Victorian Planning Authority

Annual Report
2016–17

VICTORIA State Government

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Minister for Planning

This Annual Report closes the chapter on the Growth Areas Authority (GAA), an organisation with a record of innovation and achievement. At the same time, we mark the beginning of the new Victorian Planning Authority (VPA). Operating under its own legislation, this new body will build upon the success of the GAA and extend its focus to key urban renewal and regional areas and strategic redevelopment sites.

As we look forward, past achievements cannot be properly recognised without an acknowledgement of the dedication and passion of Peter Seamer, who led the VPA for 10 years. His hard work, vision, determined optimism and belief in the work of the organisation captured the respect of stakeholders, staff and government.

This year has once again seen Melbourne awarded, for the seventh year running, *The Economist's* World's Most Liveable City title. We earnt this title through, amongst other things, good planning and the community can see the fruition of this government's work, despite our challenges. Each week, around 2000 people - a quarter of them from Sydney - make this state their home. This is a city that I am proud of, and maintaining our world-class liveability is a priority. The VPA continues to play a key role in maintaining that liveability by planning for new suburbs in established areas and the greenfields, while sharpening its focus on regional Victoria.

By overseeing long-term planning and infrastructure coordination in key precincts, the VPA makes a significant contribution to ensuring Victorians have equitable access to jobs, public transport and attractive green space.

The VPA works closely with government agencies involved in transport and infrastructure provision to help promote infrastructure coordination. New developments in key areas trigger development levies, which also help to pay for local infrastructure.

The VPA is also a key implementation partner in delivering key actions in *Plan Melbourne* that support jobs, housing and transport, while building on Melbourne's legacy of liveability and sustainability.

There is much to protect: our state is already the envy of the world. We cannot stop evolving; we must work toward improving and preserving our urban amenity for generations to come.

The Hon. Richard Wynne MP
Minister for Planning

September 2017

Responsible Body Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Planning Authority's Annual Report for the year ended 30 June 2017.

Jude Munro AO
Chair, Victorian Planning Authority

September 2017

Mission and Values

(From the Victorian Planning Authority Business Plan 2016-2017)

Mission of the Victorian Planning Authority (VPA)

To set the vision and to undertake integrated land use and infrastructure planning in priority places and to be an active partner in ensuring Victoria's affordable, sustainable and liveable new communities are of the highest international standard.

Values and Behaviours of the Victorian Planning Authority

In all its work, the VPA demonstrates the following values and behaviours:

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

Message from the Chair

This report outlines the VPA's achievements throughout the past 12 months. The VPA had a very productive year working closely with key stakeholders to plan new suburbs, stimulate growth of commercial centres, drive urban renewal in strategically important locations, increase housing stock and improve housing affordability.

This has been a year of momentous change and transition for the VPA, with 2016-17 being the final year of the operation of the GAA under the *Planning and Environment Act 1987*. In August 2016, the Minister for Planning announced the establishment of the Victorian Planning Authority (VPA). The new *Victorian Planning Authority Act 2017* came into effect on 1 July 2017. This Act officially recognised the VPA's role as a state-wide strategic planning authority, extending our responsibilities to include planning for many of Victoria's diverse regional cities and towns, as well as for areas in Melbourne.

The VPA has also had some changes in Board membership. Members Leonie Hemingway (Chair) and Laurinda Gardner (Deputy Chair) left the organisation in August 2016 after many years of distinguished service. I was honoured to be appointed Chair in December 2016. Without a doubt, one of the most significant changes was the retirement of longstanding Chief Executive Officer Peter Seamer earlier this year. Having served with passion and distinction for nearly 10 years, we wish Peter well as he starts a new chapter in his life.

To ensure we keep our momentum, the VPA was proud to appoint Stuart Moseley as our new CEO. Stuart is an experienced chief executive and highly regarded urban planner. Appointed in June 2017, Stuart has relevant experience in New South Wales, South Australia and Queensland and we know he has the vision to drive the VPA and continue to implement the State Government's major planning and transport projects. Stuart is currently engaging with key VPA stakeholders and establishing his remit and style. I would also like to acknowledge the work of Adam Fennessy, the former Department Secretary of the Department of Environment, Land, Water and Planning (DELWP), who resigned in June 2017.

The Board has established a new strategic framework, which builds on the vision and mission of the organisation and objectives from the new VPA legislation. Key areas of focus for the VPA include making improvements to community life, economic development, the natural environment, community engagement, urban design, the built environment and innovation, technology and the changing environment.

During 2016-17 the VPA also commenced the Government's Streamlining for Growth Program, which has $20 million in funding over four years. This program provides grants and VPA staff assistance to local councils to speed up planning processes. A major priority of this program is to progress planning projects that will result in new housing, jobs and infrastructure. Forty-eight projects across Victoria were funded from this program, such as *Plan Greater Bendigo*, and the *Bacchus Marsh Growth Framework Plan*. This program has been very successful, and includes planning for the redevelopment of strategic urban renewal sites, as part of the *Homes for Victorians policy*.

I would like to express my appreciation for the efforts made by the VPA Board and staff over the past year of transition. I look forward to the inaugural year of the new VPA, and in responding to the challenges that will come from the expanded mandate of this exciting new organisation.

Finally, I would like to thank the Minister for the guidance and support he has consistently shown the Board and organisation in the past year.

Jude Munro AO
Chair, Victorian Planning Authority

September 2017

Victorian Planning Authority Members

The Authority reports to the Minister for Planning the Hon. Richard Wynne MP. He was appointed Minister for Planning in December 2014.

On August 2016 the GAA was declared as a reorganising body under the *State-Owned Enterprises Act 1992* and became known as the Victorian Planning Authority (VPA). This remained in force until the new VPA was established under the *Victorian Planning Authority Act 2017* and the GAA ceased on 1 July 2017.

The VPA is overseen by a strong Board with experience in state and local government and industry that brings together a broad range of disciplines including planning, development, economics, financial management, education and housing.

Jude Munro AO (Chair)
BA Hons (University of Melbourne), Grad Dip Business Admin (Swinburne), Grad Dip Public Policy (University of Melbourne), FAICD, FIPAA

Jude Munro is acknowledged as a government and business leader who is committed to innovation, good governance and delivery in large complex organisations.

With extensive experience as Chief Executive Officers of councils across Australia, including 10 years as CEO of Brisbane City Council, Jude is passionate about cities: their planning and functioning. Jude received the Order of Australia for distinguished service to local government and the City of Brisbane. She has served on twenty boards as a director or chair covering the following arenas – marketing, tourism, environment, arts festivals, aviation, water and sewerage, property development, property investment, buses, LGBTI and major reviews into local government.

Leonie Hemingway

Leonie Hemingway (formerly Leonie Burke) has dedicated her life to working within all three spheres of Australian government. She is enthusiastic about the people and businesses with which they interact. Recently, she has focused more on sharing her skills in legislation, good governance and business relations, as a Director/Member of both civic and government boards. Leonie served on the Board from October 2012 to August 2016. Leonie was Chair of the Authority from May 2015 to August 2016.

W. R. (Bill) Kusznirczuk (Deputy Chair)

Bill Kusznirczuk is a leading Urban and Regional Planner in Australia and the founder and Managing Director of Clement-Stone Town Planners. He is a Certified Practicing Planner and Associate Fellow of the Australian Institute of Management. Bill is a sought after regular commentator on radio, TV and in print media.

Bill brings extensive experience in strategic and business planning, stakeholder engagement, finance, risk and corporate governance gained across government, private sector and not-for-profit organisations. Bill is an Australia Day Ambassador to Victoria.

Laurinda Gardner

Laurinda Gardner is an organisational change consultant, board director and career coach. Laurinda has more than 25 years senior executive experience and was formerly a Deputy Secretary of the Victorian Department of Treasury and Finance and a Director at the City of Melbourne. She has led large operational teams in diverse areas, including: organisational reform, human resources, strategic and business planning, communications, town planning, stakeholder engagement, IT, finance and risk. Laurinda served on the Board from July 2014 to August 2016.

Freya Marsden

Freya Marsden is Managing Director of the Acuity Group. This group provides governance, policy and economic advice to business and government enterprises. Freya is also a former Director of the Business Council of Australia and non-executive director on several government and not-for-profit boards. Freya was appointed as the MPA's Chair of the Risk and Audit Committee in July 2016. Freya brings policy and economic experience gained across industry and the Victorian and Australian governments, including the Victorian Premier's Department, the (former) Victorian Department of Infrastructure and the Commonwealth Treasury to the VPA.

Trevor Budge

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

He was a Ministerial appointee for six years on the Victorian Catchment Management Council and a founding Board Member on the Victoria Walks Board.

Jennifer Cunich

Jennifer Cunich has over 30 years experience in the business and property sectors and is currently the Chief Executive of the Australian Institute of Architects. She previously worked at the Property Council of Australia, first as the ACT Executive Director and since 2002 as the Executive Director at the Victorian Division. Jennifer has represented the industry on a number of Government advisory committees and is a former board member of Women's Property Initiative.

Brian Haratsis

Brian Haratsis is Macro Plan Dimasi's founder and Executive Chairman. Brian is an economist and future strategist with over 30 years experience as an advisor to governments and major corporate clients throughout Australia.

Brian commands an unparalleled on-the-ground knowledge of residential markets across Australia, having worked extensively in all capital cities and key regional markets.

Theo Theophanous

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

Commencement of new VPA under Victorian Planning Authority Act 2017

With the cessation of the GAA on 30 June 2017 in accordance with the commencement of the *Victorian Planning Authority Act 2017*, the GAA Authority Members ceased to hold office in the GAA. However, under the transition provisions (section 50) of the *Victorian Planning Authority Act 2017*, these Authority Members became Authority Members of the new VPA effective from 1 July 2017, and hold that office for the period of the remainder of their terms of appointment to the Board of the former GAA.

Risk and Audit Committee

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

The Committee was chaired by Freya Marsden during the financial year, and until 8 March 2017 comprised all Members of the Authority. Subsequent to that date the Members were Freya Marsden (Chair of Committee), Jude Munro, Theo Theophanous and Jennifer Cunich. The Risk and Audit Committee Members are all independent of the operations of the Authority.

Executive Remuneration Committee

This Committee oversees the development of executive remuneration policy and practices within the VPA, and approves individual executive remuneration packages.

This Committee was chaired by Bill Kusznirczuk during the financial year, and until March 2017 comprised all Members of the Authority. Subsequent to that date, the Members were Bill Kusznirczuk (Chair of Committee), Jude Munro, Trevor Budge and Brian Haratsis.

Chief Executive Officer's Report

The 2016-17 year has been a year of evolution for the VPA, as we moved towards the first day of operation of our new legislation in July 2017. The work of the VPA will provide a long-lasting legacy to the people of Victoria and it is a great privilege to have been appointed to lead this successful organisation on the cusp of an exciting new era.

Under the direction of the Minister for Planning, the VPA Board and executive has overseen the transition to the new VPA, which occurred at the start of the 2017-18 financial year. I'm proud to have inherited a highly skilled, outcomes- based organisation that is moving to the next phase of development.

