



Annual Report

2008 - 2009

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

ANNUAL REPORT
2008 – 2009

Index

| | |
|--|----|
| Minister for Planning | 3 |
| Chairman's Message | 3 |
| Chief Executive Officer's Report | 4 |
| The Growth Areas | 7 |
| The Growth Areas Authority | 8 |
| Members of the Authority | 9 |
| Performance | 12 |
| Organisational Structure | 14 |
| Additional Information | 16 |
| Changes in Financial Position | 17 |
| Summary of Financial Results | 18 |
| Risk Management | 18 |
| Disclosure Index | 19 |
| Annual Financial Statements - 30 June 2009 | 20 |

Minister for Planning

The Growth Areas Authority reports to the Minister for Planning, the Hon. Justin Madden MLC, in the Victorian Government and during the reporting period was a portfolio agency with the Department of Planning and Community Development. The Growth Areas Authority was established under the Planning and Environment (Growth Areas Authority) Act 2006.



Chairman's Message

Laying the foundations for the future shape of Melbourne in the next two decades has been at the heart of the Growth Area Authority's work agenda over the past year.

The Authority has been instrumental in analysing which land is most suitable for inclusion in the expanded Urban Growth Boundary after examining a raft of technical considerations and hearing from the community.



As a result, future population growth will primarily be concentrated to Melbourne's north, west and to a lesser extent the southeast where growth is now pushing further and further out from central Melbourne.

What's different about this blueprint is the more focused integration of land use planning and transport in an unprecedented initiative being driven right across the Victorian Government.

Planning for Melbourne's Outer Metropolitan Ring Road and the Regional Rail Link have been factored into the planning equation so that new housing in these areas will be more sustainable than at any time before.

The GAA is also supporting the creation of two new protected grassland areas in Melbourne's west, the result of our comprehensive work mapping native flora and fauna on a scale not undertaken before.

The implementation of new guidelines for planning large-scale communities or 'precincts' will also introduce a new level of rigour to what gets built in Melbourne's new communities.

The guidelines specify exactly how to achieve high-quality urban development and introduce a new set of benchmarks including the goal of creating one new job for every new household in the growth areas.

Getting jobs and transport to feature in the planning for new suburbs right from the start will mean that by the time people move in, their requirements have been thought out and the infrastructure will be there to support them.

The implementation of the Growth Areas Infrastructure Contribution announced by the Victorian Government remains a key priority to allow for part funding of key infrastructure.

What we build has to be better than the old style estates of days gone by, but at the same time it has to remain affordable and inject a healthy dose of competition in the housing marketplace.

By 2012, the work of the Authority will be on show when our core work of completing 40 new Precinct Structure Plans is complete. By then these new communities will be moving from mere lines on a map to living, breathing postcodes of which Victorians can be proud.

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations of the Growth Areas Authority for the year ending 30 June 2009.

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

Chris Banks
Chair

September 2009

Chief Executive Officer's Report



The role of the Growth Areas Authority (GAA) is to improve the medium to long term planning of the five growth areas of Melbourne – Casey-Cardinia, Hume, Melton-Caroline Springs, Whittlesea and Wyndham.

The work agenda of the Growth Areas Authority over the past year has been strongly shaped by continuing strong population growth and new State Government policies in transport and planning.

Never before have land use and transport planning across Melbourne been so tightly integrated into a whole-of-government agenda linking long-term land use to transport and new employment for better-serviced suburbs.

Maintaining a supply of affordable land for housing and jobs is always central to the GAA's work that has been accelerated by having these big-picture transport and infrastructure projects clearly mapped out.

Transport and Planning

The *Victorian Transport Plan* is a powerful blueprint for transport infrastructure development that has been strongly informing every aspect of the work we're doing setting directions for planning in the growth areas.

The Plan sets out a series of major projects including the outer Metropolitan Ring/E6 Transport Corridor to better link residential and employment growth areas to the north and west of Melbourne.

The OMR/E6 will provide a high-speed transport link for freight and people in Melbourne's northwest. The GAA had an input into the study assessing possible routes.

A \$4.3 billion new rail link will also serve the growth suburbs of Melbourne's west and ensure new communities have access to fast and reliable train services.

This is the first major new rail line for metropolitan Melbourne in 80 years and will ensure residents in the growth areas of Tarneit and Wyndham Vale have access to affordable transport services.

These projects are at the centre of our infrastructure planning which will see the majority of new development located within three kilometres of either existing, planned or potential high-capacity transport in communities big enough to be supported by regional infrastructure.

The GAA is also working on finalising individual infrastructure investment plans for all growth areas, work which has been greatly assisted by having a high-level strategic transport blueprint.

New Urban Growth Zone

Our work at the beginning of 2009 focused on the merging of the Precinct Structure Planning process and the rezoning of land to residential into a single process, saving in the order of 12 months off the time it takes to rezone land and saving thousands of dollars on the price of a house block.

A blanket 'Urban Growth Zone' was applied to undeveloped land inside the Urban Growth Boundary across the five growth areas.

This made the Precinct Structure Plan the primary plan guiding the development of an area, removing the need for other plans, such as development plans, before planning permits could be issued.

The GAA is continuing to ensure PSPs are developed efficiently for each of the growth areas.

This ensures all areas are well planned and ready for development sooner, bringing forward the development of some 90,000 residential housing blocks to meet the Government's target of a 10-year supply of zoned land in the growth areas.

Growth Areas Authority

Urban Growth Boundary Changes

Melbourne is growing quicker than any other city in Australia and continues to have among the country's best land development systems capable of delivering new communities future generations will want to call home.

The GAA has been involved in providing advice to the State Government on the re-drawing of the Urban Growth Boundary (UGB) to include an extra 41,600 hectares of land based on land capability, biodiversity, drainage, landscape values and transport. Of this extra land, around 26,000 hectares would ultimately be suitable for development.

The GAA has been closely involved in assessing where the growth should be concentrated with most of it slated to occur in the outer western and northern growth areas of Melton-Caroline Springs; Wyndham; and Hume-Mitchell-Whittlesea.

This marks a shift away from the growth hotspots of Casey and Cardinia in Melbourne's southeast where the boom has lasted longest and development is nearing capacity.

Overall a large proportion of developable land will be used for commercial and industrial uses, as well as open space, major roads and new public transport corridors with the land remaining set aside for residential development.

The GAA will continue to work through issues raised in public submissions on the draft boundary changes as part of the Government's June 2009 *Delivering Melbourne's Newest Sustainable Communities* package.

The Growth Areas Infrastructure Contribution (GAIC)

The Victorian Government announced a Growth Areas Infrastructure Contribution in December 2008 in order to assist in financing the cost of new suburbs. The Growth Areas Authority along with other government departments has been involved in the implementation of the GAIC.

More Streamlining

To keep pace with the extra 284,000 homes to be built in Casey, Melton-Caroline Springs, Hume-Mitchell-Whittlesea and Wyndham over the next two decades, we have to continually improve our processes and way of looking at things.

The GAA has been in operation for nearly three years working to deliver the Victorian Government's reform agenda and taking out planning roadblocks.

The GAA will continue to strive to do even better. As flagged by the Victorian Government in December 2008, the GAA is working with growth area councils and industry on ways to streamline council levies under the Victorian Planning Act. The ultimate aim is to make these more clear cut and to reduce the delays they can create.

