

Annual Report

2006 - 2007

A partner in creating sustainable and
liveable new communities in
Melbourne's growth areas

24 September 2007

Justin Madden MLC
Minister for Planning

Dear Minister

Re: Growth Areas Authority Annual Report 2006-2007

In accordance with the provisions of the *Financial Management Act 1994*, I have pleasure in submitting for presentation to Parliament the Growth Areas Authority's Annual Report for the year ended 30 June 2007.

Yours sincerely

A handwritten signature in black ink, appearing to read "Chris Banks".

Chris Banks AM
Chairman



Minister for Planning

The Growth Areas Authority reports to the Minister for Planning in the Victorian Government and during the reporting period was a portfolio agency under the Department of Sustainability and Environment.

The Hon Rob Hulls MP Victoria's Minister for Planning played a significant role in the establishment of the Growth Areas Authority.

In December 2006 the Hon Justin Madden MLC was appointed as Minister for Planning.



Chairman's Message

Housing supply and affordability, and the recognition of the importance of the Growth Areas in the economy of Victoria have become increasingly significant issues in recent months. The role the Growth Areas Authority (GAA) has to play is increasingly central in ensuring we have both medium and long term solutions to these issues.

The GAA was formally established in September 2006, initially under the leadership of Mike Scrafton. This establishment phase focused on the recruitment of staff with the appropriate skills to tackle the complex planning issues in our growth areas.

In May 2007 we appointed a new permanent Chief Executive Officer, Peter Seamer, to lead the GAA staff in driving a program of planning and infrastructure coordination initiatives.

Peter is working with his team and the Board to clarify directions and priorities for the next 12 months, while also achieving results now in precinct structure planning and in facilitating individual projects.

The establishment phase has involved the support of many people and groups. In particular, I would like to thank our Minister, the Honourable Justin Madden, his staff, the former Minister for Planning, the Honourable Rob Hulls, his staff and all those people at the Department of Sustainability and Environment, and many other government organisations, for their support in our first nine months of operation.

We have also received excellent support from the development industry, the growth area councils, and the various professional bodies - for which we are highly appreciative.

The Board and I are committed to achieving concrete results which will benefit Victoria through better economic outcomes, improved housing affordability, and sustainable development thereby improving the quality of life for those people who work and live in the growth areas.

Chief Executive Officer Report



The role of the Growth Areas Authority is to improve the medium to long term planning of the growth areas of Melbourne.

While the focus during the first 9 months of the organisation has been on its successful establishment, the GAA has now developed a strong planning role in precinct structure planning and in specific projects.

Over the next year, our work will accelerate and focus on the quality, quantity and affordability of residential and employment land in the growth areas. This will involve 3 major areas: planning, urban economics and infrastructure coordination.

Planning

The GAA, at the request of our Minister, is actively involved in reviewing the planning process for the growth areas. This involves developing a process to shorten development times, reduce cost and improve land supply flexibility in order to gain better planning outcomes. This work is underway.

Another key area of work is the development of precinct structure plans. These are a particular priority for those areas identified by the Urban Development Program as having strong demand for either residential land as in the Casey-Cardinia corridor or for employment land as in the Hume corridor.

We have worked closely with all six councils in the five growth corridors to push ahead with these plans. Work we have done in this area will see substantial new zoned land coming on stream early in 2008, guaranteeing supply for residential and employment lands in targeted areas.

We have also helped facilitate specific developments where issues have stalled the planning processes. The GAA is playing a strategic, if somewhat unheralded role, in working with councils, developers and Government bodies to resolve these issues.

Urban Economics

The GAA is currently reviewing the supply and demand situation for land both inside and outside the Urban Growth Boundary. In particular, we are working to assist with the development of infrastructure planning for Government.

Infrastructure Co-ordination

The GAA has a major role to play in coordinating State and council infrastructure for the growth areas. In this area we are less well developed at the present time but have an active program to put infrastructure plans in place for the short, medium and very long term. This will see us being able to provide good quality planning information for a range of Government departments and councils.

In all the work the GAA is undertaking we have a clear focus on liveability, community development and environmental sustainability. Our broad goals are to improve affordability, access and employment. We are working on a range of projects in collaboration with councils, industry bodies and Government departments to address these issues in the growth areas.

Over the next two years the GAA has significant targets to achieve. The ongoing support of the many people and groups we deal with will be fundamental to our success.

We look forward to working with our councils, Government departments, individual bodies and developers as the GAA moves ahead with the important task of planning the growth areas of Melbourne.