The transition to the VPA is more than just a name change. The scope of the VPA's work across Victoria now includes responsibility for transforming many urban renewal sites in Melbourne and planning for regional Victoria to take a greater share of Victoria's growth. This means we are charged with the task of helping the government realise its *Plan Melbourne 2017-2050* strategy and Regional Growth Plans.

The VPA has also modernised its approach to community engagement and now uses a range of interactive, face-to-face and online methods to ensure deeper and more meaningful engagement with community members and stakeholders.

The organisation has a strong record of achievement. With our partners, we have completed over 60 plans that will lead to new communities in Melbourne's greenfields. This has resulted in 277,000 lots being zoned for residential purposes, and the zoning of 4,600 hectares for employment purposes. Our record of success means we are well placed to achieve even better housing and employment outcomes as the VPA.

The VPA has led the land-use planning for several key urban renewal sites, including the Arden Precinct and the National Employment and Innovation Clusters (NEICs) of Monash, La Trobe, Sunshine and Werribee. These clusters are a focus for jobs growth and strategic infrastructure investment to help expand employment opportunities in the suburbs.

In partnership with the relevant regional municipal councils, the VPA has also undertaken strategic land-use planning in regional areas such as Bendigo, Leneva-Baranduda (Wodonga), Gippsland (Latrobe Valley), Torquay (Surf Coast) and Bacchus Marsh (Moorabool).

The VPA has focused on unlocking land for housing and employment by removing development roadblocks through exemplary planning, ensuring the communities eventually built are appealing and well-serviced new suburbs. The next era for the new organisation promises to be just as successful.

The Minister for Planning's priorities for the VPA for 2016-2017

The Minister for Planning approved the VPA's Business Plan for 2016-2017 in November 2016. This plan summarises the major priorities for the VPA for that year, and lists the projects we will prioritise in the coming year.

During the 2016-17 financial year the VPA made significant progress on all three of its key primary priorities. Working with key departments such as the Department of Environment, Land, Water and Planning (DELWP) and Department of Economic Development, Jobs, Transport and Resources (DEDJTR) has been critical to progressing these priorities.

1. Projects on the VPA's adopted work plan

The VPA's work plan for the 2016-17 year was extensive. The Minister approved planning for:

- 26 urban renewal projects
- 9 regional projects
- 28 greenfield projects.

One of the big highlights of the urban renewal program was establishing a framework plan for driving change in three of the National Employment and Innovation Clusters (NEICs) identified in *Plan Melbourne*.

The VPA undertook extensive public consultation on the three framework plans to guide future growth in the clusters and they were a key highlight of the VPA work plan.

The Monash NEIC has the largest concentration of jobs outside Melbourne's CBD, and includes key institutions such as Monash University, Monash Medical Centre, Monash Children's Hospital, CSIRO and the Australian Synchrotron. It is well positioned to be a base for the jobs of the future, close to the growing suburbs of Melbourne's south-east.

The Monash cluster drives $9.4 billion into the Victorian economy each year and this translates to 75,000 jobs across a diverse range of industries.

The La Trobe NEIC in Melbourne's north-east has the highest concentration of jobs in that area, and has enormous potential to become an even greater magnet for investment, jobs, services, businesses, culture and entertainment. Some early ideas to drive this change include modernising employment areas, providing a 'turn-up-and-go' bus service for people to commute around the area; attracting additional allied health services to the precinct; and rezoning current industrial land for future mixed-use developments.

Planning for a prosperous future is at the heart of our work and the Sunshine NEIC is one of Victoria's industrial heartlands. It has a range of thriving businesses to build upon, with well-developed service centres, a range of important regional institutions and a diverse local population. With 14,600 workers employed in this NEIC, the VPA is working with Brimbank City Council, state government agencies and stakeholders to build on existing services to ensure western suburbs residents have better access to infrastructure and facilities.

Strategic redevelopment sites have also been a new focus of the VPA. The VPA has prepared a draft planning scheme amendment to enable the development of a 67-hectare former industrial site situated in Altona North. The council had been endeavouring to progress a planning solution for this site for many years, and with the assistance of the VPA it has exhibited a draft plan.

If realised, this plan will deliver:

- 3000 homes (townhouses and apartments)
- commercial office space, providing over 1000 jobs
- a network of tree-lined streets and laneways
- a large central park and four other local parks
- extensive cycle paths, including a connection to Federation Trail
- buses to Newport and Spotswood train stations
- five per cent affordable housing.

To capitalise on the new Arden station as a part of the Metro Tunnel program, the VPA has played a significant role in planning for the future transformation of the Arden Precinct.

Located on 56 hectares of land between Macaulay Road, Dryburgh Street and the Upfield Rail Corridor, in North Melbourne, Arden will be a global knowledge hub and central city destination. It will complement the neighbouring residential precinct of Macaulay, being planned by the City of Melbourne. Arden Station, being built as part of the Metro Tunnel, is due to open by 2026, making this the ideal location to expand Melbourne's bustling city centre. The VPA is anticipating a final *Arden Vision and Framework* will be released during the 2017-18 year.

The VPA has also been active in regional Victoria. Over the past year, the VPA worked with the City of Greater Bendigo on *Plan Bendigo*, Wodonga City Council on the Leneva-Baranduda PSP and Moorabool Shire Council on the *Bacchus Marsh Framework Plan*, in addition to projects in Shepparton, Portland and Warrnambool. The VPA also piloted its new extensive community engagement processes in its planning work in Sunbury.

Since 2006, the VPA has been planning new suburbs across greater Melbourne. When designing a suburb, our philosophy is that the area must have great amenity, including ample open space, community facilities and bustling neighbourhoods. During this year, the Minister approved six Precinct Structure Plans (PSPs) in greenfield areas, and the VPA has completed work on four others, whilst making timely progress on most of the remainder. A number of these precincts have since been substantially developed and are now thriving communities.

The VPA will continue to plan Melbourne's new greenfields suburbs into the future consistent with *Plan Melbourne*, to ensure land within the urban growth boundary offers a diverse range of efficient and affordable housing options and employment opportunities. Under the Streamlining for Growth program the VPA now facilitates assistance with the subdivision approvals process and provides support in greenfield growth areas to ensure land gets to market in a timely manner.

2. Allocation of the 2016-2017 Streamlining for Growth Funds

To help the VPA implement its ambitious program, the State Government provided an additional $4.1 million in funding for the 2016-17 year for the Streamlining for Growth Program. This has enabled the VPA to work in partnership with councils to unlock the growth potential of our regional cities and key urban renewal areas in Melbourne. This will provide people with greater choices about where to live, work or start a business.

This additional funding supports strategic planning work in metropolitan and regional councils by:

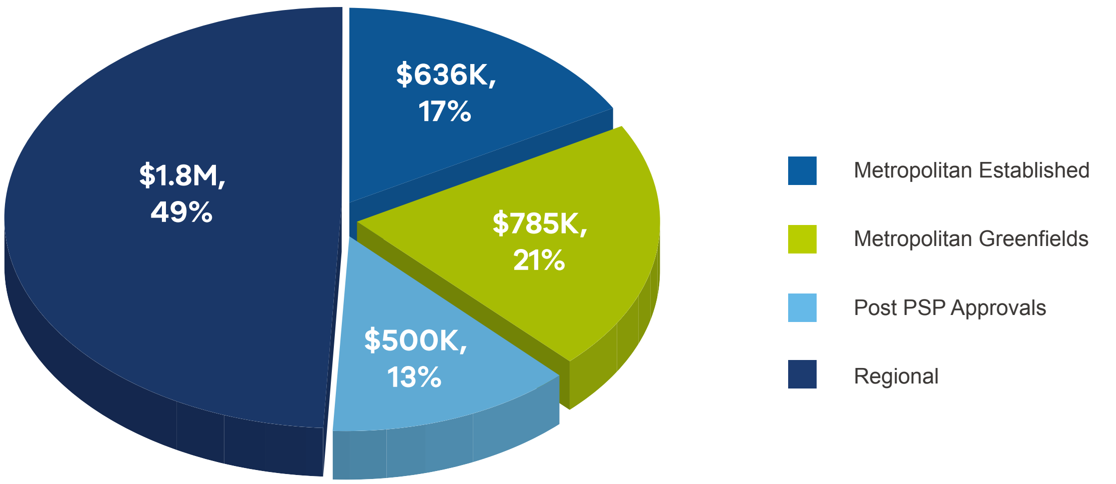
- implementing the eight Regional Growth Plans in partnership with Regional Development Victoria
- assisting with streamlining planning processes after PSP approvals
- enabling master planning for strategic sites that provide opportunities for jobs growth, deliver investment and improve housing diversity and affordability
- providing grants, staffing support and assistance to councils to efficiently facilitate and manage growth and deliver investment.

The Streamlining for Growth Program 2016-17 was very successful. It resulted in:

- 48 projects funded – 23 regional and 25 metropolitan (20 greenfields, five existing metro);
- 33 councils have received Streamlining for Growth Support (42% of Victorian councils);
- $4.33 million in overall project support being provided, including $2.25 million of direct funding to councils; and
- 100% of program budget formally committed.

The graph below summarises the number of projects funded though the Streamlining for Growth Program 2016-17 by activity or area:

Streamlining for Growth 2016/2017 Project Distribution



3. Transition to the new VPA

The VPA has developed and implemented a transition plan to ensure the new VPA could begin operations seamlessly in July 2017. The VPA Board and officers co-ordinated with the Minister for Planning, his staff and Department of Environment, Land, Water and Planning (DELWP) representatives to achieve this.

As of 1 July 2017, under the *Victorian Planning Authority Act 2017* the new VPA received all the rights, property and liability of the former Authority. Stakeholders have been advised and due to the work conducted in planning for the transition, it is anticipated that stakeholders will not be disrupted by this change.

Conclusion

The 2016-2017 financial year has been productive, with the VPA expanding its scope to support planning and development activities across regional Victoria and in Melbourne's inner and middle ring suburbs, while continuing our active greenfields planning.

I would like to thank the Minister for Planning, the Authority Members, DELWP and DEDJTR officers, government, council and industry partners for their strong support and guidance in our work over the past year.

We look forward to working with you in 2017-2018 as the new work plan and priorities of the VPA start to take shape and deliver great planning and liveability outcomes for generations of current and future Victorians.

Stuart Moseley
Chief Executive Officer

September 2017

Helping Manage Victoria's Growth

Victoria is growing, with a projected population of up to 10 million people by 2050.

It is the VPA's main task to make sure Melbourne and Victoria's regions remain great places to live. We make good development happen. This requires vision and long-term planning, to ensure Victorians have equitable access to employment, public transport, attractive public space and affordable housing.

The VPA was founded in 2006, originally as the GAA, to plan Melbourne's new suburbs in our growth corridors. Our work has since been expanded to undertake strategic planning and coordinated infrastructure for the future growth and transformation of Victoria's cities and regions – from new suburbs in growth areas, to areas undergoing change and growth in inner and middle Melbourne and our growing regional towns and cities.