The GAA is also continually examining processes in the development cycle after Precinct Structure Plans are approved including permits, dealing with utilities and subdivisions.

Two new streamlining projects underway are the Engineering Standardisation Project to prepare a common set of engineering standards across the growth areas and a project to drive the take-up of online planning applications.

New Precinct Planning Guidelines

Another important initiative of the past year has been the development of new Precinct Structure Planning Guidelines setting out a clear prescription for how to practically achieve new communities that fully integrate land use planning, access to local jobs and public transport.

These new guidelines will lead to better high-level planning and will take out some of the myriad complexity of the current system to create more zoned land for our development industry.

Growth Areas Authority

They address the challenges of getting more jobs closer to home, variable economic conditions, population pressures and a changing climate which all have to be factored into what Victorians build today.

This means our precinct structure plans will be rigorous but sufficiently flexible to address changing circumstances and needs.

The guidelines set out one clear and consistent planning process for use by councils, government agencies, infrastructure providers, developers and the community. But while there is a single process, there will be many diverse outcomes reflecting local conditions. These guidelines will be implemented in 2009/10.

Biodiversity and Cultural Heritage Mapping

One of the GAA's strategic priorities has been to carry out mapping work for biodiversity and cultural heritage on a broad-acre basis, instead of in an ad hoc way as planning applications are made.

This work has underpinned the recent announcement that two areas of highly significant native grassland will be preserved in two separate reserves in Melbourne's west.

The State Government has committed to protecting around 15,000 hectares of habitat that will be managed to improve their quality.

Reserving these areas will offset up to 4,500 hectares of native grassland potentially affected by proposed changes to the UGB.

The GAA is also about to undertake a new round of biodiversity mapping that, when complete, will result in the GAA having mapped all the developable land areas inside the current UGB as well as some outside the boundary, so we can both efficiently plan for development and protect diversity.

Status of Precinct Structure Plans

Meanwhile the GAA has continued its commitment to taking on a much more direct planning role in Precinct Structure Planning and specific projects.

The GAA has committed to complete all of the 40 PSPs contained in the PSP program by 2012. Twenty-two PSPs are currently underway: there are five at the pre-planning stage, 12 being prepared and five at the planning scheme amendment stage. Nine PSP's were completed by 30 June 2009.

This core work of the GAA is being supported by an \$8.5 million boost from the Federal Government's Housing Affordability Fund to fast-track this high-level strategic planning work.

While these PSPs are scheduled for completion by 2012, the extra funds will help the GAA meet that target sooner, and further assist in maintaining Melbourne's competitive advantage for affordable living.

The Growth Areas

Under the *Planning and Environment Act 1987* as amended, the growth areas have been designated by the Minister for Planning pursuant to clause 46AQ. They include the land in the six municipalities and shires of:

Casey
Whittlesea

Hume
Wyndham

Melton
Cardinia

Melbourne is expecting population growth from 3.74 million in 2006 to 4.7 million in 2021, an increase of over 20% across the 15 year period. This represents growth in Melbourne's population of in excess of 1,200 people per week. A significant part of this population increase will continue to be in the growth areas, and in excess of 12,000 new dwellings are forecast as becoming available each year in the growth areas.

Some of the following population and housing trends facing Melbourne will impact upon the growth areas over the coming years:

- an additional 700,000 people with an associated 284,000 new dwellings required in the growth areas over the next twenty years,
- the population growth will be characterised by older persons, overseas migrants and younger families,
- an increasing number of single person households,
- while average household sizes are continuing to decrease over time across Melbourne, the change will not be as great in the growth areas - dropping from an average of 2.94 people per household in 2006 to an average of 2.77 in 2026,
- a continuing decline in the average lot sizes and the associated increase in densities,
- the nature of employment is shifting significantly from manufacturing to retail and service industries, although "industry" will continue to be a major employer.

The Growth Areas Authority

The Growth Areas Authority (GAA) 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 through the *Planning and Environment (Growth Areas Authority) Act 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 the growth areas 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.

Functions and Powers

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 make recommendations and report to the Minister on:

- the planning use, development and protection of land in growth areas
- the use and expenditure of levies collected in the growth areas under development contribution plans
- if requested by the Minister, any matter relating to the functions and powers of the Authority
- the Minister's functions and powers under the Act in relation to Growth Areas and to carry out any other function conferred on the Authority under the Act.

The GAA's functions and powers are set out in Sections 46AS and 46AT of the Planning and Environment (Growth Areas Authority) Act 2006.

Nature and Range of Services Provided

The GAA aims to work in partnership with State and local government as well as with the development industry to achieve its objectives and to carry out its functions.

A key activity of the GAA is the review and reform of the planning provisions as they relate to the growth areas and growth area development. The GAA also has a major role to play in coordinating State and council infrastructure for the growth areas. The GAA has been actively involved with the Department of Planning and Community Development in progressing the proposed reforms relating to the urban growth boundary and the Growth Areas Infrastructure Contribution.

The GAA works in partnership with the councils in our growth areas - Cardinia Shire Council, the City of Casey, Hume City Council, the Shire of Melton, the City of Whittlesea and Wyndham City Council. One of the key activities is to progress the completion of all remaining Precinct Structure Plans within the growth areas. The GAA also works with all growth area stakeholders to facilitate planning issues arising within specific developments.

The GAA works closely with State Government departments, including the Departments of Education and Early Childhood Development, Planning and Community Development, Human Services, Industry, Innovation and Regional Development, Transport, Sustainability and Environment, Premier and Cabinet, and Treasury and Finance.

The GAA also operates in conjunction with a range of State Government agencies such as VicUrban, VicRoads, Parks Victoria, the Environment Protection Authority and various water agencies.

The GAA works 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.

Members of the Authority

The Growth Areas Authority is overseen by a highly experienced board, drawn from a broad range of disciplines including planning, development, economics, financial management, land supply and housing. Chaired by Chris Banks, five board members were appointed by the Minister for Planning on 1 September 2008, joining Di Fleming who had been appointed in October 2007. Carol Schwartz retired from the Board at the end of her term of appointment on 31 August 2008.

The Growth Areas Authority reports to the Minister for Planning, the Hon Justin Madden MLC.

A profile of each board member is below.



Chris Banks AM (Chairman)

Chris Banks AM brings more than four decades of high-level experience in the housing and urban development industry culminating in his eleven years spent as Chief Executive Officer of AV Jennings, and Managing Director of Delfin for nine years.



Frank King (Deputy Chair)

Frank King is a former Deputy Secretary of the Department of Treasury and Finance. He is President of the Emergency Services Superannuation Board and Chairman of the Centre for Adult Education. He brings to the GAA board an appreciation of the process of government.



Carol Schwartz

Carol Schwartz is a director of the Highpoint Property Group and is on the boards of a number of property and arts-related institutions. Ms Schwartz retired from the Board at the end of her appointment term on 31 August 2008.



Felix Blatt

Felix Blatt, formerly Chief Advisor Project Management for Rio Tinto, is a Project Management consultant and has extensive experience in infrastructure development and managing major engineering projects.