The Growth Areas Authority

The Growth Areas Authority was established as a result of the Government's *A Plan for Melbourne's Growth Areas* which was released in 2006.

The organisation was formally established by amendments made to the *Planning and Environment Act 1987* on 1 September 2006 to achieve the following objectives:

- ensure that development in growth areas occurs in a coordinated and timely manner
- ensure that infrastructure, services and facilities are provided in a coordinated and timely manner
- promote sustainable development of land in growth areas
- promote housing diversity and affordability in growth areas
- promote employment opportunities in growth areas
- ensure that land is provided for commercial and industrial purposes in growth areas in a coordinated and timely manner
- foster the development of communities in growth areas.

Our Functions

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

Our key functions are to:

- streamline planning processes for developments in the growth areas
- develop infrastructure plan for the growth areas
- coordinate state and council infrastructure for the growth areas
- provide advice on supply and demand of land in relation to the growth areas
- monitor key trends in growth areas to help the Government meet its housing, employment and sustainability objectives
- facilitate critical developments in the growth areas.

Our partners

The GAA aims to harness the expertise that already exists within state and local government as well as the development industry.

We work with the councils in our growth areas - Cardinia Shire Council, City of Casey, Hume City Council, Shire of Melton, City of Whittlesea and Wyndham City Council.

We work with State Government Departments such as Education and Early Childhood Development, Planning and Community Development, Human Services, Industry, Innovation and Regional Development, Infrastructure, Sustainability and Environment, Premier and Cabinet, and Treasury and Finance.

We also work with a range of State Government agencies including VicUrban, VicRoads, Parks Victoria, the Environmental Protection Authority and various water businesses.

We work with land and housing developers and peak organisations such as the Housing Institute of Australia, the Planning Institute of Australia, the Property Council of Australia, the Municipal Association of Victoria, the Urban Development Institute of Australia, the Victorian Planning and Environmental Law Association and the Victorian Local Governance Association.

The Authority

The Growth Areas Authority was established on 1 September 2006 by the Governor in Council upon the recommendation of the Minister for Planning.

In accordance with the legislative provisions outlined in the *Planning and Environment (Growth Areas Authority) Act*, 2006, the Growth Areas Authority is comprised of 5 members with a range of skills, experience or knowledge relating to planning, development, economics, financial management, local government and housing.

Members of the Authority



Chris Banks AM (Chairman)

Chris has experience in the housing and development industry spanning over four decades. He was the CEO of AV Jennings (1978-1990) and Managing Director of Delfin (1995-2001). He is a Fellow of the Australian Institute of Builders and a Fellow of the Australian Housing Institute. He received an Order of Australia in 1990. Chris has also chaired and served on a number of federal and state Government and housing industry committees.



Rob Spence (Deputy Chair)

Rob has an extensive background in local government. He is currently the CEO of the Municipal Association of Victoria. He has previously held roles as CEO of the City of Brimbank and the City of Footscray. He has also held various executive positions within State Government departments.



Felix Blatt

Felix is the Chief Advisor Project Management for Rio Tinto. He has had an extensive career in the energy industry and in the development and management of greenfield engineering projects with particular expertise in the assessment, evaluation, design and construction of infrastructure associated with mining and resource development projects.



Frank King

Frank has an extensive background in public sector financial management. He is a former Deputy Secretary of the Department of Treasury and Finance. He is Chair of the Victorian Centre for Adult Education, President of the Emergency Services Superannuation Board, a Board member of Victoria Legal Aid, and Chair of the Audit Committees for the Departments of Treasury and Finance and Sustainability and Environment.



Carol Schwartz AM

Carol has a diverse background incorporating the arts, law and business administration. She is a Director of Highpoint Property Group, Chairman of the Industry Superannuation Property Trust and Our Community, as well as a director on a number of significant boards.

Carol was awarded the Centenary Medal in 2003 and an Order of Australia for her achievements in business and her contribution to community and the arts.

Growth Areas Authority

Strategic priorities

The Authority has focused on the following responsibilities during its first 9 months:

- the development of protocols to ensure compliance with Governance Principles and Public Sector Values established under the Public Administration Act 2004, the Financial Management Act 1994 and relevant Government policies as issued from time to time
- overseeing the development of the Growth Areas Authority's 2006-07 business plan
- advising the Minister on the selection of a chief executive officer

Audit and Risk Committee

The Audit and Risk Committee ensures that the GAA discharges its responsibilities as prescribed in the *Financial Management Act 1994* and *Audit Act 1998*, other relevant legislation and prescribed requirements.

