative environmental design and localisation of employment and services.
- actively planning to reduce greenhouse gas emissions from urban development, and mitigate the effects of climate change.
- building resilience to natural hazards and extreme weather events in our planning.

Office based targets and initiatives

The VPA reports annually against a number of initiatives. The results for 2018/19 are set out in the table below:

INDICATOR	2018/ 2019 Actual	Estimated Carbon Equivalent (Tonnes)	2017/ 2018 Actual	Estimated Carbon Equivalent (Tonnes)	Net % Change	Notes
ENERGY USE						
Total electricity used (megajoules)	441,415	148.54	507,535	164.95	-13%	1
Energy used per Full Time Employee (megajoules per FTE)	4,163.12	1.40	5,406	1.76	-20%	1
Energy used per unit of office area (megajoules per m ²)	326.37	0.11	375.26	0.12	-10%	1
PAPER						
Total units of A4 equivalent copy paper used	1,560.53	5.93	1,772.69	6.74	-12%	2
Daily paper ream use per employee	0.040	0.06	0.052	0.07	-22%	2
TRANSPORT						
Annual total Hybrid Pool Vehicle travel (km)	28,608	2.90	25,747	2.48	17%	3
New staff taking up public transport, cycling or walking options for travel	100%		100%			4
Other Transport per employee per year (km)	236	4.58	289	4.96	-8%	5
Distance travelled by air (km)	56,543	15.74	12,060	4.0	293%	6
Total emissions (excluding calculated offsets)		177.69		183.13	-3%	7

Notes to Office based targets and initiatives

- The VPA is part of the GreenPower initiative set up by Origin Energy in order to offset monthly greenhouse gas emissions by 25% with electricity from GreenPower accredited renewable sources. The VPA achieved a 13% reduction in electricity used despite an increase in staff and IT infrastructure. The Estimated Carbon equivalent for 2017/18 has been restated in these notes as the basis of calculation has altered.
- Printing controls – through staff messaging and secure printing VPA has reduced the overall amount of paper used per employee.
- 17% increase in carbon emissions from the use of the VPA pool car primarily due to a slight increase in regional travel.
- Public transport – Of new staff for the 2018/19 year, 42% of the staff make use of the myki commuter club program through the VPA, while the remainder either use their own existing myki or cycle to work. This results in 100% of staff not driving to work.
- Slight decrease in use of other modes of transport due to an increased focus on public transport use where reasonable
- The use of air travel increased significantly during this year with trips within Australia to Mildura and Sydney, and the CEO's study tour to the USA.
- The VPA has slightly reduced its overall CO2 emissions this financial year due to a number of initiatives that will continue into the 2019-20 financial year.

Water consumption and waste management

Due to the availability of data, the VPA does not record or report on office waste disposal or water consumption. However, the VPA continues to participate in enhanced waste management programs and recycling initiatives through Collins Place Management.

The enhanced waste management program incorporates:

- expanded co-mingled recycling, including recycling boxes at all staff desks;
- the removal of rubbish bins from all staff desks;
- separate bins and collection for organic waste.

Procurement

Our environmental procurement policy seeks to embed environmental considerations into procurement decisions for goods and services consistent with the purchasing principles outlined in the Victorian Government Purchasing Board Procurement Policies.

FREEDOM OF INFORMATION (FOI)

Victoria's *Freedom of Information Act 1982* (FOI Act) gives members of the public the right to apply for access to documents held by an agency, including the VPA. In accordance with Part II of the FOI Act, this Information Statement outlines the role of the VPA, documents held by the VPA, and how these can be accessed under the FOI Act.

FOI organisation and functions

The VPA is the state's strategic planning authority and is responsible for preparing planning scheme amendments for priority places and precincts. The functions of the VPA are described on p.22 of this report. In carrying out these functions, the VPA consults widely with local councils, other government agencies, local communities and the development industry. Proposed planning scheme amendments are exhibited on the VPA's website in line with the requirements of the *Planning and Environment Act 1987*.

FOI categories of documents

A majority of documents held by the VPA relate to the preparation of strategic plans for particular precincts. Documents typically include correspondence, meeting records, background reports and maps. The VPA also holds correspondence and meeting records regarding our involvement in the development of government policy on planning related issues, applications from councils for Streamlining for Growth grants, and documents regarding our administrative functions. VPA uses an electronic document and records management system to store and manage all documents electronically.

FOI publications

The VPA publishes a range of documents on our website, including approved PSPs, draft PSPs released for consultation, and background reports prepared for each PSP. A regular newsletter is also published on our website. Other information that is available on request under the Assistant Treasurer's standing directions is outlined below.

FOI rules, policies and procedures

The preparation of PSPs is governed by the VPA's *Precinct Structure Planning Guidelines*, which are published on the VPA website.

FOI report literature

The VPA typically engages a range of expert consultants to produce background reports on different aspects of each PSP (e.g. traffic, cultural heritage, water, community infrastructure, etc.). These reports are generally published on the VPA website when the draft PSP is released for consultation.

FOI arrangements

A freedom of information request must be made in writing to the agency that holds the documents being requested. The VPA officer responsible for receiving and initially actioning requests made under the FOI Act is Ed Small, who can be contacted on 03 9651 9600 or info@vpa.vic.gov.au. As from 1 July 2019, there is a fee of \$29.60 payable for each FOI application (to 30 June 2019 – \$28.90).

The Office of the Victorian Information Commissioner also provides general information on its website about making FOI requests. A copy of the FOI Act is available at www.foi.vic.gov.au.

FOI requests for 2018/19

During the year ended 30 June 2019 two new requests were received by the VPA (to 30 June 2018 – nil were received). Both requests related to activities of government, and were from landowners or developers. For one request, the documents were released in part, while the other request was still being processed at 30 June. All decisions were made within the statutory 30 day time period.

A request that was received in 2016/17 was under review by the FOI Commissioner (now the Information Commissioner) as at 1 July 2018. The Commissioner completed their review and issued their decision during 2018/19. There were no appeals to VCAT by FOI applicants.