Di Fleming

Di brings experience across education, greenfield development and digital design. Di is Director of Accelerated Knowledge Technologies Pty Ltd, Vice President Africa Australia Business Council (Vic) and former founding director of Digital Harbour Pty Ltd with associate professorships at RMIT and Melbourne Universities. Ms Fleming is a recipient of the Telstra Business Woman of the Year Award (Vic).

Growth Areas Authority



Ann Keddie

With extensive experience within the industry, Ann Keddie is a Director of Ann Keddie Architects. She is also a sessional member of VCAT and a member of the Priority Development Panel and Planning Panels Victoria. Ms Keddie began her time on the Board on 1 September 2008.



Ian Munro PSM

Ian Munro brings to the Board expertise in aligning government and business to achieve investment and jobs growth. In particular, Ian has a detailed understanding of the critical role of land supply and planning in economic development. Ian is a council member of the Victorian Environment Assessment Council and was formerly Deputy Secretary/CEO of Invest Assist in the Department of Innovation, Industry and Regional Development. Mr Munro began his time on the Board on 1 September 2008.

Risk and Audit Committee

The Risk and Audit 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.

The Audit and Risk Committee members are all independent from the operations of the Authority.

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 comprises all members of the Authority.

Growth Areas Authority

Meeting Performance

| Name of meeting | Chair | Meeting frequency | Number of meetings | Membership |
|----------------------------------|-------------|----------------------------|--------------------|-------------|
| Authority (Board) | Chris Banks | Bi-Monthly or as required | 8 | All members |
| Risk and Audit Committee | Frank King | Half yearly or as required | 5 | All members |
| Executive Remuneration Committee | Felix Blatt | As required | 3 | All members |

Meeting Attendance

| Authority Member | Authority Meeting attendance | Risk and Audit Committee attendance | Executive Remuneration Committee attendance |
|------------------|------------------------------|-------------------------------------|---|
| Chris Banks | 8 of 8 | 5 of 5 | 3 of 3 |
| Felix Blatt | 6 of 8 | 4 of 5 | 3 of 3 |
| Di Fleming | 8 of 8 | 5 of 5 | 3 of 3 |
| Frank King | 8 of 8 | 5 of 5 | 3 of 3 |
| Ann Keddie | 6 of 7 | 3 of 4 | 1 of 2 |
| Ian Munro | 6 of 7 | 3 of 4 | 1 of 2 |
| Carol Schwartz | 1 of 1 | 1 of 1 | 1 of 1 |

Growth Areas Authority Performance

Since the establishment of the Growth Areas Authority in September 2006, significant progress has been made in achieving its objectives. The table below summarises the progress made against the GAA's 2008-2009 strategic priorities.

| Strategic Priority | Performance Measure |
|---|--|
| To manage the program of precinct structure planning occurring in the growth areas. | A total of 9 out of the 40 PSP's in the GAA's PSP program were completed as at 30 June 2009. The total number of completed PSP's reported as at the year ended 30 June 2008 was 3. The total number of residential lots zoned in the PSPs completed to date is 29,380. |
| To undertake the planning of precincts in conjunction with our partners. | <p>The following 9 PSPs were completed by 30 June 2009:</p> <p>Cardinia Road Merrifield Employment Robinson's Rd North Aurora Tarniet West Folkstone Employment Point Cook Homestead Road Epping North East Cranbourne North Stage 1</p> <p>The following PSPs have been substantially progressed towards Planning Scheme Amendments being gazetted:</p> <p>Officer Cranbourne East Cranbourne West Craigieburn R1 Craigieburn R2 Toolern Craigieburn R3 (Greenvale South)</p> |
| To facilitate the delivery of better quality, sustainable and affordable developments in the growth areas. | The demonstration project in Cranbourne East is progressing well and it is anticipated that development applications will be able to be decided in the first half of the 2009-2010 financial year. |
| To streamline the planning and construction approval process. | The PSP Guidelines are anticipated to be implemented in the current calendar year. |
| | The native vegetation mapping project is progressing well, with mapping underway. The scope of the project has been extended to meet key State and Federal requirements. 21,043 hectares were assessed in relation to native vegetation in the Spring/Summer 2008/2009. The second round of the project will be conducted in the Spring/Summer 2009/2010 |
| | The Aboriginal Cultural Heritage Management mapping project has been scheduled for the bulk of this assignment to occur in the 2009/10 financial year. |
| To monitor the supply and demand for both residential and employment land within the Urban Growth Boundary. | <p>The new draft PSP Guidelines developed by the GAA contain a strong focus on employment generation, with an emphasis identifying land for jobs at the strategic planning stage.</p> <p>The draft Guidelines were released for comment at an employment forum conducted by the GAA on 14 October 2008.</p> |

Growth Areas Authority

| | |
|--|---|
| To ensure transport, community and utilities infrastructure is delivered in step with the development of precincts. | The GAA is conducting facilitation meetings with the growth area Councils to progress co-ordination of the provision of growth area infrastructure. |
| To co-ordinate the planning and funding of State and local infrastructure across the growth areas in conjunction with other authorities. | Processes are being developed and implemented to allow place based (including the growth areas) infrastructure priorities to be considered in the future. |
| To ensure all financial and governance responsibilities of the Authority are appropriately discharged. | The annual report for 30 June 2008 was adopted and presented to the Minister by 30 September 2008 with no audit qualifications. |
| | 8 meetings have been held on: <ul style="list-style-type: none"> • 16 July 2008 • 17 September 2008 • 19 November 2008 • 17 December 2008 • 28 January 2009 • 25 March 2009 • 6 May 2009 • 18 June 2009 |
| | The Risk Management Attestation for the financial year ended 30 June 2008 was contained in the adopted annual report. |

Major changes or factors affecting performance

The GAA has continued to advance the major growth areas planning reform initiatives. This included involvement with, and advice to, the State Government in the lead up to the announcement by the Premier and Minister for Planning on 2 December 2008 of *Melbourne @ 5 million*. This major policy announcement outlined the investigation areas for consideration for inclusion within Melbourne's Urban Growth Boundary and the introduction of the Growth Areas Infrastructure Contribution. Progressing these two major initiatives has engaged a significant proportion of the GAA's resources and staff.