The committee comprises all members of the Authority.

None of the Audit and Risk Committee members have been captured by previous Board decisions so all are independent.

Executive Remuneration Committee

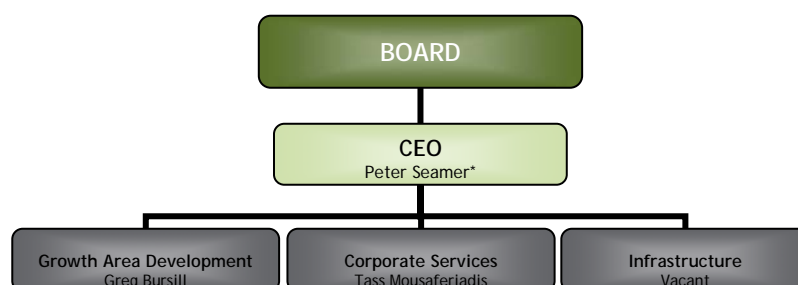
This committee oversees the development of executive remuneration policy and practices within the Growth Areas Authority, approves individual executive remuneration packages and the committee comprises all members of the Authority.

Meeting performance and attendance

Name of meeting	Chair	Meeting frequency	Number of meetings	Attendance
Board	Chris Banks	Monthly	10	All members
Audit and Risk Committee	Frank King	Half yearly	3	All members
Executive Remuneration Committee	Rob Spence	Half yearly	4	All members

Organisational Structure

The organisational structure of the GAA reflects the key strategic areas of its work.



- Mike Scrafton was the initial Chief Executive Officer from 1 September 2006. Peter Seamer was appointed in May 2007.

The Growth Areas

The growth areas have been designated by the Minister for Planning. They include the land in the six municipalities and shires of:

Casey and Cardinia
Whittlesea

Hume
Wyndham

Melton

Population growth in Melbourne over the next 25 years is expected to be approximately 1 million people. A significant part of this population increase will be in the growth areas where an additional 220,000 dwellings will be built and job numbers are expected to increase by 400,000. Some of the following population and housing trends will affect the growth areas over the next 25 years:

- approximately 23,300 new dwellings per annum will be required in Melbourne
- the population growth will be characterised as older persons, overseas migrants and younger families
- an increasing number of single person dwellings
- reduction in average household size from 2.8 in 1991 to 2.6 2003 will continue, and will have implications for the planning of housing and services in the growth areas
- the growth in house sizes from 180 square meters in 1991 to 250 square meters in 2003
- the nature of employment is shifting from manufacturing to retail and service industries.

Anticipated population and job growth numbers in growth areas 2006-2031

Growth Area	Projected Growth
Casey-Cardinia	<ul style="list-style-type: none"> ▪ 135,000 - 170,000 people accommodated in 65,000 - 85,000 households ▪ employment in local businesses and industries to grow between 100,000 and 140,000 jobs
Hume	<ul style="list-style-type: none"> ▪ 30,000 - 35,000 people, accommodated in around 20,000 households; ▪ employment in local businesses and industries to grow to between 90,000 and 95,000 jobs.
Melton	<ul style="list-style-type: none"> ▪ 75,000 - 90,000 people, accommodated in around 35,000 households ▪ employment in local businesses and industries to grow to between 20,000 and 25,000 jobs.
Whittlesea	<ul style="list-style-type: none"> ▪ 40,000 - 65,000 people, accommodated in 20,000 - 30,000 households ▪ employment in local businesses and industries to grow to 45,000 jobs.
Wyndham	<ul style="list-style-type: none"> ▪ 60,000 - 95,000 people, accommodated in 30,000 - 45,000 households ▪ employment in local businesses and industries to grow to 60,000 and 90,000 jobs

Growth Areas Authority Performance

Since the establishment of the Growth Areas Authority in September 2006, significant progress has been made in the achievement of our objectives through two key areas of activity: growth area planning and Infrastructure coordination.