Other information required to be available in accordance with FRD22H and Freedom of Information Act 1982

The following information, where it relates to the VPA and is relevant to the financial year ended 30 June 2019, is available to the Minister for Planning, Members of Parliament and the public on request:

- (a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- (b) changes in fees, charges, rates or levies charged
- (c) details of publications produced by the entity, about the entity, and the places where the publications can be obtained
- (d) details of any major research and development activities undertaken by the entity
- (e) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- (f) details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and the services it provides
- (g) details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the Report of Operations
- (h) a general statement on industrial relations within the entity and details of time lost through industrial action and disputes
- (i) a list of major committees sponsored by the entity, the purposes of each committee, and the extent to which the purposes have been achieved

- (j) details of all consultancies and contractors including:
 - consultants/contractors engaged
 - services provided
 - expenditure committed to for each engagement.

The following information is not relevant to the VPA for the reasons set out below:

- (k) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary (no shares have ever been issued in the VPA)
- (l) details of any major external reviews carried out on the entity (nil for the year).

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the VPA makes the following spatial datasets available on the web:

- Greenfield Precinct Structure Plan (PSP) boundaries
- Approved PSP Land Use data
- Open Space in metropolitan Melbourne
- Walkable catchments from open space in metropolitan Melbourne

These datasets can be accessed at www.vpa.vic.gov.au/strategy-guidelines/open-data/ or by searching <http://www.data.vic.gov.au>.

Protected Disclosures Act 2012

The *Protected Disclosures Act 2012* (PD Act) forms part of the integrity system for Victoria. The PD Act aims to provide a system for people to disclose improper conduct by public officers and public bodies as well as protection from detrimental action.

The VPA encourages the reporting of known or suspected incidences of improper conduct or detrimental actions to the Independent Broad-based Anti-corruption Commission (IBAC). The contact at the VPA is Ed Small, on (03) 9651 9600. Alternatively, IBAC contacts are via www.ibac.vic.gov.au, or 1300 735 135.

During the year ended 30 June 2019 there were no disclosures or investigations of improper conduct or detrimental actions made to the VPA or any referred to IBAC (30 June 2018 – nil).

The VPA has adopted a Protected Disclosures Policy and associated procedures.

Complaints

The VPA has adopted a Complaints Policy which is accessible through the VPA website. Complaints are to be lodged at the VPA's e-mail address complaints@vpa.vic.gov.au.

Competitive Neutrality Policy

As a portfolio agency, the VPA's information on compliance is included in the DELWP's Annual Report.

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

Victorian Planning Authority continues to comply with the requirements of the Competitive Neutrality Policy.

Social procurement

The VPA has commenced drafting a social procurement strategy in accordance with the Victorian Government's Social Procurement Framework. As part of the strategy's development, a desktop review was undertaken of procurements valued at \$25,000 or over. This review found that:

- A total of 51 suppliers were engaged to supply goods and services
- Procurements per supplier ranged from \$25,000 to \$104,190
- Total spend was \$3,821,550 for 76 individual procurements
- Of the 51 suppliers engaged for this period, an assessment of information available on the web found that:
 - 27 appear to not have social/environmental/sustainability policies
 - 24 do have social/environmental/sustainability policies in place
 - Which represents a spend of \$2,044,715 (54%) on suppliers who have social procurement policies in place
- Of the 24 suppliers who do have policies in place, the majority appear to actively pursue social, environmental or sustainability outcomes or a combination of all three.

Contracts and consultancies

Details of consultancies (valued at \$10,000 or greater)

During the financial year ended 30 June 2019, there were 150 contractor/consultancy engagements (30 June 2018 – 90) for which services were provided and/or were effective or operational during the reporting period that were individual valued at \$10,000 or greater (exclusive of GST). The total value of these consultancies in 2018/19 were \$7,629,709. Details of these consultancy engagements has been made available on the VPA's website at www.vpa.vic.gov.au.

The VPA did not award any major contracts (valued at \$10 million or more) during 2018/2019 (2017/2018 – nil).

Details of consultancies (valued at less than \$10,000)

In addition to contracts valued at over \$10,000, there were 71 contracts for contractors/consultants that were individually valued at less than \$10,000 (exclusive of GST) (30 June 2018 – 63). Total expenditure relating to these contracts amounted to \$337,335 for the financial year (30 June 2018 – \$307,741).

Information and Communication Technology (ICT) expenditure

For the 2018/19 reporting period, the VPA had a total ICT expenditure of \$1,223,275 (2017/18 \$760,114). This comprises Business As Usual ICT expenditure of \$509,728 (2017/18 \$576,450) (this relates to operating and maintaining the current ICT capability), and Non Business As Usual ICT expenditure of \$713,547 (2017/18 \$183,664) (this relates to extending or enhancing current ICT capabilities).

Government advertising expenditure

VPA's expenditure on government advertising did not exceed \$100,000 during the 30 June 2019 reporting period.

Local Jobs First Victorian Industry Participation Policy (VIPP) & contract disclosure

During the reporting period, the VPA did not commence or conclude any contracts to which VIPP applied.

VPA did not award any major contracts (valued at \$10 million or more) during 2018/19 (or 2017/18). A major contract is a contract entered into during the reporting period valued at \$10 million or more.

Extent of compliance with the *Building Act 1993*

The VPA complies with the building and maintenance provisions of the *Building Act 1993* in its capacity as an occupant of leased premises.

Risk management

The VPA has a Risk Management Plan and Risk Register in place prepared in accordance with the Australian Standard AS/NZS ISO 31000:2009. The Risk Register was prepared from risks identified through workshops with VPA staff members and Authority Members. The Risk and Audit Committee regularly monitor the risk management and risk mitigation process. The VPA has ensured that the risk profile has been reviewed regularly, both internally and externally. These processes have enabled the Risk and Audit Committee at its meeting of 5 June 2019 to conclude that the risk management processes met the requirements of the Ministerial Standing Directions.

Financial management compliance

The VPA's Risk and Audit Committee at its meeting of 5 June 2019 reviewed the material presented to it and concluded that the VPA was compliant with the Financial Management Compliance Framework and recommended to the Board that the Chair of the VPA be endorsed to sign the attestation.

Financial management compliance attestation statement

I, Jude Munro, on behalf of the Board of the Victorian Planning Authority certify that the Victorian Planning Authority has complied with the applicable Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* and Instructions.