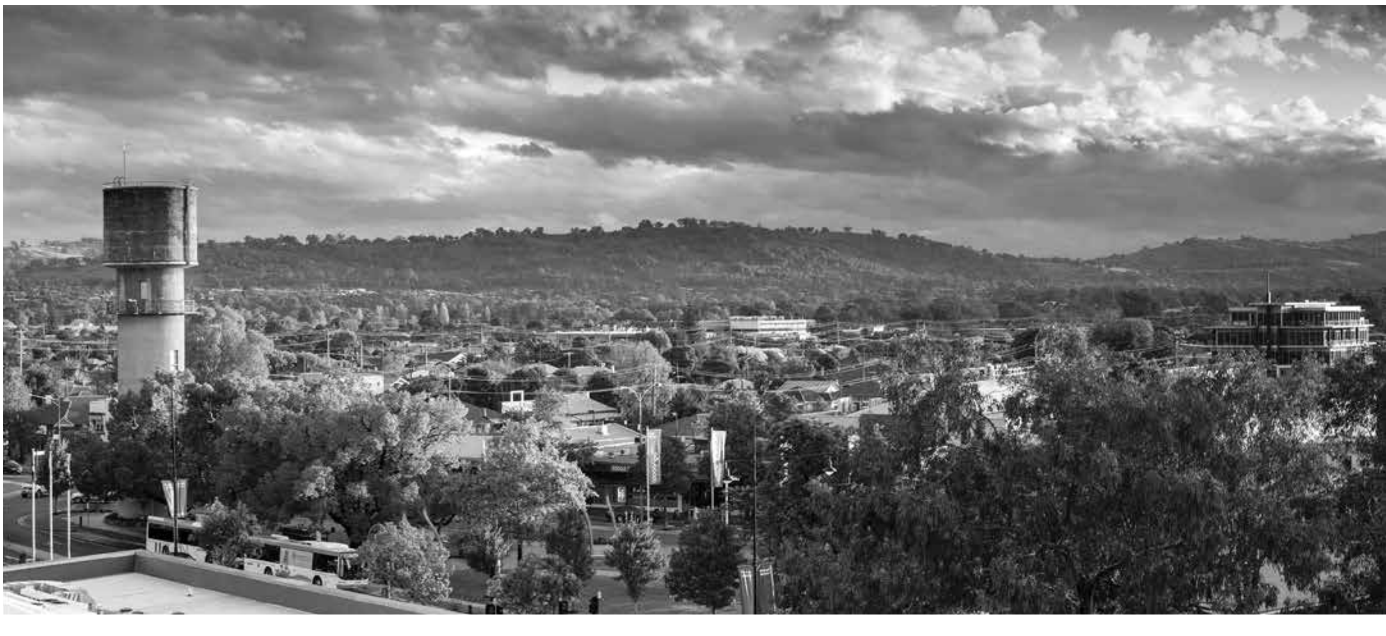
When planning for new suburbs in Melbourne's growth areas, we ensure 90% of houses are located within 1km of the town centre, so residents can access vital services by foot. In addition, we have set aside land for schools, community centres, sports precincts, roads, walking and bicycle paths, and bus lanes, so future residents live in lively suburbs with world-class services and infrastructure. The VPA's PSP program has significantly lifted land supply from a low of four years in 2009 to a current level of around 11 years' supply, meeting industry benchmark best practice supply levels of 10 – 15 years.

The VPA will continue to plan Melbourne's new suburbs to ensure land within the urban growth boundary (UGB) offers a diverse range of affordable housing options and well-planned modern 21st century employment opportunities.

The VPA's role in an area will be determined by its inclusion in the *Statement of Expectations* from the Minister for Planning. Our role can vary from being the planning authority, to acting as an adviser or facilitator. The VPA always works closely with councils and other key stakeholders across government, and strong and inclusive community engagement is a hallmark of the VPA approach.

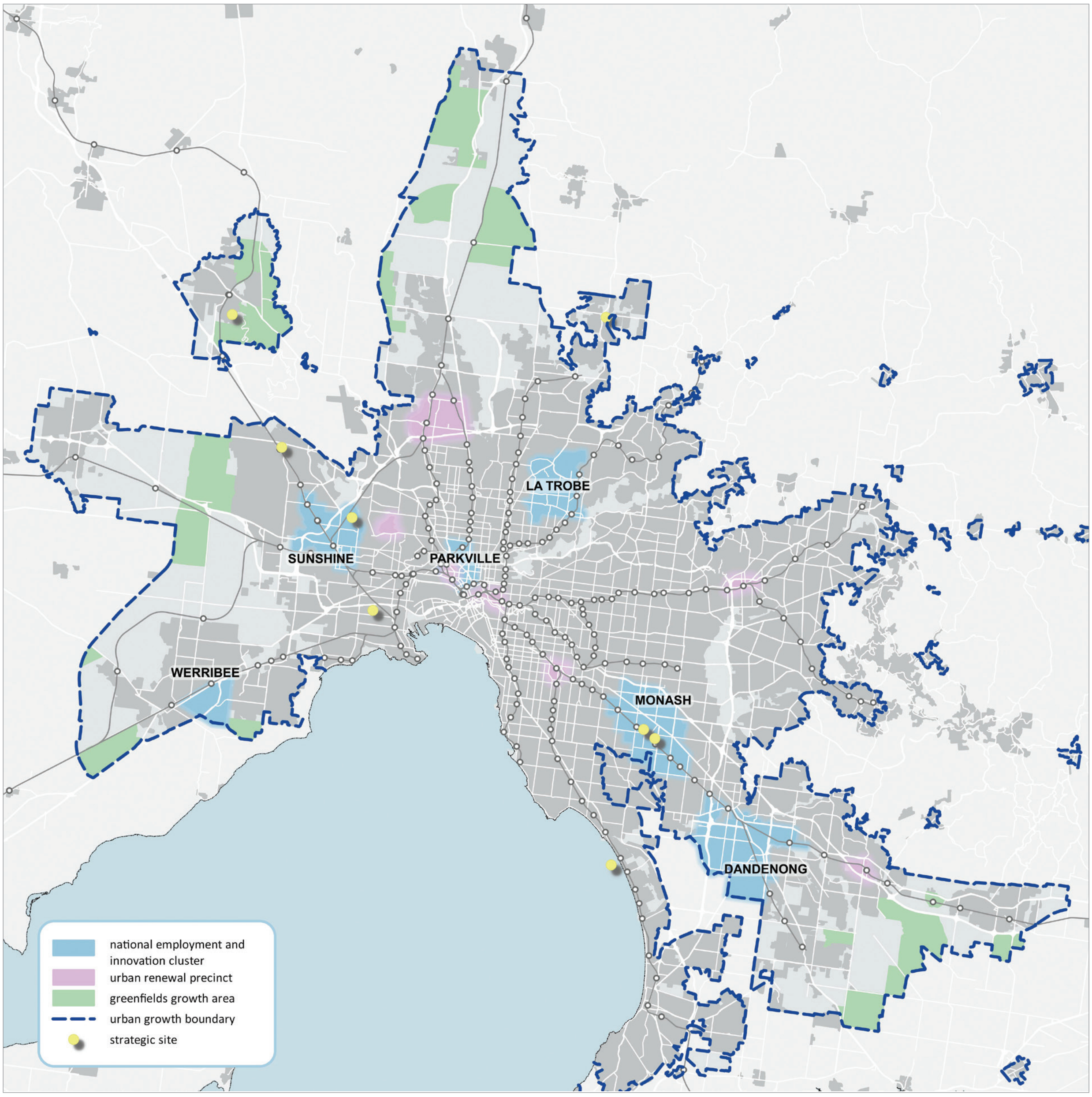
The VPA will assist the implementation of the initiatives articulated in the State Government's long-term planning blueprint *Plan Melbourne 2017-2050*.

Plan Melbourne expanded the areas in which the VPA can be expected to operate in, along with identifying a number of itemised responsibilities for the VPA. These areas include National Employment and Innovation Clusters, Metropolitan Activity Centres, state-significant industrial areas, and urban renewal sites. More detail on these areas can be ascertained from *Plan Melbourne 2017-2050*, which can be viewed on the DELWP website **www.planmelbourne.vic.gov.au**.



The VPA conducts its activities in a range of different areas of growth. This includes the significant development areas within metropolitan Melbourne as designated by *Plan Melbourne*, the declared greenfield growth areas of Melbourne, and other key areas of Victoria as directed by the Minister for Planning.

The following map provides an overview of the key areas of Melbourne where the VPA will be focusing its efforts over the coming years.



Regional Victorian Cities

Victoria has proven to be a very desirable place to live, with 2000 people a week choosing to make our great state their home. However, while the population of Melbourne is booming, growth in regional Victoria is occurring at a slower pace, with 23 per cent of Victorian residents now living in our regions, down from 28 per cent in 1996.

Ensuring regional Victoria attracts a greater share of new residents is a key initiative in Plan Melbourne. Prosperity in regional centres will create greater employment opportunities, improve health and education services, and provide more choices for Victorians about where they live and work.

As part of its scope,the VPA works in Regional Victoria by:

- Implementing eight Regional Growth Plans ensuring the development of the regional centres and peri-urban towns;
- Strategic Site Planning for areas requiring cross-government facilitation; and
- Providing grants, staffing support and advice and assistance to regional councils to efficiently facilitate and manage growth and deliver investment.

Over the past year the VPA has helped, advised and assisted on various matters, including the City of Greater Bendigo, Latrobe City Council, Surf Coast Shire, Moorabool Shire, the City of Wodonga and Greater Shepparton City Council.

The following map provides an overview of the key areas of regional Victoria where the VPA will be focusing its efforts over the coming years.

The Victorian Planning Authority

The GAA (the official name of the VPA until October 2013) was established by amendments made to the *Planning and Environment Act 1987* in September 2006 through the *Planning and Environment (Growth Areas Authority) Act 2006*.

The GAA was known as the Metropolitan Planning Authority (MPA) from October 2013 until August 2016. The MPA brand was launched to reflect its wider focus across Melbourne. The GAA was then known as the VPA from August 2016 to June 2017.

In July 2017 the GAA was replaced by the Victorian Planning Authority (VPA) when the *Victorian Planning Authority Act 2017* came into effect as from 1 July 2017. This is the last annual report for the GAA.

Having been formed from the GAA and the MPA, the VPA's expanded role includes high-level planning and infrastructure coordination to promote housing affordability and create jobs across Victoria including regional areas.

Objectives

The *Planning and Environment Act 1987* states that the Authority will achieve the following objectives (under section 46AR of the *Planning and Environment Act 1987*):

- 46AR(a) To ensure that development in growth areas occurs in a coordinated and timely manner
- 46AR(aa) To integrate land use and transport to enable the coordinated provision of a sustainable transport system for the benefit of the community
- 46AR(b) To ensure that infrastructure, services and facilities are provided in the growth areas in a coordinated and timely manner
- 46AR(c) To promote sustainable development of land in growth areas
- 46AR(d) To promote housing diversity and affordability in growth areas
- 46AR(e) To promote employment opportunities in growth areas
- 46AR(f) To ensure that land is provided for commercial and industrial purposes in growth areas in a coordinated and timely manner
- 46AR(g) To foster the development of communities in growth areas
- 46AR(h) To ensure advice provided is consistent with the objectives of planning in Victoria.