Growth area planning

Planning Reform	<p>Streamlining the planning process</p> <p>The GAA has undertaken work to identify issues with the planning process and develop and test options for streamlining the process. The aim is to reduce the regulatory burden on councils, government agencies and developers, and make the process more flexible, allowing developers to respond more quickly to a changing market.</p> <p>Preparing precinct structure planning guidelines for employment areas</p> <p>Draft guidelines are being finalised to provide the basis for the development of precinct structure plans for major employment areas in the growth areas.</p> <p>Reviewing existing strategic planning documents in growth areas</p> <p>The GAA is reviewing existing precinct structure plans to identify gaps where further work may be required.</p>
Strategic Planning	<p>Precinct Structure Planning</p> <p>The GAA has been working with councils and developers to accelerate the development and approval of precinct structure plans in growth areas through a number of approaches; observing, facilitating, preparing and managing.</p> <p>Eight precinct structure plans have been prioritised by the Minister for Planning. Two have been approved and twenty are under preparation.</p> <p>The GAA has been implementing the government's native vegetation framework and is working with the Department of Sustainability and Environment, and growth area councils, on the development of Native Vegetation Precinct Plans for the growth areas.</p> <p>Liaising across government agencies to address social policy in planning for growth areas.</p> <p>The GAA maintains a network across key State agencies to ensure social policy issues are addressed in the precinct structure planning process.</p> <p>Developing a strategic framework for the creation of liveable new communities in growth areas.</p> <p>The GAA has commissioned work funded by government and non-government bodies to develop a strategic framework and practical tools to support the creation of liveable new communities.</p>
Development Facilitation	<p>The GAA has a development facilitation capacity and has been involved in around 30 projects that require issue resolution such as rezoning of land or the facilitation of specific projects.</p> <p>The GAA has supported government policy on housing affordability through participation in a whole of government housing affordability review.</p>

Infrastructure coordination

Infrastructure Planning	<p>Monitoring the supply of and demand for employment and residential land to ensure the government's commitment to providing sufficient land is met.</p> <p>The GAA has participated in development industry working groups as part of the Urban Development Program. We have been closely monitoring supply and demand in the growth areas. Our work has been prioritised to address identified shortages of residential zoned land in Casey-Cardinia, and of employment land in Hume.</p> <p>Working to improve the quality of social infrastructure in growth areas through participating in whole of government consultation around sustainable communities</p> <p>The GAA has participated in a range of cross government activities including the Active Cities Strategy and the Development of Social Infrastructure Standards.</p> <p>The GAA has worked with the Department of Education and Early Childhood Development and the Catholic Archdiocese of Melbourne to address issues of future education provision.</p> <p>Regular discussions are held with the Departments of Planning and Community Development and Human Services to encourage coordinated infrastructure planning.</p> <p>Partnering with water authorities to develop targets for the supply of recycled water in growth areas</p> <p>The GAA has been establishing the approach for implementation of targets for use of recycled water in the growth areas.</p>
Infrastructure Coordination	<p>Progressing work on the State Development Contributions Plan</p> <p>Work has been progressing to implement a State Development Contribution Plan for Melbourne's growth areas as outlined in <i>A Plan for Melbourne's Growth Areas</i>.</p> <p>The GAA is working with Vic Roads to undertake long term and network planning and to finalise a protocol for the Preparation of an Arterial Road Network Plan for growth areas.</p>
Project Facilitation	<p>Working with councils, developers and government departments on a range of projects relating to the growth areas.</p> <p>The GAA has been working with the Department of Infrastructure to prepare long term transport plans for the growth areas,</p> <p>We have been working with councils and government agencies to bring forward infrastructure that is required to support strategic development.</p> <p>The GAA has been involved in a number of Council and developer led projects, such as project managing the development of a PSP for Cranbourne East area.</p>

Growth Areas Authority

DISCLOSURE INDEX

The 2006/07 Annual Report of the **Growth Areas Authority** is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the authorities' compliance with statutory disclosure requirements.

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SD 4.2(b)	Operating Statement
SD 4.2(b)	Balance Sheet
SD 4.2(a)	Statement of Recognised Income and Expense
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SD 4.2(c)	Compliance with Australian accounting standards and other authoritative Pronouncements
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FRD 13	Disclosure of parliamentary appropriations
FRD 9A	Departmental disclosure of administered assets and liabilities
FRD 11	Disclosure of ex-gratia payments
FRD 21A	Responsible person and executive officer disclosures

Additional Information

Changes in financial position

The GAA was established on 1 September 2006 so no changes in financial position from an earlier reporting period can be reported.

Contracts and Consultancies

During the financial year, the GAA engaged 13 consultancies where the total fees payable to the consultant was less than \$100,000 at a total cost of \$164,447

No consultancies over \$100,000 were engaged and no major contracts were entered into.