Jude Munro AO
Chair,
Victorian Planning Authority

11 September 2019

Disclosure Index

The 2018/2019 Annual Report of VPA is prepared in accordance with all relevant Victorian legislation and the requirements of Financial Reporting Direction 30C. This index has been prepared to facilitate identification of the Authority's compliance with statutory disclosure requirements, including Financial Reporting Directions (FRD) (including FRD10A) and Standing Directions (SD).

FRD	DISCLOSURE	PAGE
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22H	Organisational structure, names and functional areas of responsibility of senior officers	30
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Financial statements required under Part 7 of the *Financial Management Act 1994*

SD 5.2.1(b)	Model Financial Report
SD 5.2.2	Accountable Officer's declaration
SD 5.2.1(a)	Compliance with Australian Accounting Standards and other authoritative Pronouncements
SD 5.2.1(a)	Compliance with the FMA, Ministerial Directions, Instructions and Financial Reporting Directions
SD 5.2.3	Declaration in report of operations
SD 3.71	Risk management attestation

Other disclosures in notes to the financial statements

FRD 9A	Departmental disclosure of administered assets and liabilities
FRD 11A	Disclosure of ex-gratia payments
FRD 13	Disclosure of Parliamentary appropriations
FRD 21C	Disclosure of Responsible Persons, Executive Officers and other personnel (contractors with significant management responsibility)
FRD 103H	Non-Financial physical assets
FRD 110A	Cash Flow Statements
FRD 112D	Defined benefit superannuation obligations
FRD 114C	Financial instruments
FRD 120M	Accounting and Reporting Pronouncements applicable to the 2018/2019 reporting period

Legislation

Building Act 1993

Financial Management Act 1994

Freedom of Information Act 1982

Multicultural Victoria Act 2004

Planning and Environment Act 1987

Privacy and Data Protection Act 2014

Protected Disclosures Act 2012

Public Administration Act 2004

State Owned Enterprises Act 1992

Victorian Data Sharing Act 2017

Local Jobs First Act 2003

Victorian Planning Authority Act 2017

Annual Financial Statements – 30 June 2019

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DECLARATION IN FINANCIAL STATEMENTS

The attached financial statements for the Victorian Planning Authority (VPA) have been prepared in accordance with Direction 5.2.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

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

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

We authorise the attached financial statements for issue on 11 September 2019.



Jude Munro AO
Chair
Victorian Planning Authority

Melbourne
11 September 2019



Stuart Moseley
Chief Executive Officer
Victorian Planning Authority

Melbourne
11 September 2019



Ed Small
Chief Financial Officer
Victorian Planning Authority

Melbourne
11 September 2019



Independent Auditor's Report

To the Board of the Victorian Planning Authority

Opinion	<p>I have audited the financial report of the Victorian Planning Authority (the authority) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2019• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• declaration in the financial statements. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

INDEPENDENT AUDITOR'S REPORT – PAGE 2

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 authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
13 September 2019



Paul Martin
as delegate for the Auditor-General of Victoria

PRIMARY FINANCIAL STATEMENTS

Comprehensive Operating Statement

For the financial year ended 30 June 2019

	Notes	2019 \$	2018 \$
Continuing Operations			
Income from transactions			
Appropriations from State Government	2.1	20,053,188	19,781,664
Grants from Councils and Other Government agencies	2.1	4,203,561	520,898
Interest		271,708	290,319
External Contributions	2.1	942,215	967,094
Other Income		638,222	571,815
Total income from transactions		26,108,894	22,131,790
Expenses from transactions			
Employee benefits	3.1	15,119,051	13,540,400
Depreciation	4.1.1	163,821	130,835
Interest expense		575	564
Grant expenses	3.2	3,795,610	1,629,000
Other operating expenses	3.3	8,582,927	6,749,395
Total expenses from transactions		27,661,984	22,050,194
Net result from transactions		(1,553,090)	81,596
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets		4,656	-
Net result		(1,548,434)	81,596
Comprehensive result		(1,548,434)	81,596

The accompanying notes form part of these financial statements.

Balance Sheet

As at 30 June 2019

	Notes	2019 \$	2018 \$
Assets			
Financial assets			
Cash and deposits		12,610,743	5,056,803
Receivables	5.1	1,657,609	1,227,952
Investments	4.3	-	12,042,846
Total financial assets		14,268,352	18,327,601
Non-financial assets			
Prepayments		371,813	424,847
Property, plant and equipment	4.1	695,762	733,029
Total non-financial assets		1,067,575	1,157,876
Total assets		15,335,928	19,485,477
Liabilities			
Payables	5.2	5,002,236	7,786,863
Borrowings		26,410	16,790
Employee benefit provisions	3.1.1	2,817,348	2,607,103
Make-good provision		206,000	242,353
Total liabilities		8,051,994	10,653,110
Net assets		7,283,933	8,832,367
Equity			
Accumulated surplus		7,283,933	8,832,367
Total Equity		7,283,933	8,832,367

The accompanying notes form part of these financial statements.

Cash Flow Statement

For the financial year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts			
Receipts from Government and other entities		22,717,041	18,627,237
Receipts of S173 Collections	7.3	2,695,143	2,412,427
Receipts from the ATO		860,622	1,135,034
Interest received		271,708	290,319
Total receipts		26,544,514	22,465,017
Payments			
Payments to suppliers and employees		(25,179,741)	(20,472,725)
S173 Disbursements	7.3	(5,477,773)	-
Payments to the ATO		(258,396)	(237,661)
Interest paid		(576)	(564)
Total payments		(30,916,486)	(20,710,950)
Net cash flows from/(used in) operating activities	6.1.1	(4,371,971)	1,754,067
Cash flows from investing activities			
Payments for property, plant and equipment		(139,710)	(116,003)
Proceeds from disposal		13,156	-
Reclassification of investments to at call	4.3	12,042,846	-
Proceeds from sale of investments		-	(2,376,495)
Net cash flows from/(used in) investing activities		11,916,292	(2,492,498)
Cash flows from financing activities			
Proceeds from Borrowings		17,818	-
Repayment of finance lease		(8,198)	(3,978)
Net cash flows from/(used in) financing activities		9,620	(3,978)
Net increase /(decrease) in cash and cash deposits		7,553,939	(742,409)
Cash and cash deposits at the beginning of the financial year		5,056,803	5,799,212
Cash and cash deposits at the end of the financial year		12,610,743	5,056,803

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the financial year ended 30 June 2019

	Accumulated Surplus \$
Balance as at 1 July 2017	8,750,771
Net result for the year	81,596
Balance at 30 June 2018	8,832,367
Balance as at 1 July 2018	8,832,367
Net result for the year	(1,548,434)
Balance at 30 June 2019	7,283,933

1 ABOUT THIS REPORT

The VPA is a portfolio agency of the Department of Land, Water, Environment and Planning (DELWP) in the State of Victoria, established under the *Victorian Planning Authority Act 2017*.