Functions and Powers

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

The VPA's functions and powers were set out in Sections 46AS and 46AT of the *Planning and Environment Act 1987*. The Planning and Environment Amendment (Growth Areas Authority and Miscellaneous) Act 2013 came into force on 22 July 2013. This legislation expanded the geographic range of the activities of the VPA when directed to do so by the Minister for Planning and also amended some of the Authority's objectives and functions.

The VPA's key functions were 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
  - carry out any function conferred to the Authority in relation to the Growth Areas Infrastructure Contribution (GAIC).
- carry out any other function conferred on the Authority under the Act.

Nature and Range of Services Provided

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

The latest population projections for Melbourne (*Victoria in the Future 2016* – Department of Environment, Land, Water and Planning) indicate that the city's population could increase to eight million in the 2050's, whilst the population for the whole of Victoria will exceed 10 million.

Up to 1.4 million new dwellings will be required between 2015 and 2050 to house Melbourne's growing population. Additional housing will be required in regional centres. It is important we start planning now for this growth to ensure we can accommodate increased demand, while maintaining housing quality and Melbourne's status as the world's most liveable city. This approach includes planning for diversity of housing stock and providing jobs and services close to home.

This growth requires significant early urban planning to shape how our city's infrastructure, housing stock and employment opportunities will evolve. The VPA at the direction of the Minister for Planning examined opportunities to unlock land capacity to identify strategic urban renewal and greenfields sites. In 2016-17 the Government made available an additional $5.1 million to the VPA through the *Homes for Victorians* initiative. Of this, $4.1 million was from the new *Streamlining for Growth* program which the VPA administered and provided grants and assistance to local government, and the remaining $1 million was to progress the unlocking of land in key strategic sites. These two programs are to be carried on for a further three financial years.

In conjunction with the relevant municipal councils, the VPA was actively involved in significant planning activities for the following areas:

- Urban Renewal Precincts
  - Arden
  - Altona North
  - Berwick Health and Education Precinct
  - Broadmeadows Major Activity Centre
  - East Werribee Employment Precinct
  - Expanded Central City
  - La Trobe Employment Cluster
  - Monash Employment Cluster
  - Sunshine Employment Cluster
- 28 greenfield precincts
  - Regional city precincts
    - Bendigo
    - Bacchus Marsh
    - Shepparton
    - Torquay
    - Wodonga

The VPA also carried out support activities in several other areas identified within Plan Melbourne.

Planning reform

A key activity of the VPA is the review and reform of the planning provisions and processes as they relate to the greenfield growth areas and growth area development. The VPA also has a key role to play in coordinating State and council infrastructure planning for the growth areas.

The VPA is currently working with DELWP in a review and streamlining of the existing Precinct Structure Planning (PSP) Guidelines, and these are anticipated to be subject to broader public consultation in the 2017-18 financial year. This document provides a comprehensive template for the preparation of the key strategic urban planning tool, the PSP. It is anticipated that a new document will be available for release by June 2018.

Infrastructure planning

The VPA works closely with state government departments, a range of state government agencies such as Public Transport Victoria, Transport for Victoria, Level Crossing Removal Authority, Metro Rail Authority, West Gate Tunnel Authority, North East Link Authority, VicRoads, Parks Victoria, the Environment Protection Authority and Melbourne Water, and local councils in planning the future infrastructure requirements for Melbourne and its environs.

Coordination and liaison

The VPA plays a key role in co-ordinating the activities and efforts of various government bodies, local authorities and landowners and developers in areas of urban development.

The VPA also works with peak organisations such as 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.

Authority Performance

Since the establishment of the original Growth Areas Authority in September 2006, significant progress has been made in achieving the VPA's legislative objectives. The table below summarises the progress made against the VPA's 2016-2017 strategic priorities as set out in its adopted Business Plan, and aligned with its legislative objectives under section 46AR of the *Planning and Environment Act 1987*.

Relevant Objective under section 46AR of the *Planning and Environment Act 1987**	Key Priority	Target	Result
46 AR(a), (b), (aa)	Complete the exhibition process of draft Planning Scheme Amendments for Precinct Structure Plans (PSPs) and advertise the Planning Panel Hearings.	10 draft PSPs exhibited and advertised before 30 June 2017.	The following 6 PSPs have been approved in 2016-17: • Craigieburn Employment • Casey Central Town Centre • Rockbank • Quarry Hills • Wollert • Brompton Lodge. The following 4 PSPs have been adopted by the VPA: • Woodstock • Donnybrook • Tarneit Plains • Mt Atkinson The following 6 PSPs have been exhibited this financial year: • McPherson • Beveridge Central • Kororoit • Plumpton • Sunbury South • Lancefield Road
46 AR(a), (b), (aa)	Complete the exhibition process of draft PSPs by 31 December 2017 which make provision for zoning of in excess of 100,000 residential lots.		The Minister has now set a revised target of residential lots to be zoned by December 2018
46 AR(a), (b), (aa)	VPA Planning and Design Review program to provide a collaborative, multi-disciplinary analysis of PSPs early in their development.	1 PSP reviewed per annum.	Cranbourne East PSP is under review.
46 AR(a), (b), (d), (aa)	VPA continues to implement approved work program.	10 planning projects outside of greenfield areas and 20 greenfield PSPs are underway by 30 June 2017.	The VPA had 22 greenfield PSPs and in excess of 10 planning projects for growth areas outside of Melbourne greenfield areas underway at 30 June 2017.

Relevant Objective under section 46AR of the *Planning and Environment Act 1987**	Key Priority	Target	Result
46AR(e), (f)	VPA continues to promote employment opportunities by including employment land in draft PSPs which have been exhibited.	400 hectares of employment land included in draft structure plans prepared by 30 June 2017.	Wollert, Tarneit Plains and Mt Atkinson are all well progressed or completed by the VPA at 30 June 2017. These total more than 400 hectares of employment land.
46AR(c), (d), (f)	VPA work program seeks to balance future population growth across growth areas, inner Melbourne, significant development sites and regional Victoria, in accordance with *Plan Melbourne*.	VPA program on website by 30 November 2016.	Completed.
46AR (all)	Progressing important urban renewal precincts as identified in the refreshed *Plan Melbourne*.	Revised work program published on VPA website within three months of adoption of refreshed *Plan Melbourne 2016*.	The VPA keeps its work plan on its website updated.
46AR(c)	Provide opportunities for the development of sustainable communities by ensuring that the PSP Guidelines are kept up to date and incorporate the promotion of energy sustainability.	A draft Discussion Paper for the revision of the PSP Guidelines to include promotion of energy sustainability prepared by 31 December 2016.	Revision of PSP Guidelines are progressing, and a draft has been developed for comment.
46AR(b), (e), (g), (aa)	VPA and its stakeholders work in partnership for optimum planning outcomes.	The VPA conducts a stakeholder satisfaction survey by 30 June 2017 which indicates that the VPA's key stakeholders are satisfied with the quality and extent of consultation undertaken by the VPA during the 2016/17 financial year.	The VPA has obtained continuous improvement feedback from its stakeholders through the communication and consultation process. Feedback was obtained during a variety of consultation events, in addition to the Arden, Jacksons Hill and Sunbury consultations.
46AZE	VPA prepares a Business Plan annually which is published on its website by 30 November 2016.	Approved Business Plan published on VPA website by 30 November 2016.	Completed.
46AZE	Continue the VPA's prudent financial management by ensuring any operating shortfall is within an agreed tolerance.	Operating shortfall for the year is no greater than 10% more than the budgeted shortfall of $2.9m for the year ended 30 June 2017, except in relation to any additional expenditure directed by the Minister for Planning.	The VPA result for 2016-2017 is a favourable variance to budget for the financial year.
46AZC	The VPA's employees are to reflect public sector values and to adhere to the Code of Conduct for Victorian Public Sector Employees.	No breaches by VPA staff members of Code of Conduct reported in VPA Annual Report for 30 June 2017.	There were no breaches by VPA staff members of the Code of Conduct, and none reported in the VPA's 30 June 2017 Annual Report.

* The Objectives under section 46AR of the *Planning and Environment Act 1987* are set out on page 15.

Authority Meetings

Name of meeting	Chair	Meeting frequency	Number of meetings	Membership
Authority (Board)	Leonie Hemingway (to 16 August 2016) Bill Kusznirczuk (16 August to 20 December 2016) Jude Munro (from 20 December 2016)	Monthly or as required	12	All Authority Members
Risk and Audit Committee	Freya Marsden	Four times per annum or as required	5	To 8 March 2017 – • All Authority Members; From 8 March 2017 – • Freya Marsden • Jude Munro • Theo Theophanous • Jennifer Cunich
Executive Remuneration Committee	Bill Kusznirczuk	As required	3	To 6 April 2017 – • All Authority Members; From 6 April 2017 – • Bill Kusznirczuk • Jude Munro • Trevor Budge • Brian Haratsis

Authority Meeting Attendance

Authority Member	Authority Meeting attendance	Risk and Audit Committee attendance	Executive Remuneration Committee attendance
Jude Munro AO	8 out of 8	2 out of 2	1 out of 1
Leonie Hemingway	0 out of 0	0 out of 0	0 out of 0
Laurinda Gardner	0 out of 0	0 out of 0	0 out of 0
Bill Kusznirczuk	12 out of 12	4 out of 4	3 out of 3
Freya Marsden	11 out of 12	5 out of 5	2 out of 3
Brian Haratsis	10 out of 12	3 out of 4	3 out of 3
Theo Theophanous	11 out of 12	4 out of 5	2 out of 3
Trevor Budge	11 out of 12	3 out of 4	3 out of 3
Jennifer Cunich	12 out of 12	5 out of 5	3 out of 3

Major changes or factors affecting performance

The 2016-2017 financial year has been a year of significant change for the VPA. The VPA was allocated $5.1m pa in additional funding over 4 years through the *Homes for Victorians* program. The VPA provided in excess of $2.2m in direct grants to councils out of these funds in 2016-17.

With its increased funding allocation, the Authority has continued to progress its approved program. The Authority has produced draft framework plans for the Monash, Sunshine and La Trobe NEICs for public consultation. The Authority was very active in assisting with Plan Bendigo, planning for the Jacksons Hill site in Sunbury, and in progressing the Bacchus Marsh Framework plan.

The Authority was also able to complete 6 greenfield PSPs for the year, which indicates a high level of activity, and a further 22 PSPs were underway.

The GAA was rebranded the VPA during the 2016 -2017 financial year in preparation for its re-constitution. In readiness for the additional obligations on the Authority which arose from the expanded role, the Authority adopted a new organisation structure during the first half of 2016. This new structure has worked well during this transition period.

With the launch of *Plan Melbourne 2017-2050*, the VPA's role in relation to this strategic document was clarified, and the VPA is now focussing on the 11 actions for which it has lead implementation responsibilities. These activities will frame much of the VPA's work in the coming years along with many other projects.