Freedom of Information

The GAA officer responsible for receiving and initially actioning requests made under the Freedom of Information Act 1982 is Ed Small who can be contacted on 03 9651 9609 or ed.small@gaa.vic.gov.au and there is a fee of \$22.00 payable for each FOI application.

Electronic and paper-based documents are maintained. During 2006 – 2007 no FOI requests were received.

Upholding public sector conduct

The GAA is responsible for promoting high standards of integrity and conduct in the public sector. Staff are fully informed about the Code of Conduct for the Victorian Public Sector and from the Public Administrations Act 2004 to “Upholding public sector conduct.”

Whistleblowers Protection Act 2001

The GAA encourages the reporting of known or suspected incidences of improper conduct or detrimental actions. Any matters raised are properly investigated and dealt with and persons making disclosures are protected from reprisals. The contact person at the GAA is Ed Small, on 9651 9609 or ed.small@gaa.vic.gov.au Alternatively the Ombudsman may be contacted on www.ombudsman.vic.gov.au, ombudvic@ombudsman.vic.gov.au, or 1800 806 314

During 2006-2007 there were no disclosures or investigations of improper conduct or detrimental actions made to GAA by staff or any referred to the organisation by the Ombudsman or other persons.

The GAA have adopted in the Department of Sustainability and Environment’s Whistleblowers Policy and procedure.

People management strategy

The GAA has a small core of staff and meets its operational needs by drawing on temporary staff, secondments or contract support to meet work priorities and to provide expert assistance in key areas.

The GAA has invested major effort in the recruitment of experienced professional staff in the areas of statutory and strategic urban planning, policy development and corporate support areas and in developing the policies and systems to ensure the ongoing development of its overall capability.

Managing and valuing diversity and merit

The GAA promotes equal employment opportunity through addressing diversity in its policies and practices. In light of the small number of employees, a flexible and supportive workplace is provided through flexible working hours and leave arrangements.

All GAA policies and programs consider issues relating to women, youth and people from indigenous and culturally and linguistically diverse backgrounds.

The Chair and Chief Executive Officer made 21 appointments based on merit during the period.

Growth Areas Authority

Growth Areas Authority staff as at 30 June 2007

Category	Staff
VPS 1-6 Staff	
Male	8
Female	9
Executive Staff	
Male	3
Female	0
Total Staff	
Male	11
Female	9
Total	20

There is no prior comparative data as the GAA has only been in existence since 1 September 2006.

Occupational health and safety

The GAA has a clear commitment to OH&S compliance as well as general staff health and well-being. During the reporting year the Authority had:

- 9 staff receive influenza vaccinations
- 30 ergonomic assessments undertaken
- 0 number of incidents reported
- 1 workplace inspection.

Extent and compliance with the Building Act 1992

The GAA is not responsible for any publicly owned buildings.

Victorian industry participation policy and disclosure of major contracts

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

National competition policy

As a portfolio agency, the GAA's information on compliance is included in the Department of Sustainability and Environment's Annual Report.

Other information required to be available in accordance with FRD22A and Freedom of Information Act 1982

The following information, where it relates to the GAA and is relevant to the financial year 2006-2007, is available to the Minister, Members of Parliament and the public on request:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the entity, about the entity, and the places where the publications can be obtained
- details of any major external reviews carried out on the entity
- details of any major research and development activities undertaken by the entity
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- 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
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within the entity and details of time lost through industrial action and disputes
- a list of major committees sponsored by the entity, the purposes of each committee, and the extent to which the purposes have been achieved.

Growth Areas Authority

2007

2007
\$

Financial Result

1,319,471

The above result is based on the GAA operating for 10 months of the financial year.

The GAA was proclaimed on 1 September 2006.

There is no comparative data available as this is the GAA's first year as a reporting entity.

Financial Report - 30 June 2007

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Auditor General's Report

Operating Statement

For the period 1 September 2006 to 30 June 2007

Income	Note	2007
		\$
Output appropriations	1(b), 2	4,953,849
Other Income	2	<u>75,846</u>
Total Income		<u>5,029,695</u>
Expenses		
Employee benefits	1(i), 3	2,369,667
Supplies & Services	3	1,296,663
Depreciation expense	1(e),3	<u>43,894</u>
Total Expenses		<u>3,710,224</u>
Net result for the period		<u><u>1,319,471</u></u>

The above operating statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2007