Its principal address is:

Victorian Planning Authority
Level 25, 35 Collins Street
Melbourne VIC 3000

A description of the nature of its operations and its principal activities is included in the “**Report of Operations**” which does not form part of these financial statements.

1.1 Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis. The accrual basis of accounting has been applied to these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when the cash is received or paid.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised. These financial statements include all the activities of the VPA. The VPA does not have any controlled entities. These financial statements have been prepared on a going concern basis. All amounts in the financial statements have been rounded to the nearest dollar. Figures in the financial statements may not equate due to rounding.

1.2 Compliance information

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

Where appropriate, those AASBs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.

These annual financial statements were authorised for issue by the Board of the VPA on 11 September 2019.

2 FUNDING DELIVERY OF OUR SERVICES

Introduction

The VPA's overall objective is to provide advice and assistance to the Minister for Planning, local councils and public sector bodies that is in accordance with the objectives of planning in Victoria. The VPA specifically has carriage to deliver its annual program of activity which is outlined in each year's business plan. To enable the VPA to fulfil its objectives and produce the required outcomes, it is predominately funded through an accrual based parliamentary appropriation. The VPA also received other government allocations and contributions from third parties to fund some of its planning projects.

2.1 Summary of the of income that funds the delivery of our services

	2019	2018
	\$	\$
Base Appropriation from State Government	12,451,188	12,679,664
Streamlining for Growth Program Appropriation	7,102,000	6,602,000
Plan Melbourne Appropriation	500,000	500,000
Total Appropriations	20,053,188	19,781,664
Grants from Councils and other Government agencies	4,203,561	520,898
External Contributions	942,215	967,094
Total Project based contributions	5,145,775	1,487,992

Income is recognised to the extent that it is probable the economic benefits will flow to the VPA and the income can be reliably measured.

Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

The **Streamlining for Growth Program Appropriation** is an appropriation from government to support and capacity building initiative for regional, metropolitan councils and the VPA to unblock planning process delays and speed up the supply of land for jobs and housing.

Grants from Councils and Other Government Agencies are reciprocal grants that are received by the VPA as specific purpose contributions, which are paid for a particular purpose and/or have conditions attached regarding their use.

External contributions include those received from third parties (for example landowners and developers) for cost recovery purposes relating to funding received for specific projects or tasks. These funds are recognised as income when the VPA obtains control over the contributions.

The accounting treatment of **External Contributions** and **Grants from Councils and Other Government Agencies** will materially change from 1 July 2019 in line with AASB 15 *Revenue from Contracts with Customers*; refer to section 8.7 for more details.

Interest income disclosed in the comprehensive operating statement includes interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Other income disclosed in the comprehensive operating statement relates to prescribed fees and any income not defined above.

3 THE COST OF DELIVERING SERVICES

Introduction

This section provides an account of the expenses incurred by the VPA in the delivery of its objectives.

Structure

- 3.1 Employee benefits in the comprehensive operating statement
 - 3.1.1 Employee benefits in the balance sheet
 - 3.1.2 Reconciliation of movement in on-cost provision
 - 3.1.3 Superannuation contributions
- 3.2 Grant expenses
- 3.3 Other operating expenses

3.1 Employee benefits in the comprehensive operating statement

	2019	2018
	\$	\$
Defined contribution superannuation expense	1,208,811	1,025,009
Defined benefit superannuation expense	-	3,904
Salaries and wages, annual leave and long service leave	13,910,240	12,511,487
	15,119,051	13,540,400

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

The amount recognised in the comprehensive operating statement in relation to Superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

3.1.1 Employee benefits in the balance sheet

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

	2019	2018
	\$	\$
Current provisions		
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	1,015,933	788,408
Unconditional and expected to settle after 12 months	23,230	27,809
	1,039,163	816,217
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	134,097	53,402
Unconditional and expected to settle after 12 months	1,167,678	1,096,395
	1,301,775	1,149,797
<i>Provisions for on-costs</i>		
Unconditional and expected to settle within 12 months	140,611	101,691
Unconditional and expected to settle after 12 months	183,688	173,832
	324,299	275,523
Total current provisions for employee benefits	2,665,237	2,241,537
Non-current provisions		
Long service leave	131,860	316,896
On-costs	20,251	48,670
Total non current provisions for employee benefits	152,111	365,566
Total provisions for employee benefits	2,817,348	2,607,103

3.1.2 Reconciliation of movement in on-cost provision

	2019
	\$
Opening balance	324,193
Additional provisions recognised	177,477
Reduction transfer out	(127,358)
Unwind of discount and effect of changes in the discount rate	(29,762)
Closing Balance	344,550
Current	324,299
Non-current	20,251
	344,550

Wages and salaries, annual leave and sick leave: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the VPA does not have unconditional right to defer settlements of these liabilities. They are recognised on the balance sheet at remuneration rates which are current at the reporting date. They are measured at undiscounted amounts as the VPA expects the liabilities to be wholly settled within 12 months of reporting date.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

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

The components of this current LSL liability are measured at:

- undiscounted value – if the VPA expects to wholly settle within 12 months; or
- present value – if the VPA does not expect to wholly settle within 12 months.

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

3.1.3 Superannuation contributions

Employees of the VPA are entitled to receive superannuation benefits and the VPA contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

The VPA does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

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

The name, details and amounts expended in relation to the major employee superannuation funds and contributions made by the VPA are as follows:

	<i>Paid contribution for the year</i>		<i>Contribution outstanding at year end</i>	
	2019	2018	2019	2018
	\$	\$	\$	\$
Defined benefit plan:				
State Superannuation Fund	-	3,904	-	-
Defined contribution plans:				
VicSuper	501,499	469,236	20,243	18,615
Vision Super	241,171	217,288	8,558	9,392
Other	464,076	327,739	17,301	15,760
Total contributions	1,206,746	1,018,167	46,102	43,766

3.2 Grant expenses

Grant expenses disclosed on the comprehensive operating statement are contributions of the VPA's resources to another party for specific or general purposes where there is no expectation that the amount will be repaid in equal value (either by money, goods or services).