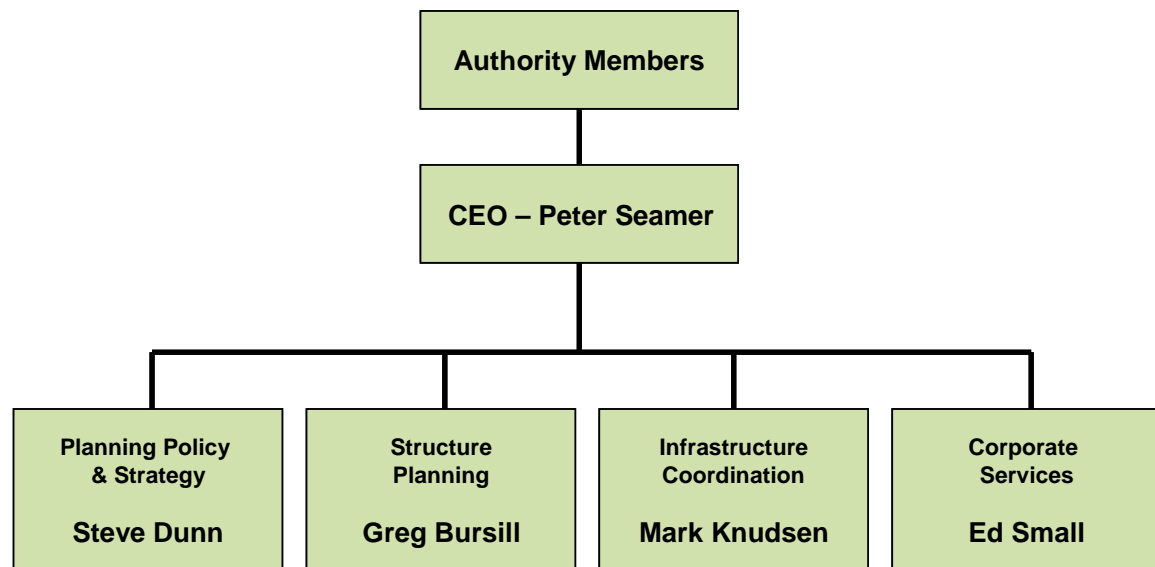
The GAA has continued with its major role in co-ordinating the completion of the remaining precinct structure plans for the areas within the existing growth areas by 2012 in accordance with the announcement of the Minister for Planning on 10 June 2008.

The GAA has been able to source a grant from the Federal Government through the Housing Affordability Fund of \$8.5 million over three years to part fund the completion of the remaining PSP's. The first tranche of the grant, amounting to \$3.7 million was received in June 2009.

The major initiative in relation to Native Vegetation mapping has been progressing well, with the scope of the project extended to assist in the preparatory work for the redrawing of the Urban Growth Boundary.

Organisational Structure

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



People at the GAA

People management strategy

The GAA has a small core of staff to meet its operational needs 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. The GAA is developing the policies and systems to ensure the ongoing development of its overall capability.

Occupational health and safety

The GAA has a clear commitment to OH&S compliance as well as general staff health and well-being, set out in its "A Healthy, Safe and Supportive Workplace Policy".

During the reporting year the Authority had:

- Lighting adjustment program
- 11 staff receive influenza vaccinations
- 10 ergonomic assessments undertaken
- 0 number of incidents reported
- 1 externally conducted workplace inspection
- 2 internally conducted workplace inspections.

Growth Areas Authority

Managing and valuing diversity and merit

The GAA promotes equal employment opportunity through 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 Chief Executive Officer made 16 appointments based on merit during the period.

Growth Areas Authority staff as at 30 June 2009

| Category | Staff 2009 | Staff 2008 |
|------------------------|------------|------------|
| VPS 1-6 Staff | | |
| Male | 19 | 9 |
| Female | 14 | 12 |
| Executive Staff | | |
| Male | 5 | 5 |
| Female | 0 | 0 |
| Category | Staff 2009 | Staff 2008 |
| Total Staff | | |
| Male | 24 | 14 |
| Female | 14 | 12 |
| Total | 38 | 26 |

The GAA was covered by the Victoria Public Services Agreement 2006 (VPSA) until the first anniversary of its creation. After that date a deed of arrangement was put in place, after reaching agreement with the union, maintaining the conditions of the VPSA within the GAA until the expiry of the VPSA in March 2009. The GAA, its staff and the Community and Public Sector Union reached agreement on a GAA Enterprise Agreement 2009 on 29 June 2009. This was subsequently lodged with the Australian Industrial Relations Commission in early July 2009.

Upholding public sector conduct

The GAA is responsible for promoting high standards of integrity and conduct in the public sector. Staff observe, and are fully informed about, the Code of Conduct for the Victorian Public Sector and the *Public Administrations Act 2004* regarding "Upholding public sector conduct".

The Public Administration Act 2004 provides the following employment and conduct principles:

| Employers must Ensure: | Employees must: |
|--|--|
| ▪ decisions are made on merit | ▪ act with impartiality |
| ▪ employees are treated fairly and reasonably | ▪ display integrity, including avoiding real or apparent conflicts of interest |
| ▪ equal employment opportunity is provided | ▪ show accountability for actions |
| ▪ there are reasonable avenues of redress against unfair and unreasonable treatment. | ▪ Provide responsive service. |

Additional Information

Contracts and Consultancies

During the financial year, the GAA engaged 23 consultancies (2007-2008 - 24) where the total fees payable to the consultant was less than \$100,000 at a total cost of \$412,926 (2007-2008 \$363,577)

There were 4 consultancies over \$100,000 engaged (2007-2008 1) and no other major contracts were entered into (2007-2008 nil). These projects were for a total of \$1,229,694 (2007-2008 \$692,921).

| Contractor | Amount of Contract (ex GST) \$ | Reason for Contract | Amount expended in 2008/09 (ex GST) \$ | Outstanding commitments (ex GST) \$ |
|-----------------------------|-----------------------------------|---|---|--|
| Biosis Research Pty Ltd | 726,515 | Assessment and Mapping of Native Vegetation and Fauna | 726,515 | 0 |
| Practical Ecology Pty Ltd | 270,670 | Assessment and Mapping of Native Vegetation and Fauna | 242,280 | 28,390 |
| SMEC Australia Pty Ltd | 112,180 | Assessment and Mapping of Native Vegetation and Fauna | 112,180 | 0 |
| Statutory Solutions Pty Ltd | 120,329 | Assistance in Drafting of Legislation | 120,329 | 0 |

Freedom of Information

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 GAA. Documents include, but are not limited to: paper and electronic documents, maps, tapes and graphs. The two main categories of information normally requested under the FOI Act include individuals asking for their personal documents and requests for documents relating to the activities of government.

The GAA 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@gaa.vic.gov.au. There is a fee of \$23.40 payable for each FOI application (2007/2008 \$22.70).

The Department of Justice also provides general information about making FOI requests on the website FOI online. A copy of the FOI Act is available at www.foi.vic.gov.au.

During 2008-2009 one FOI request was received by the GAA (two were received in 2007-2008). All of these requests were received from Members of Parliament. One of the 2007-2008 requests is under review by the Victorian Civil and Administrative Tribunal (and the other was not proceeded with in 2007/08). The single 2008-2009 request is being processed.

Whistleblowers Protection Act 2001

The *Whistleblowers Protection Act 2001* aims to encourage officers to disclose improper conduct by departments and public entities by giving clear contacts for making disclosures and making it an offence to expose the name of a whistleblower or subject them to any punitive action.

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 at the GAA is Ed Small, on (03) 9651 9600 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 2008-2009 there were no disclosures or investigations of improper conduct or detrimental actions made to the GAA by staff or any referred to the organisation by the Ombudsman or other persons (2007-2008 - nil).

The GAA has adopted a Whistleblowers Policy and Procedure.

Growth Areas Authority

Extent and compliance with the *Building Act 1993*

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

Victorian Industry Participation Policy (VIPP) 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 Planning and Community Development's Annual Report.

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience simply as a result of government ownership, should be neutralised. The GAA continues to implement and apply this principle to its business undertakings where applicable.

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 2008-2009, is available to the Minister for Planning, Members of Parliament and the public on request:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- changes in fees, charges, rates or levies charged
- 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. (Representatives of the GAA presented to the Parliamentary Standing Committee on Finance and Public Administration on 23 April 2009 in relation to the performance and operation of the GAA for the year ended 30 June 2008.)
- 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, not otherwise detailed in the Report of Operations
- 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.