Assets	Note	2007
Current Assets		\$
Cash and cash equivalents	1(f), 16	1,260,478
Receivables	1(g),4, 9	<u>399,728</u>
Total Current Assets		<u>1,660,206</u>
Non Current Assets		
Property, plant & equipment	5	<u>177,993</u>
Total Non Current Assets		<u>177,993</u>
Total Assets		<u>1,838,199</u>
Liabilities		
Current Liabilities		
Payables	1(h), 6, 9	153,400
Employee benefits	1(i), 7, 14	<u>318,287</u>
Total Current Liabilities		<u>471,687</u>
Non Current Liabilities		
Employee benefits	1(i), 7, 14	<u>47,041</u>
Total Non Current Liabilities		<u>47,041</u>
Total Liabilities		<u>518,728</u>
Net Assets		<u><u>1,319,471</u></u>
Equity		
Accumulated funds	8	<u>1,319,471</u>
Total Equity		<u><u>1,319,471</u></u>

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of recognised income and expense

For the period 1 September 2006 to 30 June 2007

Net Result for the period	8	\$ 1,319,471
Total recognised Income and Expense for the period		<u><u>1,319,471</u></u>

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the period 1 September 2006 to 30 June 2007

	Note	2007
Cash flows from operating activities		\$
Receipts from Government	2	4,598,170
Receipts from other entities	2	31,797
Payments to suppliers and employees		(3,147,602)
Net cash provided by / (used in) operating activities		<u>1,482,365</u>
Cash flows from investing activities		
Payments for property plant and equipment	5	(221,887)
Net cash provided by / (used in) investing activities		<u>(221,887)</u>
Cash flows from financing activities		
Proceeds from capital contributions by State Government		-
Net cash provided by / (used in) financing activities		<u>-</u>
Net increase /(decrease) in cash held	16	1,260,478
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period		<u><u>1,260,478</u></u>

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

Note 1 **Summary of significant accounting policies**

The financial statements include all controlled activities of the Growth Areas Authority. The Authority was proclaimed on 1 September 2006 and this report is from 1 September 2006 to 30 June 2007, 10 months of the full financial year.

(a) Basis of Accounting

This general purpose financial report, which has been prepared on an accrual and going concern bases in accordance with the *Financial Management Act 1994*, Australian Accounting Standards and Urgent Issues Group Interpretations. Accounting standards include Australian equivalents to International Financial Reporting Standards (A-IFRS).

The financial report has been prepared in accordance with the historical convention. Cost is based on the fair values of the consideration given in exchange for assets.

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

The estimates underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Revenue recognition

Output revenue

The Growth Areas Authority is funded by Parliamentary process for the provision of outputs through the Department of Sustainability and Environment.

Outputs which the Authority provides to Government, Growth area councils, Developers and others are recognised when those outputs have been delivered.

(c) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Individual items of \$5,000 or more are capitalised. Cost is measured as the fair value of assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

(d) Impairment of assets

All assets are assessed annually for indication of impairment, except for financial assets (refer note 9(b)).

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an assets carrying value exceeds its recoverable amount, the difference is written off by a charge to the operating statement except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class of asset. The recoverable amount for most assets is measured at their higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate cash flows is measured at the higher of the present fair value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss 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.

(e) Depreciation of property plant and equipment

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis to write off the cost of each asset over its expected useful life to its estimated residual value. Estimates of the remaining useful lives are reviewed at least annually for all assets.

Growth Areas Authority

The useful lives for the financial period are:
Computer software and hardware 3 years

Where assets have separately identifiable components, those components are assigned useful lives distinct from the item of plant and equipment to which they relate and depreciated accordingly.

- (f) **Cash and cash equivalents**
For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and short term deposits that are readily convertible to cash on hand and are subject to an insignificant risk in changes in value, net of outstanding cheques yet to be presented by the Authority's suppliers and creditors.
- (g) **Receivables**
Trade debtors are recognised at the amount of the receivable, as they are due for settlement at no more than 30 days from the date of recognition.
- Collectability of debtors is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.
- (h) **Payables**
These amounts represent liabilities for goods and services provided to the Authority prior to the end of the financial period and are unpaid.
- (i) **Employee benefits**
- (i) **Wages, salaries, on-costs, sick and annual leave**
AASB 119 defines short-term benefits as employee benefits that fall due wholly within 12 months after the end of the period in which the employees render the related service. Therefore, liabilities for employee benefits such as wages, salaries and annual leave are required to be measured at nominal value where they are expected to be settled within 12 months of the reporting date. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.
- (ii) **Long Service Leave**
The requirement for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Provisions made for unconditional long service leave are classified as a current liability, where the employee has a present entitlement to the benefit. The non-current liability represents long service leave entitlements accrued for employees with less than 7 years of continuous service.
- (iii) **Superannuation**
The amount charged to the operating statement in respect of superannuation represents the contributions made by the Authority to the relevant superannuation funds in respect to the services of staff on the relevant rules of the plan. No liability is shown for unfunded superannuation in the Balance Sheet as the Department of Treasury and Finance assume the liability. The current year employer contribution payments on behalf of the Authority's employees is disclosed in note 14.
- (j) **Provisions**
Provisions are recognised when the Authority has a present obligation, the future sacrifice of economic benefits is payable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate on the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