Growth Areas Infrastructure Contribution

2016-17 Highlights

The revenue stream from Growth Areas Infrastructure Contribution (GAIC) payments increased in 2016-17 with a net amount of $105,527,344 in cash receipts received. Against this, significant commitments were made totalling $110,070,000 for 35 new infrastructure projects in Melbourne's growing outer suburbs, to ensure that health, education, public transport and other services grow as the communities do.

The total accumulated cash receipts of GAIC collected by the State Revenue Office (SRO) rose to $281,537,999. A further $7,023,842 in interest earned on monies in the two GAIC Funds is also available for allocation. The accumulated funds total at 30 June 2017 is $288,561,841, of which $28,280,366 in payments has been made.

The balance available for allocation in the two GAIC Funds at 30 June 2017, is $260,220,465 of which $101,372,729 is committed, leaving $158,847,736 available for allocation. A further $61,009 remains in the Consolidated Fund which will be drawn down into the two GAIC funds in 2017-18 for allocation.

In addition, significant GAIC liability has been accrued in the form of Staged Payment Agreements and from the deferral of GAIC. These funds remain unpaid and will be received by the SRO in future years in accordance with the Staged Payment Agreements or the next GAIC event in the case of deferral of GAIC.

Administrative responsibilities previously held by the Planning Group of DELWP transferred to the newly established Office for Suburban Development (OSD), with other functions remaining with the VPA (formerly the Metropolitan Planning Authority) and with the State Revenue Office (SRO).

Significant improvements were made in the process of delivering GAIC with, for the first-time, detailed guidelines issued for GAIC applications, and the establishment of an annual process for setting priorities and making recommendations to the Minister for Planning, the Minister for Suburban Development and the Treasurer, who has the final power of approval.

What is GAIC?

GAIC was introduced as Part 9B of the *Planning and Environment Act 1987* (the Act) in 2010, to respond to the challenges facing new and growing communities in the growth areas within the municipalities of Cardinia, Casey, Hume, Melton, Mitchell, Whittlesea and Wyndham.

GAIC is payable by landowners developing urban communities on growth area land that has been rezoned since 2005, after certain events associated with urban development including the sale of land, sub-dividing land and applying for a building permit have been undertaken.

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

Contributions are collected by the SRO and distributed equally between two special purpose accounts the Growth Areas Public Transport Fund (GAPTF) and the Building New Communities Fund (BNCF).

More information is available on the DELWP, the Victorian Planning Authority (VPA) and the SRO websites.

Who administers GAIC?

The Minister for Planning and the Treasurer are responsible for the administration of GAIC under the Act. Since July 2016, with the establishment of the Suburban Development portfolio, the role of authorising projects for approval by the Treasurer has been jointly shared by the Minister for Planning and the Minister for Suburban Development.

The OSD is responsible for managing revenue and expenditure of GAIC funds. OSD undertakes this role in consultation with an inter-departmental panel, including the Planning Group in DELWP, the Department of Treasury and Finance (DTF) and the VPA.

The SRO maintains a record of those properties which fall within GAIC area, and is responsible for determining and collecting all GAIC funds as they become due. The SRO is reimbursed its expenses from the GAPTF.

The VPA is responsible for the management of GAIC works in kind (WIK) agreements, investigating any planning and zoning anomalies that may be raised as they relate to GAIC, and progressing staged payment agreement (SPA) inquiries and applications from landowners subdividing land in Melbourne's growth areas. The VPA also provides secretarial support to the GAIC Hardship Relief Board (HRB).

Under section 45 of the *Financial Management Act 1994* and section 201VC of the *Planning and Environment Act 1987*, the VPA and DELWP are required to report annually on the operation of the GAIC.

GAIC Funds

The funds received by the SRO are paid into the Consolidated Fund by section 201SZJ of the Act. These funds are adjusted for any GAIC interest earned and any refunds made. Under section 201V(2) of the Act, these funds are periodically drawn down equally into the two special purpose funds; the BNCF and the GAPTF.

For the financial year ended 30 June 2017, $67,459,204 was transferred to each of the funds, making a combined total of $134,918,408 (compared with $58,746,000 transferred in 2015-16). This includes $29,451,693 received in 2015-16 that was transferred in 2016-17. There are $61,009 of GAIC receipts remaining in the Consolidated Fund at 30 June 2017 that will be transferred in the next financial year ($29,451,693 in 2015-16).

For the financial year ended 30 June 2017, $110,070,000 of GAIC funds was committed to 35 new projects. Commitments of $21,700,000 were made prior to 30 June 2016, and commitments made in and paid in 2016-17 were reduced by $5,976,077 due to projects being delivered under budget or cancelled.

A total amount of $20,694,160 was paid out of the GAIC Funds for the year ending 30 June 2017, made up of:

- $7,680,000 from the BNCF; and
- $13,014,160 from the GAPTF, including an amount of $467,077 for SRO expenses.

As at 30 June 2017, a cumulative total of $28,280,365 had been paid out of the GAIC Funds since its establishment. Full details of project payments and commitments are provided below.

SRO expenses payable from GAPTF with approval of the Treasurer are usually not fully paid in the financial year incurred. Accordingly, SRO expenses for the period 1 January 2017 to 30 June 2017, totalling $244,529, remain outstanding and will be paid in the 2017-18 financial year. GAIC SRO expenses are approximately $470,000 per annum.

Total payments to the SRO for the five years to date amount to $3,064,643, while interest earned on funds in the BNCF and GAPTF to date is $7,023,842.

The amount of GAIC triggered and received in the financial year ended 30 June 2017 is shown below.

Summary of GAIC transactions for the year ended 30 June 2017

	Number of Transactions for 30 June 2017	Transaction Value for 30 June 2017	Number of Transactions for 30 June 2016	Transaction Value for 30 June 2016	Notes
GAIC Revenue Received	200	$107,210,729	140	$64,971,503	
Interest Received (contained in GAIC Payments)	138	$2,725,126	97	$2,474,569	
GAIC Refunds	10	$4,408,511	4	$128,010	1
Net GAIC Receipts	200	$105,527,344	140	$67,338,052	2
GAIC Deferred	35	$62,385,636	39	$40,218,655	3
Staged Payment	31	$114,289,857	28	$106,347,703	4
Arrangements processed by SRO	31	$114,289,857	28	$106,347,703	4
Net Staged Payments Outstanding	72	$135,277,737	76	$114,238,462	5

Notes:

1. The SRO processed refunds to GAIC payments made where appropriate. It is noted that no GAIC refunds were reported in the 2016 annual report, and this has now been corrected in this report.
2. The net GAIC receipts paid into the Consolidated Fund by the SRO, after interest received with the GAIC Payments and refunds made. It does not include interest received once the monies are in the GAIC Funds, this is reported separately in the tables for the individual Funds below
3. Deferrals arise from purchase transactions whereby the liable party elects to defer all, or part of their GAIC liability until the next GAIC event. Should the liable party elect to defer part of the liability then a payment of the non-deferred portion of the total liability is due. The reported total GAIC deferred for the year is the total amount elected to have been deferred during the financial year. Some of those amounts may have subsequently been paid, or have been converted into staged payment arrangements.
4. When GAIC is due, the landowner can elect to pay 30 per cent upfront and enter a Stage Payment Agreement for the balance of the 70 per cent of their liability. The Minister for Planning, (or the Chief Executive Officer of the VPA under delegated authority up to $10 million), approves Staged Payment Arrangements. The SRO is responsible for processing approved staged payment arrangements.
5. The outstanding amounts in relation to previously approved staged payments arrangements are progressively reduced in accordance with the agreed payment arrangements and increased by the outstanding amounts due under any new Staged Payment Agreement.

GAIC rates per hectare of contribution area as adjusted in accordance with section 201SG of the Act

Land Type	Year Ended 30 June 2017	Year Ended 30 June 2016
Type A	$91,850	$90,470
Type B1, B2 & C	$109,080	$107,440

GAIC receipts made and expenditure paid out in each Growth Area

Growth Area	GAIC receipts to 1 July 2016 $	GAIC receipts for year ended 30 June 2017 $	Total GAIC receipts for each Growth Area as at 30 June 2017 $	Total commitment made by 30 June 2017 $	Proportion of receipts %	Total paid out of contributions received for each Growth Area as at 30 June 2017 $	Proportion paid out of contributions received for each Growth Area* %
Casey**	59,361,163	26,212,519	85,573,682	25,930,825	30.3	3,468,931	4.1
Cardinia**				6,337,500^		2,000,000	
Hume	47,508,021	24,805,120	72,313,141	26,497,756	36.6	5,522,095	7.6
Melton	43,762,669	18,725,686	62,488,355	27,773,255	44.4	7,837,448	12.5
Mitchell	626,704		626,704	4,057,222^	647.4	111,729	17.8
Whittlesea				19,220,000^		8,080,000	
Wyndham	24,752,098	35,784,019	60,536,117	19,836,536	32.8	1,260,163	2.1
TOTAL* **	**$176,010,655**	**$105,527,344**	**$281,537,999**	**$129,653,095**	**46.1**	**$28,280,366**	**10.0**

* Reported under section 201VC(b) of the Act

** The Casey-Cardinia Growth Area proportion of funds paid or accrued is 6.4% (30 June 2016 – 3.4%)

*** An adjustment has been made to the allocations between Casey and Melton due to an error in the 2015/16 reported figures

^ Funds that have been committed in Cardinia, Mitchell and Whittlesea will be GAIC revenue to be collected from these areas in the future

Building New Communities Fund by Growth Area for the year ended 30 June 2017

Growth Area	Opening Fund Balance as at 1 July 2016 $	Interest Earned for the Year $	Amount Paid into the Fund for the Year $	Amount Paid from the Fund for the Year $	Balance of the Fund as at 30 June 2017* $	Commitments yet to be paid $	Balance yet to be committed $
Casey**	24,117,425	494,755	18,155,063		42,767,243	12,825,000	29,942,243
Cardinia**				2,000,000	(2,000,000)	4,337,500	-6,337,500
Hume	18,394,497	402,661	16,009,333		34,806,491	19,050,000	15,756,491
Melton	18,480,164	364,671	12,677,749	5,000,000	26,522,584	13,200,000	13,322,584
Mitchell	304,719	3,848	24,902		332,659	3,962,500	-3,629,841
Whittlesea				680,000	(680,000)	7,140,000	-7,820,000
Wyndham	8,877,496	344,921	20,592,967		29,815,384	18,225,000	11,590,384
TOTAL	**$70,174,301**	**1,610,856**	**67,459,204**	**7,680,000**	**131,564,361**	**78,740,000**	**52,824,361**
* Reported under section 201VC(c) of the Act							
** Combined Casey-Cardinia Growth Area							
Casey-Cardinia	24,117,425	494,755	18,155,063	2,000,000	40,767,243	17,162,500	23,604,743

Allocations and payments made out of Building New Communities Fund for the year ended 30 June 2017

(Note: Details in relation to funds allocated to projects which were completed in previous financial years can be found in the relevant annual report. Actual project costs may vary from the original allocation, if no further amounts are due to be paid, the project has been treated as completed and removed from the table below.)