Changes in financial position

The GAA has been successful in attracting a Federal Government Grant from the Housing Affordability Fund of \$8.5 million over a three year period to complete the substantial workload of precinct structure planning throughout the growth areas. The Fund is to be expended on engaging more specialist strategic planners to complete this essential planning work. \$3.7million of the grant was received in June 2009. This additional income has resulted in the GAA having higher cash reserves at 30 June 2009, than was anticipated in the GAA's Business Plan for 2008-2009.

Growth Areas Authority

Summary of the Financial Results

| | Year ended 30 June 2009 | Year ended 30 June 2008 | 10 Months ended 30 June 2007 |
|--------------------------|----------------------------|----------------------------|---------------------------------|
| | \$ | \$ | \$ |
| Income | | | |
| Government Contributions | 12,352,000 | 5,430,000 | 5,021,965 |
| Other revenue | 1,022,499 | 1,124,148 | 7,730 |
| Total Revenue | 13,374,499 | 6,554,148 | 5,029,695 |
| Expenses | | | |
| Corporate Expenditure | 5,033,469 | 3,345,744 | 3,710,224 |
| Project Expenditure | 2,440,536 | 1,625,119 | 0 |
| Total Expenditure | 7,474,005 | 4,970,863 | 3,710,224 |
| Net Result | 5,900,494 | 1,583,285 | 1,319,471 |
| Assets | | | |
| Current Assets | 10,407,723 | 3,487,162 | 1,660,206 |
| Non-Current Assets | 75,983 | 160,597 | 177,993 |
| Gross Assets | 10,483,706 | 3,647,759 | 1,838,199 |
| Liabilities | | | |
| Current Liabilities | 1,576,339 | 673,989 | 471,687 |
| Non-Current Liabilities | 104,117 | 71,014 | 47,041 |
| Gross Liabilities | 1,680,456 | 745,003 | 518,728 |
| Net Equity | 8,803,250 | 2,902,756 | 1,319,471 |

Risk Management

The GAA has a Risk Management Plan and Risk Register in place prepared in accordance with the Australian Standard AS4360 Risk Management. The Risk Register was prepared from Risks identified through workshops with GAA staff members and the contribution of Authority Members. The Risk and Audit Committee regularly monitor the risk management and risk mitigation progress. The GAA has been working with the Victorian Managed Insurance Authority, and the VMIA conducted a Risk Framework Quality Review for 2009.

These processes have enabled the Risk and Audit Committee at its meeting of 30 July 2009 to endorse the GAA's Chair as the attestor of risk management processes contained in this annual report.

Attestation by Chair in relation to Risk Management at the GAA

I, Chris Banks, certify that the Growth Areas Authority has risk management processes in place consistent with the Australian Risk Management Standard 4360 and an internal control system in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Risk and Audit Committee of the Growth Areas Authority verifies this assurance and that the risk profile of the Growth Areas Authority has been critically reviewed in the last twelve months.

Chris Banks
Chair

September 2009

Growth Areas Authority

Disclosure Index

The 2008/09 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.

| FRD | DISCLOSURE | PAGE |
|-----|---|------|
| 22B | Manner of establishment and the relevant Ministers | 8 |
| 22B | Objectives, functions, powers and duties | 8 |
| 22B | Nature and range of services provided | 8 |
| 22B | Organisational structure, names and functional areas of responsibility of senior officers | 14 |
| 22B | Names of board members and major committees | 9 |
| 22B | Statement of workforce data for current and previous financial year | 14 |
| 22B | Merit and equity | 14 |
| 15B | Executive Officer disclosures | 35 |
| 22B | 5 year summary of the financial results | 18 |
| 22B | Significant changes in financial position during the year | 18 |
| 22B | Objectives and performance against objectives | 12 |
| 22B | Major changes or factors affecting performance | 13 |
| 22B | Subsequent events which will affect operations in future years | 37 |
| 22B | Details of consultancies > \$100,000 | 16 |
| 22B | Details of consultancies - total No. and cost < \$100,000 | 16 |
| 12A | Disclosure of major contracts | 16 |
| 22B | Application and operation of FOI Act 1982 | 16 |
| 22B | Application and operation of the Whistleblowers Protection Act 2001 | 16 |
| 22B | Compliance with building and maintenance provisions of Building Act 1993 | 17 |
| 22B | Statement on NCP | 17 |
| 22B | OHS | 15 |
| 10 | Disclosure index | 19 |
| 22B | Statement of availability of other information | 17 |
| 29 | Victorian Industry Participation Policy | 17 |

Financial statements required under Part 7 of the Financial Management Act 1994

| | |
|-----------|--|
| SD 4.2(f) | Model Financial Report |
| SD 4.2(b) | Operating Statement |
| SD 4.2(b) | Balance Sheet |
| SD 4.2(a) | Statement of Recognised Income and Expense |
| SD 4.2(b) | Cash flow Statement |
| SD 4.2(c) | Accountable officer's declaration |
| SD 4.2(c) | Compliance with Australian accounting standards and other authoritative Pronouncements |
| SD 4.2(c) | Compliance with Ministerial Directions |
| SD 4.2(d) | Rounding of amounts |

Other disclosures in notes to the financial statements

| | |
|---------|--|
| 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 |

Legislation

Building Act 1993
Financial Management Act 1994
Freedom of Information Act 1982
Multicultural Victoria Act 2004
Public Administration Act 2004
Victorian Industry Participation Policy Act 2003
Whistleblowers Protection Act 2001

Financial Report – 30 June 2009

Contents

Operating Statement for the year ended 30 June 2009

Balance Sheet

As at 30 June 2009

Statement of Recognised Income and Expenses

For the year ended 30 June 2009

Cash Flow Statement

For the year ended 30 June 2009

Notes to the Financial Statements

| | |
|---------|--|
| Note 1 | Summary of significant accounting policies |
| Note 2 | Income |
| Note 3 | Result from operations |
| Note 4 | Receivables |
| Note 5 | Property, plant and equipment |
| Note 6 | Payables |
| Note 7 | Employee benefits |
| Note 8 | Equity and movements in equity |
| Note 9 | Financial Instruments |
| Note 10 | Responsible persons |
| Note 11 | Remuneration of Auditors |
| Note 12 | Contingent liabilities and contingent assets |
| Note 13 | Commitments for expenditure |
| Note 14 | Superannuation |
| Note 15 | Subsequent events |
| Note 16 | Notes to the cash flow statement |
| Note 17 | Operating lease commitments |

Growth Areas Authority Statutory Certification

Auditor General's Report

Growth Areas Authority

Operating Statement

For the year ended 30 June 2009

| | Note | 2009 \$ | 2008 \$ |
|----------------------------------|---------|-------------------|------------------|
| Income | | | |
| Output Appropriations | 1(b), 2 | 4,702,000 | 4,610,000 |
| Other Income | 2 | 8,672,499 | 1,944,148 |
| Total Income | | 13,374,499 | 6,554,148 |
| Expenses | | | |
| Employee benefits | 1(i), 3 | 4,060,215 | 2,556,582 |
| Supplies & Services | 3 | 3,319,623 | 2,328,948 |
| Depreciation expense | 1(e), 3 | 94,167 | 85,333 |
| Total Expenses | | 7,474,005 | 4,970,863 |
| Net result for the period | | 5,900,494 | 1,583,285 |