Where some or all of the economic benefits required to settle a provision are expected to be recognised from a third party, the receivable is recognised as an asset if it is virtually certain

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that recovery will be received and the amount of the receivable can be measured reliably.

(k) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of the acquisition of an asset or part an item of expense. Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(l) Financial instruments

The accounting policies applied to financial instruments are detailed in notes 9(a) and 9(b).

(m) Rounding of amounts

Amounts in the financial report have been rounded to the nearest dollar.

Note 2	Income	\$
	Output Appropriations	4,953,849
	Other income	71,116
	Interest	4,730
	Total income	5,029,695
Note 3	Expenses	
	Employee benefits	
	Salary and wages	1,657,213
	Superannuation (note14)	116,504
	Annual leave and long service leave expense	487,122
	Other on-costs (fringe benefits tax, payroll tax and WorkCover levy)	108,828
	Total employee benefits	2,369,667
	Supplies and Services	
	Contract and professional services	418,935
	General expenses, stock, materials	717,893
	Office and accommodation	159,835
	Total supplies and services	1,296,663
	Depreciation Expense	
	Plant and equipment	43,894
	Total depreciation expense	43,894
Note 4	Receivables	
	Current	
	Amounts owing from Victorian Government	355,679
	Other	44,049
	Total current receivables	399,728
Note 5	Property, plant and equipment	\$
	(a) At cost	221,887
	less accumulated depreciation	(43,894)
	Total property, plant and equipment	177,993

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Property, plant and equipment

(b) movements during the reporting period 1 September 2006 to 30 June 2007

	Opening WDV at 1 September 2006	Additions	Depreciation	Closing WDV at 30 June 2007
	\$	\$	\$	\$
<i>Computer hardware</i> At cost	-	80,467	22,352	58,115
<i>Computer software</i> At cost	-	141,420	21,542	119,878
Totals	-	221,887	43,894	177,993

Note 6 Payables	\$
Current	
Trade creditors (i)	88,799
Accruals	64,601
Total current payables	153,400

(i) The average trade credit period is 30 days. No interest is charged on the trade creditors or other payables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at differing rates determined by the individual trade arrangements entered into.

Note 7 Employee benefits

Current	
Employee Benefits	
Annual leave	134,426
Long service leave - that falls within 12 months after the end of the period, measured at a nominal value	127,570
Long service leave - that do not fall within 12 months after the end of the period, measured at present value	56,291
Total current employee benefits	318,287
Non Current	
Employee benefits	
Long service leave	47,041
Total non current employee benefits	47,041
Aggregate carrying amount of provisions	
Current	318,287
Non current	47,041
Total Employee benefits	365,328

Note 8 Equity and movements in equity

Movements in equity	
Balance 1 September	-
Changes in equity recognised in the operating statement	
Operating result	1,319,471
Total change in equity at the end of the financial period	1,319,471

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Note 9 Financial instruments

(a) Credit risk exposure

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Authority. The Authority has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Authority measures credit risk on a fair value basis.

The Authority does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(b) Interest rate risk exposure

The Authority's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Authority intends to hold fixed rate assets and liabilities to maturity.