These majority of these grant expenses are grants in relation to the Streamlining for Growth Program and are paid to councils. Grants that the VPA paid are operational in nature and are paid as specific purpose grants which are paid for a purpose and have conditions regarding their use.

3.3 Other operating expenses

	2019	2018
	\$	\$
Purchase of services	4,517,119	3,305,312
Legal and Panel expenses	753,291	848,329
Occupancy Costs	1,054,443	1,074,379
Telecommunications and IT Costs	1,282,153	721,884
Other expenses	975,921	799,491
	8,582,927	6,749,395

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

These expenses are recognised as an expense in the reporting period in which they are incurred. The **Purchase of services** and **Legal and Panel expenses** itemised above specifically relate to consultancy engagements, legal advice provided and the cost panel hearings in relation to planning projects in which the VPA are undertaking work.

Occupancy costs relate to Operating lease rental expenses and other tenancy accommodation costs, these are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

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

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

4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The VPA controls a small number of assets that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been purchased by the VPA to be utilised for delivery of those outputs.

Structure

- 4.1 Property, plant and equipment
- 4.2 Fair value determination
- 4.3 Investments and other financial assets

4.1 Property, plant and equipment

	2019	2018
	\$	\$
Property, plant and equipment at fair value	1,391,291	1,438,209
Less accumulated depreciation	(695,529)	(705,180)
Net carrying amount	695,762	733,029

Initial recognition: Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Individual items of \$5,000 or more are capitalised. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Subsequent measurement: Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use and is summarised below by asset category.

Vehicles are valued using the depreciated replacement cost method. The VPA acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers at DTF who set relevant depreciation rates during use to reflect the utilisation of vehicles.

Fair value for plant and equipment is determined using the depreciated replacement cost method. Note 7.3 includes additional information in connection with fair value determination of property, plant and equipment.

4.1.1 Reconciliation of movements in carrying values of property, plant and equipment

	Opening WDV at 1 July 2018	Additions	Disposals	Depreciation	Closing WDV at 30 June 2019
	\$	\$	\$	\$	\$
Leasehold improvements	628,923	7,964	-	(101,922)	534,965
Computer hardware	51,430	12,173	-	(27,462)	36,142
Computer software	34,448	92,358	-	(28,522)	98,285
Furniture and equipment	1,562	-	-	(1,562)	-
Motor vehicle	16,665	27,215	(13,156)	(4,353)	26,371
Totals	733,029	139,710	(13,156)	(163,821)	695,762

	Opening WDV at 1 July 2017	Additions	Disposals	Depreciation	Closing WDV at 30 June 2018
	\$	\$	\$	\$	\$
Leasehold improvements	695,331	25,716	-	(92,124)	628,923
Computer hardware	22,924	54,110	-	(25,604)	51,430
Computer software	5,848	36,177	-	(7,576)	34,448
Furniture and equipment	3,124	-	-	(1,562)	1,562
Motor vehicle	20,634	-	-	(3,969)	16,665
Totals	747,861	116,003	-	(130,835)	733,029

WDV: Written down value

All plant and equipment and other non-financial physical assets (excluding items under operating leases) that have finite useful lives are depreciated. Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

The useful lives for VPA assets are:

- Computer software and hardware 3 years
- Leasehold improvements 10 years
- Furniture and equipment 5 years
- Motor vehicles 3 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made where appropriate. Useful lives have not changed from the prior financial year.

In the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced (unless a specific decision to the contrary has been made).

Impairment: Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. No assets were impaired during the reporting period.

4.2 Fair value determination

Significant judgement: Fair value measurement of assets and liabilities

The use of assumptions and judgement is required in determining fair value. This section discloses significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the VPA.

This section sets out information on how fair value financial reporting is determined. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. VPA policy for fair value measurement is consistent with AASB 13 *Fair Value Measurement*.

Fair value hierarchy

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

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

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

VPA uses only Level 3 unobservable inputs. Significant unobservable inputs have remained unchanged since July 2018.

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- A reconciliation of the movements in fair values from the beginning of the year to the end; and
- Details of significant unobservable inputs used in fair value determination

Fair value determination of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities recognised at balance date, consisting of cash, receivables, payables and borrowing, represent fair value.

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

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

The VPA currently holds a range of financial instruments that are recorded in these financial statements where the carrying amounts represent fair value at the end of the 2018/19 reporting period.

Fair value determination of non-financial physical assets

All non-financial physical assets are classified as Level 3 significant unobservable inputs in the fair value hierarchy. There have been no transfers between levels during the period.

Fair value of non-financial physical assets

	Leasehold improvements	Plant and equipment	Vehicles and held for sale
2019	\$	\$	\$
Opening balance	628,923	87,441	16,665
Purchases/(sales)	7,964	104,532	14,059
Transfers in (out) of Level 3	-	-	-
Depreciation	(101,922)	(57,547)	(4,353)
Impairment loss	-	-	-
Closing balance	534,965	134,426	26,371

	Leasehold improvements	Plant and equipment	Vehicles and held for sale
2018	\$	\$	\$
Opening balance	695,331	31,896	20,634
Purchases/(sales)	25,716	90,287	-
Transfers in (out) of Level 3	-	-	-
Depreciation	(92,124)	(34,742)	(3,969)
Impairment loss	-	-	-
Closing balance	628,923	87,441	16,665

Financial assets and liabilities measured at fair value

	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
2019	\$	\$	\$	\$
Cash and Deposits	12,610,743	12,610,743	-	-
Receivables	1,657,609	-	-	1,657,609
Investments	-	-	-	-
Total Financial Assets	14,268,352	12,610,743	-	1,657,609
Payables	5,002,236	-	-	5,002,236
Borrowings	26,410	-	-	26,410
Total Financial Liabilities	5,028,646	-	-	5,028,646

	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
2018	\$	\$	\$	\$
Cash and Deposits	5,056,803	5,056,803	-	-
Receivables	1,227,952	-	-	1,227,952
Investments	12,042,846	12,042,846	-	-
Total Financial Assets	18,327,601	17,099,648	-	1,227,952
Payables	7,786,863	-	-	7,786,863
Borrowings	16,790	-	-	16,790
Total Financial Liabilities	7,803,653	-	-	7,803,653

There have been no transfers between levels during the period.