The above statement should be read in conjunction with the following notes

Growth Areas Authority

Balance Sheet

As at 30 June 2009

| | Note | 2009 \$ | 2008 \$ |
|--------------------------------------|-------------|-------------------|------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 1(f), 16 | 10,178,534 | 3,365,783 |
| Prepayments | | 19,619 | 13,867 |
| Receivables | 1(g), 4, 9 | 209,570 | 107,512 |
| Total Current Assets | | 10,407,723 | 3,487,162 |
| Non Current Assets | | | |
| Property, plant & equipment | 5 | 75,983 | 160,597 |
| Total Non Current Assets | | 75,983 | 160,597 |
| Total Assets | | 10,483,706 | 3,647,759 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables | 1(h), 6, 9 | 1,060,497 | 415,192 |
| Employee benefits | 1(i), 7, 14 | 515,842 | 258,797 |
| Total Current Liabilities | | 1,576,339 | 673,989 |
| Non Current Liabilities | | | |
| Employee benefits | 1(i), 7, 14 | 104,117 | 71,014 |
| Total Non Current Liabilities | | 104,117 | 71,014 |
| Total Liabilities | | 1,680,456 | 745,003 |
| Net Assets | | 8,803,250 | 2,902,756 |
| Equity | | | |
| Accumulated funds | 8 | 8,803,250 | 2,902,756 |
| Total Equity | | 8,803,250 | 2,902,756 |

The above statement should be read in conjunction with the following notes

Growth Areas Authority

Statement of Recognised Income and Expenses

For the year ended 30 June 2009

| | Note | 2009 \$ | 2008 \$ |
|---|------|------------------|------------------|
| Net Result for the period | 8 | 5,900,494 | 1,583,285 |
| Total Recognised Income and Expense for the period | | 5,900,494 | 1,583,285 |

The above statement should be read in conjunction with the following notes

Cash Flow Statement

For the year ended 30 June 2009

| | Note | 2009 \$ | 2008 \$ |
|---|-----------|-------------------|------------------|
| Cash flows from operating activities | | | |
| Receipts from Government | 2 | 13,733,190 | 6,424,803 |
| Receipts from other entities | | 255,943 | 840,199 |
| Goods and Services Tax recovered from the ATO | | 299,642 | 69,868 |
| Interest | 2 | 236,571 | 118,840 |
| Payments to suppliers and employees | | (6,749,779) | (4,743,993) |
| Goods and Services Tax paid to the ATO | | (953,263) | (53,647) |
| Net cash provided by / (used in) operating activities | 16 | 6,822,304 | 2,173,242 |
| Cash flows from investing activities | | | |
| Payments for property plant and equipment | 5 | (9,553) | (67,937) |
| Net cash provided by / (used in) investing activities | | (9,553) | (67,937) |
| Cash flows from financing activities | | | |
| Proceeds from capital contributions by State Government | | - | - |
| Net cash provided by / (used in) financing activities | | - | - |
| Net increase /(decrease) in cash held | | 6,812,751 | 2,105,305 |
| Cash and cash equivalents at the beginning of the financial period | | 3,365,783 | 1,260,478 |
| Cash and cash equivalents at the end of the financial period | 16 | 10,178,534 | 3,365,783 |

The above statement should be read in conjunction with the following notes

Notes to the Financial Statements

For the year ended 30 June 2009

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 for the year 1 July 2008 to 30 June 2009.

(a) **Basis of Accounting**

This general purpose financial report has been prepared on an accrual and going concern basis 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) **Income recognition**

Output Appropriations

The Growth Areas Authority is funded by Parliamentary process for the provision of outputs, initially through the Department of Sustainability and Environment, and subsequently through the Department of Planning and Community Development.

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

Special Appropriations

Special Appropriations are Government allocations for a specific purpose.

Interest Income

This recognises all interest received and accrued interest on cash and other amounts due to the Growth Areas Authority.

Other Income

Other income received from third parties (including Councils or Developers), including grants or funding received for specific projects or tasks.

(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.

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

(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 asset's 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.

The useful lives for the financial period are:

- | | |
|----------------------------------|---------|
| ▪ Computer software and hardware | 3 years |
| ▪ Leasehold improvements | 3 years |
| ▪ Furniture and equipment | 5 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.

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

(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 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.

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

- (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

| | 2009 | 2008 |
|---|-------------------|------------------|
| | \$ | \$ |
| Output Appropriations | 4,702,000 | 4,610,000 |
| Special Appropriations including Commonwealth Funding | 7,650,000 | 820,000 |
| Contributions | 752,694 | 1,004,042 |
| Other Income | 10,113 | 1,266 |
| Interest | 259,692 | 118,840 |
| Total income | 13,374,499 | 6,554,148 |

Note 3 Expenses

| | 2009 | 2008 |
|---|------------------|------------------|
| | \$ | \$ |
| Employee benefits | | |
| Salary and wages | 3,309,271 | 2,321,026 |
| Superannuation (note 14) | 274,447 | 200,940 |
| Annual leave and long service leave expense | 290,148 | -80,748 |
| Other employee on-costs | 186,349 | 115,364 |
| Total employee benefits | 4,060,215 | 2,556,582 |
| Supplies and Services | | |
| Contract and professional services | 825,143 | 534,898 |
| General expenses, stock, materials and services | 718,263 | 563,929 |
| Consultants | 1,614,233 | 1,056,498 |
| Office accommodation | 161,984 | 173,623 |
| Total supplies and services | 3,319,623 | 2,328,948 |
| Depreciation Expense | | |
| Plant and equipment | 94,167 | 85,333 |
| Total depreciation expense | 94,167 | 85,333 |
| Total Expenses | 7,474,005 | 4,970,863 |

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

| Note 4 Receivables | 2009 | 2008 |
|---|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Amounts owing from Victorian Government | 157,300 | 26,712 |
| Other | 52,270 | 80,800 |
| Total current receivables | 209,570 | 107,512 |

Note 5 Property, plant and equipment

| | | |
|--|---------------|----------------|
| | 2009 | 2008 |
| | \$ | \$ |
| (a) At cost | 299,377 | 289,824 |
| less accumulated depreciation | (223,394) | (129,227) |
| Total property, plant and equipment | 75,983 | 160,597 |

(b) movements during the financial year to June 2009

| | Opening WDV at 1 July 2008 | Additions | Depreciation | Closing WDV at 30 June 2009 |
|---------------------------|-------------------------------|--------------|---------------|--------------------------------|
| | \$ | \$ | \$ | \$ |
| Computer hardware At cost | 41,548 | 9,553 | 30,719 | 20,382 |
| Computer software At cost | 72,785 | | 47,089 | 25,696 |
| Leasehold Improvements | 38,888 | | 14,717 | 24,171 |
| Furniture and Equipment | 7,376 | | 1,642 | 5,734 |
| Totals | 160,597 | 9,553 | 94,167 | 75,983 |