2007	Notes	Fixed interest maturing in:				Non-interest bearing	Total
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years		
		\$	\$	\$	\$	\$	\$
Financial assets							
Cash and cash equivalents	16	1,260,478					1,260,478
Receivables	4					399,728	399,728
		1,260,478				399,728	1,660,206
Weighted average interest rate		4.32%					
Financial liabilities							
Payables	6					153,400	153,400
						153,400	153,400
Weighted average interest rate							
Net financial assets		1,260,478				246,328	1,506,806

(c) Net fair value of financial assets and liabilities

On balance sheet

The net fair value of financial assets and financial liabilities of the Authority approximates their carrying amounts. The carrying amounts and net fair values of financial assets and liabilities at reporting date are:

2007	Carrying amount	Net fair value
	\$	\$
Financial assets		
Cash and cash equivalents	1,260,478	1,260,478
Receivables	399,728	399,728
Non-traded financial assets	1,660,206	1,660,206
Financial liabilities		
Payables	153,400	153,400
Non-traded financial liabilities	153,400	153,400

Growth Areas Authority

Note 10 Responsible persons

In accordance with the Ministerial Directions issued by the Minister of Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Responsible Minister

The persons who held the position of Minister and Accountable Officer in the Growth Areas Authority were as follows:

Minister for Planning	The Hon. Justin Madden MP	29 November 2006 to 30 June 2007
	The Hon. Rob Hulls MP	1 September 2006 to 28 November 2006

Responsible Persons

Governing Board

Chairman - Chris Banks AM

Board members: Rob Spence (deputy chair), Felix Blatt, Frank King, Carol Schwartz AM

Chief Executive Officer

Peter Seamer 14 May 2007 to 30 June 2007

Mike Scrafton 1 September 2006 to 11 May 2007

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Remuneration received from the Authority in connection with the management of the Authority was \$396,090 for the period.

The numbers of responsible persons whose remuneration from the Authority was within the relevant income bands as follows:

<i>Income band (\$)</i>			2007 No.
10,000	-	19,999	4
30,000	-	39,999	1
50,000	-	59,999	1
250,000	-	259,999	1

Executive officers: Directors Greg Bursill and Anastasios Mousaferiadis

The numbers of executive officers other than responsible persons whose remuneration falls within the specified bands above \$100,000 are as follows:

<i>Income band (\$)</i>			2007 No.
130,000	-	139,999	1
140,000	-	149,999	1

\$274,118

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

Note 11 Remuneration of auditors

\$8,800 is payable to the Auditor General at reporting date.

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Note 12 Contingent liabilities and contingent assets

There are no contingent liabilities or assets at 30 June 2007.

Note 13 Commitments for expenditure

The Authority has a commitment of \$57,000 for the Creating Liveable New Communities project due within one year.

Note 14 Superannuation

Government Employees' Superannuation Fund	\$
Superannuation contributions for the period are included as part of salaries and associated costs in the Operating Statement of the Authority	
Fund	
Government Superannuation Scheme - revised and new	11,648
Victorian Superannuation Fund - Vic Super Scheme	54,747
Various other	50,109
Total contributions to all funds	116,504

The rate for contributions for each of the above funds except for the Defined Benefits is 9%. The Defined Benefits rate is dependent on the individual members' circumstances and contribution details.

As at the reporting date there were no outstanding contributions payable to the above funds.
As at the reporting date there were no loans to or from the Growth Areas Authority to any of the above funds.

Note 15 Subsequent events

The Authority is not aware of any circumstances that have arisen, or information that has become available between 30 June 2007 and the date of the final approval of this general purpose financial report that qualifies for inclusion as a post balance date event. With the change of Premier there has been a change in the administration of Planning, and this function has moved from DSE to the new DPCD (Department of Planning and Community Development) as gazetted on 14 August 2007.

Note 16 Notes to the Cash Flow Statement

Reconciliation of cash	\$
Cash at bank and on hand	1,260,478
Balances per Cash Flow Statement	1,260,478
Reconciliation of net results for the reporting period to net cash	
inflow from operating activities	
Net result for the reporting period	1,319,471
Depreciation expense	43,894
Decrease/(increase) in receivables	(399,728)
(Decrease)/increase in employee benefits	365,328
(Decrease)/increase in payables	153,400
Net cash inflow from operating activities	1,482,365

Note 17 Operating lease commitments

At 30 June 2007, the Authority had the following operating lease commitments for accommodation until 31 August 2009.

Outstanding lease commitments are to be paid as follows:	\$
• Within one year	151,200
• Within one to five years	315,000
	466,200

Growth Areas Authority Statutory Certification

We certify that the attached financial statements for the Authority have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement of Recognised Income and Expense, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the 10 months ended 30 June 2007 and financial position of the Authority at end 30 June 2007.

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



Peter Seamer
Chief Executive Officer

Melbourne
19 September 2007



Chris Banks AM
Chair

Melbourne
19 September 2007



Level 6, 35 Spring Street
Melbourne Victoria 3000

Telephone: 03 9651 9600
Facsimile: 03 9651 9623

www.gaa.vic.gov.au