Description of significant unobservable inputs to Level 3 valuations

Significant unobservable inputs and valuation techniques have remained unchanged in the 2018-19 financial year. For Leasehold improvements, Plant and Equipment and Vehicles the valuation technique is depreciated replacement cost and the significant unobservable inputs are cost per unit and useful life.

4.3 Investments and other financial assets

	2019	2018
	\$	\$
Current investments		
<i>Term deposits:</i>		
Australian dollar term deposits > three months	-	12,042,846
Total investments	-	12,042,846

The term deposits listed above in 2018 were classified as current investments and were held with the Treasury Corporation of Victoria (TCV). All term deposits listed above had a maturity date of greater than three months at 30 June 2018, at 30 June 2019 we did not hold any such investments. In February 2019 as per Victorian Government Direction the VPA moved to the Central Banking System where all funds are held at call and classified as Cash and Deposits.

5 OTHER ASSETS AND LIABILITIES

Introduction

This section sets out those assets and liabilities that arose from the VPA's operations.

Structure

- 5.1 Receivables
- 5.2 Payables
- 5.3 Other provisions

5.1 Receivables

	2019	2018
	\$	\$
Contractual		
Contributions	1,472,923	967,541
Accrued investment income	-	51,641
Other receivables	32,434	51,247
Total contractual receivables	1,505,357	1,070,430
Statutory		
GST input tax credit recoverable	152,252	157,523
Total receivables*	1,657,609	1,227,952

Receivables consist of:

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

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments.

*All statutory and contractual receivables are classified as current, the VPA does not hold any non-current receivables.

Prepayments disclosed on the balance sheet represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.1.1 Movement In the provision for doubtful debts

Doubtful debts: Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. In assessing impairment of statutory financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

A provision is made for estimated irrecoverable amounts when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result. The VPA has not had any bad debts expense in the 2018-19 financial year (2017-18: \$0).

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

From 1 July 2018, the VPA has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Past due but not impaired			
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$	\$	\$	\$	\$	\$
2019						
Accrued investment income	-	-	-	-	-	-
Other receivables	1,505,357	1,058,482	190,390	227,631	28,854	-
Total	1,505,357	1,058,482	190,390	227,631	28,854	-
2018						
Accrued investment income	51,641	51,641	-	-	-	-
Other receivables	1,018,788	946,814	39,347	6,227	26,400	-
Total	1,070,430	998,456	39,347	6,227	26,400	-

The historic loss rate for the categories of contractual receivables listed in the table below is 0%, hence no impact. This is due to the VPAs practice of dealing with largely government debtors, and funding contributions received from landowners being fully recoverable.

The VPA does not practice the charging of interest on outstanding balances. The average credit period for invoices is 30 days. There are no material financial assets that are individually determined to be impaired. Currently the VPA does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

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

5.2 Payables

	2019	2018
	\$	\$
Contractual		
Supplies and services	1,697,998	1,315,219
Amounts payable to government	1,712,143	4,968,555
Other payables	1,351,152	1,479,873
Total contractual payables	4,761,294	7,763,647
Statutory		
GST payable	240,942	23,216
Total payables	5,002,236	7,786,863
<i>Represented by:</i>		
Current payables	3,811,061	6,435,711
Non-current payables	1,191,175	1,351,152

Payables consist of:

Contractual payables are classified as financial instruments and measured at amortised cost. Accounts payable represents liabilities for goods and services provided to the VPA prior to the end of the financial year.

Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

VPA suppliers have an average credit period of 30 days. No interest has been paid on outstanding payables.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payments, they are not classified as financial instruments.

5.2.1 Maturity analysis of contractual payables

	<i>Carrying amount</i>	<i>Nominal amount</i>	<i>Maturity dates</i>				
			<i>Less than 1 month</i>	<i>1-3 months</i>	<i>3 months - 1 year</i>	<i>1-5 years</i>	<i>5+ years</i>
	\$	\$	\$	\$	\$	\$	\$
2019							
Payables	4,761,294	4,761,294	3,493,531	24,884	122,652	976,571	214,604
Total	4,761,294	4,761,294	3,493,531	24,884	122,652	976,571	214,604
2018							
Payables	7,763,647	7,763,647	6,293,643	19,739	99,114	839,381	511,771
Total	7,763,647	7,763,647	6,293,643	19,739	99,114	839,381	511,771

6 HOW WE FINANCED OUR OPERATIONS

Introduction

This section provides information on cash flow information and balances as well as commitments for expenditure and contributions.

Structure

6.1 Cash flow information and balances

6.2 Commitments

6.1 Cash flow information and balances

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

6.1.1 Reconciliation of net result for the period to cash flow from operating activities

	2019	2018
	\$	\$
Net result for the year	(1,548,434)	81,596
<i>Non-cash movements:</i>		
Depreciation and amortisation expense	163,821	130,835
<i>Movements in assets and liabilities:</i>		
(Increase)/Decrease in prepayments	53,034	(41,290)
(Increase)/Decrease in receivables	(429,657)	(801,809)
Increase/(Decrease) in payables	(2,784,627)	2,055,047
Increase/(Decrease) in provisions	210,245	366,039
(Decrease) in make-good provision	(36,352)	(36,352)
Net cash flows from/(used in) operating activities	(4,371,971)	1,754,067

6.2.1 Commitments for expenditure

Commitments for future expenditure include lease commitments arising from contracts. These commitments are recorded below their nominal value.

	2019	2018
<i>Nominal values</i>	\$	\$
Operating Lease Commitments Payable (Lease of Premises)		
Less than one year	864,731	833,476
Longer than one year but not longer than five years	3,795,590	3,658,400
Longer than five years	684,440	1,686,362
Total Operating Lease Commitments	5,344,761	6,178,237

7 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

The VPA is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature. Other financial instrument related disclosures have been disclosed in the specific note to which they relate.