Allocated to	Growth Area	Purpose**	Amount Allocated* $	Amount Paid to 30 June 2016 $	Amount Paid in Year Ended 30 June 2017 $	Amount Not Yet Paid as at 30 June 2017 $
Department of Health and Human Services	Cardinia	Ambulatory Care Centre	2,000,000		2,000,000	
Department of Health and Human Services	Cardinia	Pakenham Ambulance Station	1,100,000			1,100,000
Department of Education and Training	Cardinia	Timbertop (Officer North West) P6 School	3,237,500			3,237,500
Department of Education and Training	Casey	Clyde North East proposed P6 School	3,062,500			3,062,500
Department of Education and Training	Casey	Botanic Ridge proposed P6 School	3,062,500			3,062,500
Department of Health and Human Services	Casey	Clyde North Ambulance Station	1,200,000			1,200,000
Country Fire Authority	Casey	Clyde North Fire Station	3,000,000			3,000,000
Roads Corporation of Victoria	Casey	Casey Active Transport Improvement	2,500,000			2,500,000
Department of Education and Training	Hume	Aitken Hill Primary School	4,400,000			4,400,000
Department of Health and Human Services	Hume	Craigieburn Ambulance Station	1,200,000			1,200,000
Department of Education and Training	Hume	Greenvale North West P6 School	3,500,000			3,500,000
Department of Education and Training	Hume	Craigieburn South Proposed 7 – 12 School	7,350,000			7,350,000
Roads Corporation of Victoria	Hume	Vineyard Road, shared use path	1,100,000			1,100,000
Department of Health and Human Services	Hume	Mickleham Ambulance Station	1,500,000			1,500,000
Department of Health and Human Services	Melton	Ambulatory Care Centre	5,000,000		5,000,000	-
Department of Education and Training	Melton	Taylors Hill West Secondary College	6,400,000			6,400,000
Department of Health and Human Services	Melton	Melton Ambulance Station	1,200,000			1,200,000
Department of Health and Human Services	Melton	Hillside Ambulance Station	2,000,000			2,000,000
Department of Health and Human Services	Melton	Melton South Ambulance Station	3,600,000			3,600,000
Department of Education and Training	Mitchell	Mandalay Community Centre	1,600,000			1,600,000
Department of Education and Training	Mitchell	Beveridge West proposed P6 School	2,362,500			2,362,500
Department of Health and Human Services	Whittlesea	Mernda Ambulance Station	1,500,000			1,500,000
Parks Victoria	Whittlesea	Merri Creek Marran Baba Parklands	1,700,000		680,000	1,020,000

Allocated to	Growth Area	Purpose**	Amount Allocated* $	Amount Paid to 30 June 2016 $	Amount Paid in Year Ended 30 June 2017 $	Amount Not Yet Paid as at 30 June 2017 $
Department of Education and Training	Whittlesea	Edgars Creek proposed P12 School	4,620,000			4,620,000
Department of Education and Training	Wyndham	Truganina East P9 Primary and Middle School	4,200,000			4,200,000
Department of Health and Human Services	Wyndham	Werribee Ambulance Station	1,500,000			1,500,000
Department of Education and Training	Wyndham	Wyndham South (Riverwalk) P6 School	2,625,000			2,625,000
Department of Health and Human Services	Wyndham	Tarneit Ambulance Station	1,500,000			1,500,000
Country Fire Authority	Wyndham	Wyndham Vale Fire Station	3,750,000			3,750,000
Country Fire Authority	Wyndham	Truganina Fire Station	3,750,000			3,750,000
Roads Corporation of Victoria	Wyndham	Wyndham Active Transport Improvements	900,000			900,000
TOTAL			**$86,420,000^**	**$0**	**$7,680,000**	**$78,740,000**

* These allocations are made net of GST

** The allocation for the South Gippsland Highway/Craig Road intersection in Casey was cancelled in 2016/17 and the Western Highway/Ferris Road interchange project in Melton was delivered under budget. No further payments will be made and these projects have been removed from the listing above.

^ As per note** projects totalling $4,988,640 have been completed and removed from this list.

Growth Areas Public Transport Fund by Growth Area for the year ended 30 June 2017

Growth Area	Opening Fund Balance as at 1 July 2016 $	Interest Earned for the Year $	Amount Paid into the Fund for the Year $	Amount Paid from the Fund for the Year $	Balance of the Fund as at 30 June 2017 $	Commitments yet to be paid $	Balance yet to be committed $
Casey*	24,280,807	506,552	18,155,063	1,453,378	41,489,044	9,762,525	31,726,519
Cardinia*	-						
Hume	20,103,815	431,078	16,009,333	2,418,278	34,125,948	1,962,807	32,163,140
Melton	18,359,671	370,490	12,677,749	1,553,682	29,854,228	6,854,274	22,999,954
Mitchell	280,622	3,637	24,092	88,372	219,979	544	219,435
Whittlesea	-			7,400,000	-7,400,000	4,000,000	-11,400,000
Wyndham	9,514,993	359,395	20,592,967	100,449	30,366,906	52,578	30,314,328
TOTAL	**$72,539,908**	**1,671,152**	**67,459,204**	**13,014,159**	**128,656,105**	**22,632,729**	**106,023,375**
*Combined Casey-Cardinia Growth Area							
Casey-Cardinia	24,280,807	506,552	18,155,063	1,453,360	41,489,044	9,762,525	31,726,519

Allocations and payments made out of the Growth Area Public Transport Fund for the year ended 30 June 2017

(Note: Details in relation to funds allocated to projects which were completed in previous financial years can be found in the relevant annual report. Actual project costs may vary from the original allocation, if no further amounts are due to be paid, the project has been treated as completed and removed from the table below.)

Allocated to	Growth Area	Purpose**	Original Amount Allocated* $	Amount Paid to 30 June 2016 $	Amount Paid in Year Ended 30 June 2017 $	Amount Not Yet Paid as at 30 June 2017 $
Public Transport Victoria	Casey	Cranbourne Railway Station	2,000,000		1,311,800	688,200
Public Transport Victoria	Casey	Mernda park Railway Station	9,000,000			9,000,000
Public Transport Victoria	Hume	Craigieburn Railway Station	4,000,000		2,100,000	1,900,000
Public Transport Victoria	Hume	Craigieburn Railway Station Bus interchange and Park and Ride	200,000		197,794	-
Public Transport Victoria	Mitchell	Wallan Station	100,000		87,355	-
Public Transport Victoria	Melton	Caroline Springs Station bus access	2,000,000		1,450,133	-
Public Transport Victoria	Melton	Toolern Station – early works	6,800,000			6,800,000
Public Transport Victoria	Whittlesea	Contribution to Mernda Rail extension project	7,400,000		7,400,000	
Public Transport Victoria	Whittlesea	Donnybrook Railway Station	4,000,000			4,000,000
TOTAL ALLOCATIONS			**$35,500,000**		**$12,547,082**	**$22,388,200**
Payment to State Revenue Office^				2,597,566	467,077	244,529
TOTAL ALLOCATIONS AND EXPENDITURE				**$2,597,566**	**$13,014,160**	**$22,632,729**

* The allocations are made net of GST.

** The allocation for the South Morang Railway Station in Whittlesea was cancelled in 2016/17. No payments will be made and this project has been removed from the listing above.

^ A further amount of $244,529 has been invoiced by the SRO for the year ended 30 June 2017 and not yet paid (as at 30 June 2016 - $226,202).

GAIC Hardship Relief Board

The GAIC Hardship Relief Board (HRB) meets when required to consider applications for hardship relief. During the year ended 30 June 2017 the HRB made no decisions on hardship applications and at 30 June 2017 there were no active applications before the HRB (2016 no HRB decisions).

GAIC Works-In-Kind

A Works-In-Kind (WIK) agreement with the Minister for Planning may be entered into by a person liable to pay GAIC, under which they agree to provide land and/or works (construction of State infrastructure) instead of a cash payment, to meet the GAIC liability in whole or in part. There were no GAIC WIK agreements entered into by 30 June 2017 (as at 30 June 2016 – nil), and the current focus of the VPA is to seek such agreements for the early transfer of land.

The GAIC WIK Guidelines and Model Agreements are comprehensive and links to them can be found on the Authority's website **www.vpa.vic.gov.au**.

Infrastructure Contribution Reporting

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

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

Total DCP contributions received for the year ended 30 June 2017

Name of DCP	Contributions received for the year ($)
EWEP	Nil
Total	**Nil**

DCP land, works, services or facilities accepted as works-in-kind for the year ended 30 June 2017

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

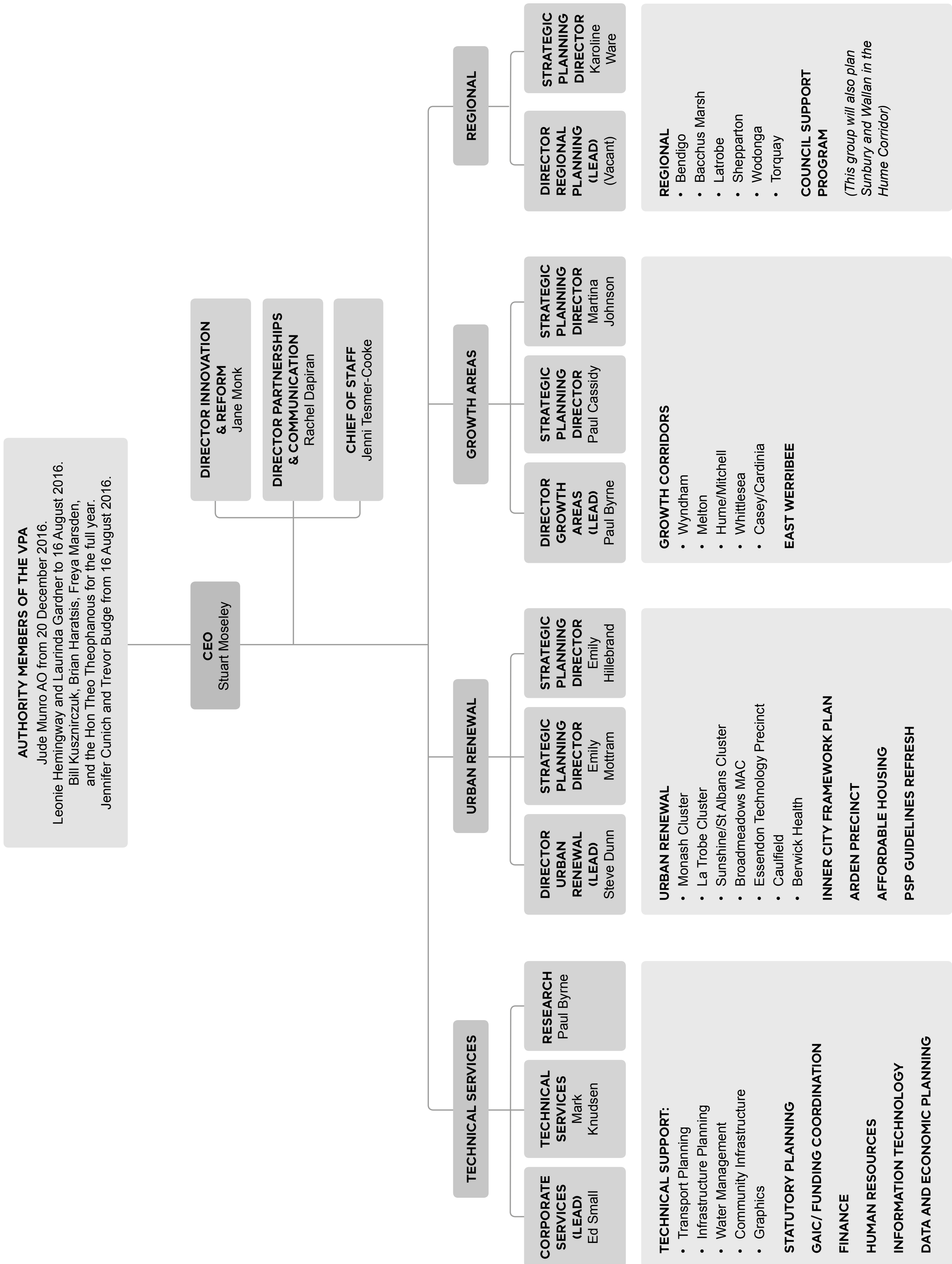
Total DCP contributions received and expended to 30 June 2017