(c) movements during the financial year to June 2008

| | Opening WDV at 1 July 2007 | Additions | Depreciation | Closing WDV at 30 June 2008 |
|---------------------------|-------------------------------|---------------|---------------|--------------------------------|
| | \$ | \$ | \$ | \$ |
| Computer hardware At cost | 58,115 | 11,878 | 28,445 | 41,548 |
| Computer software At cost | 119,878 | - | 47,093 | 72,785 |
| Leasehold Improvements | - | 47,863 | 8,975 | 38,888 |
| Furniture and Equipment | - | 8,196 | 820 | 7,376 |
| Totals | 177,993 | 67,937 | 85,333 | 160,597 |

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

Note 6 Payables

| | 2009 | 2008 |
|-------------------------------|------------------|----------------|
| | \$ | \$ |
| Current | | |
| Trade creditors (i) | 359,963 | 124,664 |
| Income received in advance | 0 | 1,003 |
| Accruals | 700,534 | 289,525 |
| Total current payables | 1,060,497 | 415,192 |

(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

| | 2009 | 2008 |
|---|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Annual leave | 244,969 | 147,971 |
| Long service leave - that falls within 12 months after the end of the period, measured at a nominal value | 37,500 | 25,025 |
| Long service leave - that does not fall within 12 months after the end of the period, measured at present value | 233,373 | 85,801 |
| Total current employee benefits | 515,842 | 258,797 |
| Non Current | | |
| Employee benefits | | |
| Long service leave | 104,117 | 71,014 |
| Total non current employee benefits | 104,117 | 71,014 |
| Aggregate carrying amount of employee benefit | | |
| Current | 515,842 | 258,797 |
| Non current | 104,117 | 71,014 |
| Total Employee benefits | 619,959 | 329,811 |

Note 8 Equity and movements in equity

| | 2009 | 2008 |
|---|------------------|------------------|
| | \$ | \$ |
| Movements in equity | | |
| Balance at Start | 2,902,756 | 1,319,471 |
| Changes in equity recognised in the operating statement | | |
| Operating result | 5,900,494 | 1,583,285 |
| Equity at the end of the financial period | 8,803,250 | 2,902,756 |

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

Note 9 Financial instruments

The Growth Areas Authority's accounting policies, including the terms and conditions of each class of financial assets, financial liability and equity instrument, both recognised and unrecognised at balance date are as follows:

| <i>Recognised Financial Instruments</i> | <i>Statement of financial position Notes</i> | <i>Accounting Policy</i> | <i>Terms and Conditions</i> |
|---|--|---|--|
| Financial Assets | | | |
| Cash assets | 1(f),16 | Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and liquid investments and are recorded at nominal amounts | |
| Receivables | 1(g),4,9 | Trade receivables are carried at nominal amounts due | Instalments as agreed but normally 30 day terms |
| Financial Liabilities | | | |
| Trade and sundry creditors | 1(h)6,9 | Liabilities are recognised for amounts to be paid in the future for goods and services received | Trade liabilities are normally settled on 30 day terms |

(b) Categorisation of financial instruments

The Authority's exposure to interest rate risk and the effective weighted average interest rate of financial assets and liabilities 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.

| | | Fixed interest maturing in: | | | | | Total |
|--------------------------------|-------|------------------------------|----------------------|-------------------------|-------------------------|----------------------------|------------|
| 2009 | Notes | Floating interest rate \$ | 1 year or less \$ | Over 1 to 5 years \$ | More than 5 years \$ | Non-interest bearing \$ | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 16 | 10,178,534 | - | - | - | - | 10,178,534 |
| Receivables | 4 | | - | - | - | 0 | 0 |
| | | 10,178,534 | - | - | - | 0 | 10,178,534 |
| Weighted average interest rate | | 4.97% | | | | | |
| Financial liabilities | | | | | | | |
| Payables | 6 | | - | - | - | 0 | 0 |
| | | | - | - | - | 0 | 0 |
| Weighted average interest rate | | | | | | | |
| Net financial assets | | 10,178,534 | - | - | - | 0 | 10,178,534 |

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

| 2008 | Notes | Floating interest rate \$ | Fixed interest maturing in: | | | Non-interest bearing \$ | Total \$ |
|-----------------------------------|-------|---------------------------------|-----------------------------|----------------------------|----------------------------|-------------------------------|-------------|
| | | | 1 year or less \$ | Over 1 to 5 years \$ | More than 5 years \$ | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 16 | 3,365,783 | - | - | - | - | 3,365,783 |
| Receivables | 4 | | - | - | - | 107,512 | 107,512 |
| | | 3,365,783 | - | - | - | 107,512 | 3,473,295 |
| Weighted average interest rate | | 5.70% | | | | | |
| Financial liabilities | | | | | | | |
| Payables | 6 | | - | - | - | 415,192 | 415,192 |
| | | | - | - | - | 415,192 | 415,192 |
| Weighted average interest rate | | | | | | | |
| Net financial assets | | 3,365,783 | - | - | - | (307,680) | 3,058,103 |

(c) Credit Risk

Credit risk arises from the financial assets of Growth Areas Authority, which comprises cash and cash equivalents, trade and other receivables. The maximum exposure to credit risk at balance date is represented by the carrying amount of those assets in the balance sheet. Credit risk associated with Growth Areas Authority's financial assets is minimal because the main debtor is generally the Victorian Government. 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.

| | 2009 \$ | 2008 \$ |
|---|----------------|----------------|
| Aging of Trade and Other Receivables | | |
| date was: | | |
| Current (not yet overdue) | 113,071 | 41,713 |
| Past due between 31 to 60 days | 82,500 | 525 |
| Past due between 61 to 90 days | 0 | - |
| Past due by greater than 90 days | 13,999 | 65,274 |
| Total contributions to all funds | 209,570 | 107,512 |

The Authority does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Authority recognises a provision for Bad Debts as soon as they become apparent, the provision for Bad Debts for 2008/09 is nil.

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

(d) Risks and mitigation

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

Market risk

The Growth Areas Authority's exposures to market risk are primarily through interest rate risk with no exposure to foreign currency and other price risks.

Foreign currency risk

The Authority has no exposure in foreign currency through its payables relating to purchases of supplies.

Interest rate risk

Interest rate risk arises from the interest bearing financial assets and liabilities that Growth Areas Authority use. Minimisation of risk is achieved by undertaking short term interest bearing financial assets with Treasury Corporation Victoria and established financial institutions.

There is no exposure to interest rate risk on liabilities.

(e) Liquidity risk

Liquidity risk arises when Growth Areas Authority is unable to meet its financial obligations as they fall due. The Authority operates under a payment policy of settling obligations within 30 days from receipt of invoice and approval of payment. To minimise the exposure of liquidity risk Growth Areas Authority have a short term cash management investment policy and manage actual performance to budget.