Structure

- 7.1 Financial instruments specific disclosures
- 7.2 Financial risk management objective and policies
- 7.2 Contingent assets and contingent liabilities

7.1 Financial instruments specific disclosures

Introduction

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

From 1 July 2018, the VPA applies AASB 9 *Financial Instruments* and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9

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

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

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

The VPA recognises the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables).

Categories of financial assets previously under AASB 139

Loans, receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs.

Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The VPA recognises the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables)

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

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

Financial liabilities measured at amortised cost include all of the VPA's contractual payables and interest-bearing arrangements, but not statutory payables. The VPA recognises payables (excluding statutory payables) in this category.

Derecognition of financial instruments

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

- the rights to receive cash flows from the asset have expired; or
- the VPA retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the VPA has transferred its rights to receive cash flows from the asset and either:

a) has transferred substantially all the risks and rewards of the asset

b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Reclassification of financial instruments

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

Categories of financial instruments

On initial application of AASB 9 on 1 July 2018, VPA's management has assessed for all financial assets based on the VPAs business models for managing the assets. There has been no change in the carrying amount of VPA contractual financial asset and liability balances due to the change in the accounting standard.

The carrying amounts of the Entity's financial assets and financial liabilities by category are in the table below.

	2019	2018
	\$	\$
Contractual financial assets - at amortised cost		
Cash and deposits	12,610,743	5,056,803
Receivables (excluding statutory receivables)	1,505,357	1,070,430
Investments	-	12,042,846
Total contractual financial assets	14,116,100	18,170,078
Contractual financial liabilities - at amortised cost		
Payables (excluding statutory payables)	4,761,294	7,763,647
Finance lease liabilities	26,410	16,790
Total contractual financial liabilities	4,787,703	7,780,437

7.2 Financial instruments specific disclosures

The VPA's principal financial instruments comprise of:

- cash and deposits
- receivables (excluding statutory receivables); and
- payables (excluding statutory payables); and
- finance lease liabilities.

The main purpose in holding financial instruments is to prudentially manage the VPA's financial risks in the government policy parameters. VPA manages this financial risk in accordance with its financial risk management policy.

Financial instruments: Credit risk

Credit risk arises from the contractual financial assets of VPA's debtors. The VPA's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the entity. Credit risk is measured at fair value and is monitored on a regular basis.

For debtors other than Government, it is VPA's policy to only deal with entities with high credit ratings and to obtain enough collateral or credit enhancements, where appropriate. In addition, the VPA does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest.

Provision of impairment for financial assets is recognised when there is objective evidence that the entity will not be able to collect a receivable.

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

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

Contractual receivables at amortised cost

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

Financial instruments: Market risk

VPA's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in the table that follows.

Interest rate exposure of financial instruments

	Weighted average interest rate %	Carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
2019					
Financial assets					
Cash and deposits	1.66%	12,610,743	-	12,610,743	-
Investments	2.05%	-	-	-	-
Accrued investment income		-	-	-	-
Other receivables		1,505,357	-	-	1,505,357
Total financial assets		14,116,100	-	12,610,743	1,505,357
Financial liabilities					
Payables		4,761,294	-	-	4,761,294
Finance lease liabilities	3.25%	26,410	26,410	-	-
Total financial liabilities		4,787,703	26,410	-	4,761,294
2018					
Financial assets					
Cash and deposits	1.48%	5,056,803	-	5,056,303	500
Investments	1.85%	12,042,846	12,042,846	-	-
Accrued investment income		51,641	-	-	51,641
Other receivables		1,018,788	-	-	1,018,788
Total financial assets		18,170,078	12,042,846	5,056,303	1,070,930
Financial liabilities					
Payables		7,763,647	-	-	7,763,647
Finance lease liabilities	3.25%	16,790	16,790	-	-
Total financial liabilities		7,780,437	16,790	-	7,763,647

The carrying amount of the VPA's financial assets and liabilities is equal to the fair value.

7.3 Contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Quantifiable contingent assets (arising from outside of government)

	2019	2018
	\$	\$
Contingent assets		
Section 173 Agreements (i)	766,495	1,266,495
	766,495	1,266,495

The VPA can negotiate an agreement with an owner of land to set out conditions or restrictions on the use or development of the land, or to achieve other planning objectives in relation to the land. These agreements are commonly known as **Section 173 agreements**. The power to enter into the agreement arises under section 173 of the *Planning and Environment Act 1987*.

The VPA, as directed by the Minister, has the right to receive funds of \$2 million from the collection of Section 173 Agreements. As at 30 June 2019, the VPA had collected \$1,233,505 (2018: \$733,505).

S173 Fund disclosure

A historical movement of funds to 30 June 2019 where the VPA has acted as the collection authority is displayed below:

	2019	2018
	\$	\$
Section 173 Collections		
Opening Balance	4,930,803	3,018,376
S173 Collections for the year	2,695,143	2,412,427
Disbursements for the Year	(5,477,773)	-
VPA share of S173 Collections	(500,000)	(500,000)
Section 173 Collections on hand at the 30 June	1,648,173	4,930,803

Contingent liabilities

Quantifiable Contingent Liabilities

The VPA does not have any quantifiable contingent liabilities.

Unquantifiable Contingent Liabilities

The consortium Australia Education City (AEC), was negotiating with the State government to develop the proposed East Werribee Employment Precinct (EWEP).

A decision was made by the government not to move ahead with the EWEP project.

Subsequent to this decision, the AEC have lodged a claim with the Supreme Court and are seeking to recoup development costs. Government is seeking legal advice regarding these claims.

The VPA were made aware of the AEC claim on 27 August 2019. Until legal advice is received it is unclear if these proceedings will affect the VPA, or if the VPA would be liable for any damages.

No further information was available on the date of certification of this report.

8 OTHER DISCLOSURES

Introduction

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

Structure

- 8.1 Ex-gratia expenses
- 8.2 Responsible persons
- 8.3 Remuneration of executives
- 8.4 Related parties
- 8.5 Remuneration of auditors
- 8.6 Subsequent events
- 8.7 Australian Accounting Standards issued that are not yet effective

8.1 Ex-gratia expenses

There are no ex-gratia expenses to report (2018: nil).