Name of DCP	Total levies received ($)	Total levies expended ($)	Total works-in-kind accepted ($)	Total DCP contributions received (levies and works-in-kind) ($)
EWEP	Nil	Nil	Nil	Nil
Total	**Nil**	**Nil**	**Nil**	**Nil**

Land, works, services or facilities delivered during the year ended 30 June 2017 from DCP levies collected

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

Organisation and Staff as at 30 June 2017



Organisational structure of the VPA reflects the key strategic areas of its work

The VPA is structured around four groups that reflect the key activity streams of the Authority. The groups are organised into 11 teams, in a manner that optimises the capacity of the VPA to conduct its activities.

The **Regional Group** comprises two teams and is responsible for working closely with the local councils and DELWP in preparing master plans to assist in optimising economic, employment and housing opportunities for identified regional projects. This group is continuing working with the relevant councils in the Bacchus Marsh, Bendigo, Surf Coast, Wodonga and Shepparton areas. These teams also have responsibility for providing planning assistance, when requested by the Minister, to regional Victoria.

The **Urban Renewal Group** is responsible for preparing employment PSPs and also for developing planning and design approaches for town and city centres. It comprises three teams. The Group manages structure plan preparation for industrial and town centres in metropolitan Melbourne. This group is active in the key NEICs and Major Activity Centres of Broadmeadows, Monash, La Trobe and Sunshine, and also the renewal of the Arden Precinct.

The **Growth Areas Group** is responsible for strategic planning in Melbourne's greenfield growth areas. This Group comprises three teams. These teams work in partnership with the local councils to complete PSPs for land within the existing urban growth boundary in accordance with the program approved by the Minister. This team completed six PSPs in 2016/17. The responsibility for the rollout of the development of the East Werribee Employment Precinct also falls within this group, but is expected to transfer away from the Authority during 2017/18.

The **Technical Services Group** incorporates the Technical Services Team, the Corporate and Statutory Services Team and the Research Team.

- The *Technical Services Team* is responsible for supporting the planning and other operations of the VPA through fostering linkages with key agencies and departments and the provision of technical advice, infrastructure coordination planning and graphics and GIS analysis. This team also focuses on local and State infrastructure planning.
- The *Corporate and Statutory Services Team* is responsible for the governance activities at the VPA (including finance, human resources, administrative and information technology functions). These activities incorporate the VPA's administration of the GAIC and providing support for the GAIC Hardship Relief Board. This team also has responsibility for corporate wide activities, such as insurance, risk management and the costs of the VPA offices. This team also conducts the organisation's statutory planning activities, and also has the important responsibility for ensuring that the VPA is appropriately prepared for Planning Panels.
- The *Research Team* is a small team responsible for coordinating the VPA's economic research and design activities.

Two other smaller teams, which report directly to the Chief Executive Officer complete the VPA organisational structure.

- The *Partnerships and Communication Team* has the key role of managing and coordinating the interaction with all government departments and agencies, providing policy input into key projects, long term strategy and responsibility for both delivery of the organisation's media, engagement and communication activities and building the capability across the VPA.
- The *Innovation and Reform Team* works directly to the CEO to identify projects and initiatives that further the VPA's reputation as a strategic planning innovator and to position the Authority for both regulatory and process reform that reflects new and emerging best practice.

People at the VPA

People Management Strategy

The VPA has a small core of staff to meet its operational needs and to provide expert assistance in key areas.

The VPA 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. The VPA has comprehensive policies and systems to ensure the ongoing development of its overall capability.

The VPA, its staff and the CPSU reached agreement on a new Enterprise Agreement 2016.

The VPA has reported the following staff complement on a head count basis over the past 5 years:

Staffing trends from 2013 -2017

2017	2016	2015	2014	2013
95	88	84	69	45

Number of VPA Staff (headcount) as at 30 June 2017

Employees have been correctly classified in workforce data collection (as per last payroll of financial year).

Category	Staff 2017	Staff 2016*
VPA 1-7 Staff		
Female	49	46
Male	40	34
Other	0	0
Executives		
Female	1	2
Male	5	6
Other	0	0
Total Staff	**95**	**88**

Category	Staff 2017	Staff 2016*
All Staff		
Female	50	48
Male	45	40
Other	0	0
Total	**95**	**88***

* The totals for 2016 have been restated by one staff member from the reported levels last financial year.

Details of employment levels in June 2017 and June 2016 (headcount as per last payroll of the financial year)

	2017				2016			
Age	**Total**	**Fixed Term**	**Casual**	**Ongoing**	**Total**	**Fixed Term**	**Casual**	**Ongoing**
15-24	11	11			9	6	3	
25-34	31	29		2	33	31		2
35-44	21	23		2	20	18		2
45-54	17	15		3	14	11	1	2
55-64	8	8	1	1	11	9	1	1
65+		0			1	1		
	95	86	1	8	88*	76	5	7
Classifications	**Total**	**Fixed Term**	**Casual**	**Ongoing**	**Total**	**Fixed Term**	**Casual**	**Ongoing**
VPA 1					3		3	
VPA 2	10	10			8	8		
VPA 3	13	13			6	5	1	
VPA 4	9	9			7	7		
VPA 5	25	24		1	26	25		1
VPA 6	25	18	1	6	26	19	1	6
VPA 7	7	6		1	4	4		
Executives	6	6			8	8		
	95	86	1	8	88*	76	5	7

* The totals for 2016 have been restated by one staff member from the reported levels last financial year.

Executive employment and total remuneration packages as at 30 June 2017 (those employed as at 30 June 2017)

Classification	Income Band	Number – 2017	Number – 2016
EO 3	$160,000 -$179,999		1
	$180,000 - $199,999	2	2
EO2	$220,000 - $239,999	2	4
	$240,000 - $259,999	1	
EO1	$380,000 - $399,999		1
	$420,000 - $439,999	1*	
TOTAL		**6**	**8**

* Includes payment of long service leave and annual leave on completion of service.

Managing and Valuing Diversity and Merit

The VPA promotes equal employment opportunity through diversity in its policies and practices. A flexible and supportive workplace is provided through flexible working hours and leave arrangements.

VPA policies and programs consider issues relating to women, youth, and people from indigenous, culturally and linguistically diverse backgrounds. Activities relating to diversity included staff holding 'A Taste of Harmony' lunch during Harmony Week in March 2017.

The Chief Executive Officer made 4 internal appointments and 33 external appointments based on merit during the period.

Occupational Health and Safety (OH&S)

The VPA 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.

The VPA maintains an internal staff and management OH&S Committee which meets regularly during the year. The Authority receives regular reports in relation to OH&S matters through its Board meetings.

The VPA's OH&S performance target is to have zero OH&S incidents for the year. The results are:

	2016-2017	2015-2016	2014-2015
Reported Incidents	0	0	2
Claims with Lost Time	0	0	2
Days Lost	0	0	4
Average Cost per Claim	$0	$0	$1,296

During the reporting year the Authority had up to 95 staff and:

- 46 staff received influenza vaccinations
- 0 incidents relating to our premises reported to WorkSafe
- 0 comprehensive internally conducted workplace inspections
- appointed 2 new trained fire wardens
- appointed 3 new OHS Committee employee representative members
- 10 staff received ergonomic work station assessments.

Upholding Public Sector Conduct

The VPA 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 Administration 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
Reasonable avenues of redress exist against unfair and unreasonable treatment.	Provide responsive service.

New staff are required to undertake online training in regard to conflicts of interest, privacy and ethical behaviour, and existing staff also have access to, and are encouraged to undertake, this online training to update their knowledge in these areas. Staff were also provided with an annual refresher training in August 2016 on code of conduct, protected disclosures (whistleblowers), probity, conflict of interest, record keeping, privacy, freedom of information, bullying and harassment, equal opportunity and human rights.

Any aspects which may arise in relation to these matters are reported to an Authority Meeting.

Disability Action Plan

The VPA formally endorsed the implementation of its Disability Action Plan on 7 September 2015. Our comprehensive plan sets out how we can reduce barriers for those with a disability who wish to participate or engage with our key activities. Actions set out in this plan apply to all aspects of our organisation, including employment, community consultation and planning for new communities as well as urban renewal and the evolution of regional centres. We continue to implement action items from within the plan across the organisation. The plan can be accessed via **www.vpa.vic.gov.au/about/disability-action-plan**.

Improving Accessibility

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

Additional Information

Environment Strategy

The VPA is committed to working towards environmental sustainability in both its operations and in the planning of new communities. It will do this by:

1. Striving to be an environmentally responsible organisation in its own operations.
2. Working towards improving the liveability and sustainability of the natural and built environment within new communities.

The 2016-2017 Business Plan includes the promotion of the sustainable development of land and the integration of land use and transport as key objectives of the VPA. Results against the Business Plan measures are reported in the Authority Performance segment of the Annual Report.