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and Growth Areas Authority's knowledge it is reasonable to believe the following movements are reasonably possible over the next 12 months:

A parallel shift of +2 percent and -2 per cent in market interest rates AUD from year end rates of between 2.97 to 6.97 per cent.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by Growth Areas Authority at year-end, if the above movements were to occur.

| Market risk exposure | Interest rate risk | | | | |
|---------------------------------------|--|-----------------------|---------------|-----------------------|---------------|
| | <i>Carrying amount subject to interest</i> | <i>-2% Profit</i> | | <i>+2% Profit</i> | |
| | | | <i>Equity</i> | | <i>Equity</i> |
| 2009 | \$ | \$ | \$ | \$ | \$ |
| <i>Financial assets:</i> | | | | | |
| Cash and cash equivalents | 10,178,534 | -104,468 | -104,468 | 104,468 | 104,468 |
| Trade and other receivables | - | - | - | - | - |
| <i>Financial liabilities:</i> | | | | | |
| Interest-bearing loans and borrowings | - | - | - | - | - |
| 2008 | \$ | \$ | \$ | \$ | \$ |
| <i>Financial assets:</i> | | | | | |
| Cash and cash equivalents | 3,365,783 | -28,831 | -28,831 | 28,831 | 28,831 |
| Trade and other receivables | - | - | - | - | - |
| <i>Financial liabilities:</i> | | | | | |
| Interest-bearing loans and borrowings | - | - | - | - | - |

Growth Areas Authority

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

(g) 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:

| | Carrying amount | Net fair value |
|----------------------------------|--------------------|----------------|
| 2009 | | |
| Financial assets | | |
| Cash and cash equivalents | 10,178,534 | 10,178,534 |
| Receivables | 209,570 | 209,570 |
| Non-traded financial assets | 10,388,104 | 10,388,104 |
| Financial liabilities | | |
| Payables | 1,060,497 | 1,060,497 |
| Non-traded financial liabilities | 1,060,497 | 1,060,497 |

| | Carrying amount | Net fair value |
|----------------------------------|--------------------|----------------|
| 2008 | | |
| Financial assets | | |
| Cash and cash equivalents | 3,365,783 | 3,365,783 |
| Receivables | 107,512 | 107,512 |
| Non-traded financial assets | 3,473,295 | 3,473,295 |
| Financial liabilities | | |
| Payables | 415,192 | 415,192 |
| Non-traded financial liabilities | 415,192 | 415,192 |

Growth Areas Authority

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

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. The persons who held the positions of Minister, Responsible Persons and Accountable Officer in the Growth Areas Authority were as follows:

Minister for Planning

The Hon. Justin Madden MLC

Governing Board

Board members:

Chairman – Christopher Banks AM
Frank King (Deputy Chair)
Felix Blatt
Carol Schwartz (Resigned 31st August 2008)
Diane Fleming
Ann Keddie (appointed 1st September 2008)
Ian Munro PSM (appointed 1st September 2008)

Chief Executive & Accountable Officer

Peter Seamer

Amounts relating to the Minister 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 \$473,737 (\$461,532 – 2008) 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> | | | 2009 No. | 2008 No. |
|-------------------------|---|---------|----------|----------|
| 0 | - | 10,000 | 1 | - |
| 10,000 | - | 19,999 | 5 | 5 |
| 70,000 | - | 79,999 | 1 | 1 |
| 320,000 | - | 329,999 | 1 | 1 |

Executive Officers:

Gregory Bursill
Stephen Dunn
Mark Knudsen
Edward Small

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> | | | 2009 No. | 2008 No. |
|-------------------------|---|---------|----------|----------|
| 150,000 | - | 159,999 | - | 1 |
| 160,000 | - | 169,999 | 1 | - |
| 170,000 | - | 179,999 | 1 | - |
| 180,000 | - | 189,999 | - | 1 |
| 190,000 | - | 199,999 | 2 | - |

Total \$734,488 \$322,416

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.

Growth Areas Authority

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

Note 11 Remuneration of auditors

\$11,500 (\$8,100 - 2007/08) is payable to the Auditor General at reporting date.

Note 12 Contingent liabilities and contingent assets

There are no contingent liabilities or assets at 30 June 2009 (\$0 - 2007/08)

Note 13 Commitments for expenditure

The Authority has no commitments for expenditure at 30 June 2009 (\$0 - 2007/08).

Note 14 Superannuation

| | 2009 | 2008 |
|---|----------------|----------------|
| | \$ | \$ |
| Superannuation contributions for the period are included as part of salaries and associated costs in the Operating Statement of the Authority | | |
| Fund | | |
| Victorian Superannuation Fund | 99,612 | 86,889 |
| Vision Super | 100,121 | 53,223 |
| Various other | 74,714 | 60,828 |
| Total contributions to all funds | 274,447 | 200,940 |

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.

Notes to the Financial Statements

For the year ended 30 June 2009 (cont'd)

Note 15 Subsequent events

The Authority is not aware of any circumstances that have arisen, or information that has become available between 30 June 2009 and the date of the final approval of this general purpose financial report that qualifies for inclusion as a post balance date event.

Note 16 Notes to the Cash Flow Statement

| | 2009 | 2008 |
|--|-------------------|------------------|
| | \$ | \$ |
| Reconciliation of cash | | |
| Cash at bank and on hand | 10,178,534 | 3,365,784 |
| Balances per Cash Flow Statement | 10,178,534 | 3,365,784 |
| Reconciliation of net results for the reporting period to net cash inflow from operating activities | | |
| Net result for the reporting period | 5,900,494 | 1,583,285 |
| Depreciation expense | 0 | 85,333 |
| Decrease/(increase) in prepayments | -5,752 | -13,867 |
| Decrease/(increase) in receivables | -102,058 | 154,935 |
| (Decrease)/increase in employee benefits | 290,148 | -35,517 |
| (Decrease)/increase in payables | 645,305 | 399,073 |
| Net cash inflow from operating activities | 6,822,304 | 2,173,243 |

Note 17 operating lease commitments

At 30 June 2009, the Authority had the following operating lease commitments for accommodation until 1 August 2010.

| | 2009 | 2008 |
|---|----------------|----------------|
| | \$ | \$ |
| Outstanding lease commitments are to be paid as follows: | | |
| Not longer than 1 year | 166,563 | 156,540 |
| Longer than 1 year and not longer than 5 years | 13,880 | 169,585 |
| | 180,443 | 326,125 |

Growth Areas Authority

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 financial year ended 30 June 2009 and financial position of the Authority at end 30 June 2009.

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



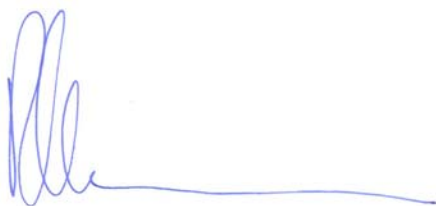
Chris Banks AM
Chair

Melbourne
September 2009



Edward Small
Chief Financial Officer

Melbourne
September 2009



Peter Seamer
Chief Executive Officer

Melbourne
September 2009

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board, Growth Areas Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of Growth Areas Authority which comprises Operating Statement, Balance Sheet, Statement of Recognised Income and Expenses, Cash Flow Statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the Growth Areas Statutory Certification has been audited.

The Members of the Board Responsibility for the Financial Report

The Members of the Board of the Growth Areas Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Members of the Board, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of the Growth Areas Authority for the year ended 30 June 2009. The Members of the Board of the Growth Areas Authority are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Growth Areas Authority website.


Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Growth Areas Authority as at 30 June 2009 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
18 September 2009


D D R Pearson
Auditor-General



AUTHORITY

Level 29, 35 Collins Street
Melbourne Victoria 3000

Telephone: 03 9651 9600
Facsimile: 03 9651 9623

www.gaa.vic.gov.au