8.2 Responsible persons

In accordance with Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994 (FMA)*, 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 VPA are as follows:

The Hon. Richard Wynne	<i>Minister for Planning</i>	1 July 2018 to 30 June 2019
Jude Munro AO	<i>Chairperson</i>	1 July 2018 to 30 June 2019
Bill Kuszniarczyk	<i>Deputy Chair</i>	1 July 2018 to 30 June 2019
Freya Marsden	<i>Board Member</i>	1 July 2018 to 30 June 2019
Trevor Budge AM	<i>Board Member</i>	1 July 2018 to 30 June 2019
Jennifer Cunich	<i>Board Member</i>	1 July 2018 to 30 June 2019
Theo Theophanous	<i>Board Member</i>	1 July 2018 to 30 June 2019
Laurinda Gardner	<i>Board Member</i>	1 July 2018 to 30 June 2019
Stuart Moseley	<i>Chief Executive Officer</i>	1 July 2018 to 30 June 2019

Remuneration

	2019	2018
Remuneration	\$	\$
\$10 000 - 19 999	-	2
\$20 000 - 29 999	6	5
\$70 000 - 79 999	-	1
\$80 000 - 89 999	1	-
\$420 000 - 429 000	-	1
\$430 000 - 439 000	1	-
Total remuneration^(a)	681,429	640,799
Total number of responsible persons	8	9

(a) Total remuneration does not include remuneration received by the Minister for Planning. 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.

8.3 Remuneration of executives

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

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

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

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

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

Termination benefits include termination of employment payments, such as severance packages. There were no termination benefits paid to executives in 2018-19 (2017-18: \$0).

	2019	2018
Remuneration	\$	\$
Short-term employment benefits	1,394,528	1,370,154
Post-employment benefits	113,860	117,626
Other-long term benefits	33,589	33,523
Total remuneration	1,541,978	1,521,303
Total number of executives^(a)	7	8
Total annualised employee equivalents^(b)	5.52	5.75

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 8.4).

(b) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

8.4 Related parties

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

Related parties of the VPA include:

- all key management personal and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

Significant transactions with government-related entities

During the year, the VPA had the following government-related entity transactions:

- Appropriations received from DELWP of \$20,053,118
- Grants from government agencies for various projects of \$3,480,503
- Interest income from TCV for the financial year was \$187,979

Key management personnel of the VPA include all responsible persons.

Key Management Personnel	Position Title
Jude Munro AO	Chairperson
Bill Kuszniczuk	Deputy Chair
Freya Marsden	Governing board member
Trevor Budge AM	Governing board member
Jennifer Cunich	Governing board member
Theo Theophanous	Governing board member
Laurinda Gardner	Governing board member
Stuart Moseley	Chief Executive Officer

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 in Department of Parliamentary Services' Financial Report.

Compensation of KMPs	2019	2018
	\$	\$
Short-term employee benefits	629,668	593,922
Post-employment benefits	41,564	36,878
Other long-term benefits	10,197	9,999
Total	681,429	640,799

Transactions with key management personnel and other related parties

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

Outside of normal citizen type transactions with the VPA there were no related party transactions which were required to be reported involving key management personnel, their close family members and their personal business interest. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

8.5 Remuneration of auditors

	2019	2018
	\$	\$
Victorian Auditor-General's Office		
Audit of the financial statements	22,300	21,700
	22,300	21,700

8.6 Subsequent events

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Authority, or the results of those operations.

8.7 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after 1 July 2019:

- AASB 16 *Leases*;
- AASB 15 *Revenue from Contract with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*; and
- AASB 1059 *Service Concession Arrangements: Grantor*;

Service concession arrangements

The VPA does not have any service concession arrangements in place, hence we have assessed that this standard will have no effect on the VPAs financial reporting balances.

Leases

AASB 16 *Leases* replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below \$10,000).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019. The VPA intends to adopt AASB 16 in 2019-20 financial year when it becomes effective.

The VPA will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under AASB 117. The VPA will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below \$10,000).

In addition, AASB 2018-8 – Amendments to Australian Accounting Standards – Right-of-Use Assets (RoU) of Not-for-Profit Entities allows a temporary option for not-for-profit entities to not measure RoU assets at initial recognition at fair value in respect of leases that have significantly below-market terms, since further guidance is expected to be developed to assist not-for-profit entities in measuring RoU assets at fair value. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such RoU assets at cost rather than fair value) to include additional disclosures. The VPA intends to choose the temporary relief to value the RoU asset at the present value of the payments required (at cost).

The VPA has performed a detailed impact assessment of AASB 16 and the potential impact in the initial year of application to its most material lease (accommodation) which has been estimated as follows:

- increase in RoU (\$5,150,704),
- increase in related depreciation (\$908,948),
- increase in lease liability (\$4,351,762),
- increase in related interest (\$65,789.68) calculated using effective interest method, and
- decrease in rental expense (\$844,131), majority of occupancy costs disclosed in note 3.3

Revenue and Income

AASB 15 supersedes AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

To address specific concerns from the 'not-for-profit' sector in Australia, the AASB also released the following standards and guidance:

- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian implementation guidance for NFP entities* (AASB 2016-8), to provide guidance on application of revenue recognition principles under AASB 15 in the not-for-profit sector.
- AASB 2018-4 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors* (2018-4), to provide guidance on how to distinguish payments received in connection with the access to an asset (or other resource) or to enable other parties to perform activities as tax and non-IP licence. It also provides guidance on timing of revenue recognition for non-IP licence payments.
- AASB 1058 *Income of Not-for-Profit Entities*, to supplement AASB 15 and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within AASB 1004 Contributions.

AASB 15, AASB 1058 and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019. The VPA intends to adopt these standards in 2019-20 financial year when it becomes effective.

The VPA will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

The Authority has performed a detailed impact assessment of AASB 15 and AASB 1058 and the potential impact for each major class of revenue and income in the initial year of application has been estimated as follows:

- The class of revenue that will be impacted by the change in revenue standards is our contributions balance; and
- increase in revenue deferral on balance sheet at initial application (1 July 2019) is \$2,693,285

Impact Summary of Revenue Accounting Change	\$
Accumulated Surplus at 30 June 2019	7,283,933
Revenue deferral on balance sheet at 1 July 2019	2,657,328
Accumulated surplus at 1 July 2019	4,626,606

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