Office Based Measures

The VPA reports annually against a number of indicators. The measures for 2016-2017 are set out in the table below:

INDICATOR	2016-2017 Actual	Estimated Carbon Equivalent (Tonnes)	2015-2016 Actual	Estimated Carbon Equivalent (Tonnes)	Net % Change	Notes
ELECTRICITY						
Total electricity used (kWh)	148,100	139.2	111,420	104.73	33%	1
PAPER						
Daily paper ream use per employee	0.054	6.84	0.061	7.25	-6%	2
TRANSPORT						
Annual total Hybrid Pool Vehicle travel (km)	32,151	3.10	40,426	4.47	-31%	3
New staff taking up public transport options for travel	100%		100%	Data N/A		4
Other transport per employee per year (Km)	306	2.74	151	2.25	16%	5
Number of flights taken - national	6	1.2	6	1.38	-13%	
Number of flights taken - international	1	5.22	0	0	100%	
WATER						
Total water used (kL)	Data N/A		Data N/A			6
TOTAL EMISSIONS (Carbon Equivalent Tonnes)	**158.31**		**120.19**	**32%**		

Notes to Office Based Targets and Initiatives

1. The VPA is part of the GreenPower initiative set up by Origin Energy in order to offset monthly greenhouse gas emissions by 25% with electricity from GreenPower accredited renewable sources. The 33% increase in carbon outputs for the 2016/2017 financial year is due to an increase in staff numbers and in office fittings and equipment resulting in a higher electricity cost for the VPA.
2. Printing controls – 'Pull Printing' continued to ensure that excess printing is reduced by requiring the manual print off of colour prints. This has been very effective in reducing our carbon footprint by 6% for the 2016/2017 financial year in relation to paper usage.
3. 31% decrease in carbon emissions from the use of the VPA pool car due to staff utilizing more sustainable modes of transport and car-sharing for larger, regional trips.
4. Public transport – Of new staff for the 2016/2017 year, 67% make use of the myki commuter club program through the VPA, while the remainder either use their own existing myki or cycle to work. This results in 100% of staff not driving to work.
5. Slight increase in use of other modes of transport due to an increased focus on community engagement involving after-hours and weekend travel in keeping with business requirements.
6. Water consumption is centrally managed by AMP building management. The information was not available on a tenancy basis.

Waste Management

The Authority continues to participate in enhanced waste management programs and recycling initiatives to dispose of redundant electronic equipment, through Collins Place Management. The enhanced waste management program incorporates:

- Expanded co-mingled recycling, including recycling boxes at all staff desks
- Removal of rubbish bins from all staff desks
- Separate bins and collection for organic waste

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 VPA. In accordance with Part II of the FOI Act, this Information Statement outlines the role of the VPA, documents held by the VPA, and how these can be accessed under the FOI Act.

Organisation and Functions

The VPA is the State's strategic planning authority, and is responsible for preparing planning scheme amendments for areas of state significance. The functions of the VPA are described on p.15 of this Report. In carrying out these functions, the VPA consults widely with local councils, other government agencies, local communities and the development industry. Proposed planning scheme amendments are exhibited on the VPA's website in line with the requirements of the *Planning and Environment Act 1987*.

Categories of Documents

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

Publications

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

Rules, Policies and Procedures

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

Report Literature

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

FOI Arrangements

A freedom of information request must be made in writing to the agency that holds the documents being requested. The VPA officer responsible for receiving and initially actioning requests made under the FOI Act is Ed Small, who can be contacted on 03 9651 9600 or **info@vpa.vic.gov.au**. As from 1 July 2017, there is a fee of $28.40 payable for each FOI application (to 30 June 2017 – $27.90).

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

FOI Requests for 2016-17

During the year ended 30 June 2017 three new requests were received by the VPA (to 30 June 2016 – six were received). Two requests related to activities of government, and one was for information relating to the applicant. Two requests were from landowners and residents, and one was from a Member of Parliament. For two requests, documents were released in part, while the third has not yet been processed. Two requests were reviewed by the FOI Commissioner, but there were no appeals to VCAT by FOI applicants.

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

The following information, where it relates to the VPA and is relevant to the financial year ended 30 June 2017, is available to the Minister for Planning, Members of Parliament and the public on request:

a. a statement that declarations of pecuniary interests have been duly completed by all relevant officers
b. changes in fees, charges, rates or levies charged
c. details of publications produced by the entity, about the entity, and the places where the publications can be obtained
d. details of any major external reviews carried out on the entity
e. details of any major research and development activities undertaken by the entity
f. details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
g. 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
h. details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the Report of Operations
i. a general statement on industrial relations within the entity and details of time lost through industrial action and disputes
j. a list of major committees sponsored by the entity, the purposes of each committee, and the extent to which the purposes have been achieved.
k. details of all consultancies and contractors including:
   - consultants/contractors engaged
   - services provided
   - expenditure committed to for each engagement.

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

a. details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary (no shares have ever been issued in the VPA)

Protected Disclosures Act 2012

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

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

During the year ended 30 June 2017 there were no disclosures or investigations of improper conduct or detrimental actions made to the VPA or any referred to IBAC (30 June 2016 – nil).

The VPA has adopted a Protected Disclosures Policy and Procedures.

Complaints

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

National Competition Policy

As a portfolio agency, the VPA's information on compliance is included in the DELWP'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 VPA continues to implement and apply this principle to its business undertakings where applicable.

Contracts and Consultancies

During the financial year ended 30 June 2017, there were 61 consultancy engagements (30 June 2016 – 101) for which services were provided and/or were effective or operational during the reporting period that were individually valued at $10,000 or greater (exclusive of GST). Details of these consultancy engagements have been made available on the VPA's website at **www.vpa.vic.gov.au**.

In addition to contracts valued at over $10,000, there were 47 contracts for consultancies that were individually valued at less than $10,000 (exclusive of GST) (30 June 2016 - 55). Total expenditure relating to these contracts amounted to $188,602 for the financial year (30 June 2016 - $198,873).

The VPA did not award any major contracts (valued at $10 million or more) during 2016-2017.

Information and Communication Technology (ICT) Expenditure

For the 2016-17 reporting period, the VPA had a total ICT expenditure of $755,064. This comprises Business As Usual ICT expenditure of $566,707 (this relates to operating and maintaining the current ICT capability), and Non Business As Usual ICT expenditure of $188,357 (this relates to extending or enhancing current ICT capabilities).

Government Advertising Expenditure

VPA's expenditure on government advertising did not exceed $100,000 during the 30 June 2017 reporting period.

Victorian Industry Participation Policy (VIPP) and disclosure of major contracts

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

Extent and compliance with the *Building Act 1993*

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

Risk Management

The VPA has a Risk Management Plan and Risk Register in place prepared in accordance with the Australian Standard AS/NZS ISO 31000:2009. The Risk Register was prepared from risks identified through workshops with VPA staff members and Authority Members. The Risk and Audit Committee regularly monitor the risk management and risk mitigation process. The VPA has ensured that the risk profile has been reviewed regularly, both internally and externally.

These processes have enabled the Risk and Audit Committee at its meeting of 14 June 2017 to endorse the VPA's Chair, as the attester of risk management processes contained in this annual report.

Attestation by Chair in relation to Risk Management at the VPA

I, Jude Munro, certify that the Growth Areas Authority (known as the Victorian Planning Authority) has complied with the Ministerial Standing Direction 3.7.1 - Risk Management Framework and Processes. The Risk and Audit Committee of the Victorian Planning Authority verifies this assurance.

Jude Munro AO
Chair, Victorian Planning Authority

5 September 2017

Summary of the Financial Results

	Year ended 30 June 2017	Year ended 30 June 2016 $	Year ended 30 June 2015 $	Year ended 30 June 2014 $	Year ended 30 June 2013 $
Income					
Appropriation Funding	12,729,000	13,900,000	12,709, 083	6,200,000	4,630,000
Other Revenue	6,624,770	1,648,671	1,960,092	7,771,252	3,159,079
Total Revenue	**19,353,770**	**15,548,671**	**14,669,175**	**13,971,252**	**7,789,079**
Expenses					
Operating Expenditure	8,238,824	7,678,361	4,016,023	3,477,623	2,691,125
Project Expenditure	10,506,064	11,421,075	11,362,796	8,657,178	6,303,427
Total Expenditure	**18,744,888**	**19,099,436**	**15,378,819**	**12,134,801**	**8,994,552**
Net Result (Deficit)	**608,882**	**(3,550,765)**	**(709,644)**	**1,836,451**	**(1,205,473)**
Assets					
Financial Assets	15,891,705	12,439,966	14,999,818	14,903,716	12,169,291
Non Financial Assets	1,131,418	1,231,141	1,015,494	37,460	104,343
Gross Assets	**17,023,123**	**13,671,107**	**16,015,312**	**14,941,176**	**12,273,634**
Liabilities					
Current Liabilities	6,415,175	3,239,981	2,650,918	2,302,985	1,572,256
Non-Current Liabilities	1,857,176	2,289,238	1,671,740	235,893	135,531
Gross Liabilities	**8,272,352**	**5,529,218**	**4,322,658**	**2,538,878**	**1,707,787**
Net Equity	**8,750,771**	**8,141,889**	**11,692,654**	**12,402,298**	**10,565,847**

Changes in Financial Position

During the 2016-2017 financial year, the financial position of the Authority remained positive. The Government appropriation to the VPA was higher than in the previous years due to the additional $5.1 million allocation from the *Homes for Victorians* program. Overall the VPA had a small operating surplus of $608,882, which was favourable to the budgeted deficit set out in the 2016-17 Business Plan.

Due to timing delays between receipt and disbursement, $3.1 million of the total net equity, $8.8 million, remained committed at the end of the financial year. This revenue received, but not yet disbursed relates to third party contributions to PSPs, the *Homes for Victorians* program and allocations for the East Werribee Employment Precinct and has resulted in additional cash and investment holdings. These funds are forecast to be expended over the coming years on the specified individual projects for which the revenue has been received.

Expenditure is at a similar level compared with the previous financial year with an overall reduction of $354,488. However, the total employee costs for the year amount to $11.5 million (20 June 2016 - $11.1 million).

The cash on hand and cash held in investments has increased from $11,761,615 as at 30 June 2016, to $15,465,563 at 30 June 2017, an increase of $3,703,948. This is primarily due to the amounts collected during 2016-17 from the Fishermans Bend section 173 agreements of $3,018, 376, which the VPA is awaiting directions on how to disburse. This disbursement is expected to occur in 2017-18.

The funds on hand from the section 173 agreements ($3,018,376) are also included as part of the Current Liabilities of $6.4 million, and represent most of the increase in Current Liabilities over the prior year.

Disclosure Index

The 2016-2017 Annual Report of VPA is prepared in accordance with all relevant Victorian legislation and the requirements of Financial Reporting Direction 30C. This index has been prepared to facilitate identification of the Authority's compliance with statutory disclosure requirements, including Financial Reporting Directions (FRD) and Standing Directions (SD).

FRD	DISCLOSURE	PAGE
22H	Manner of establishment and the relevant Ministers	5 & 15
22H	Purpose, functions, powers and duties	15
22H	Key initiatives and projects	12
22H	Nature and range of services provided	16
22H	Organisational structure, names and functional areas of responsibility of senior officers	30 – 31
22H	Names of board members and major committees	5-7 & 20
22H	Statement of workforce data for current and previous financial year	32
22H	Employment and conduct principles	33
15D	Executive Officer disclosures	83
22H	5 year summary of the financial results	40
22H	Significant changes in financial position during the year	40
22H	Objectives and performance against objectives	18
22H	Major changes or factors affecting performance	21
22H	Subsequent events which will affect operations in future years	85
22H	Details of consultancies > $10,000	38
22H	Details of consultancies - total No. and cost < $10,000	38
12B	Disclosure of major contracts	38
22H	Disclosure of government advertising expenditure	38
25C	Victorian Industry Participation Policy disclosures	38
22H	Disclosure of ICT expenditure	38
22H	Application and operation of *FOI Act 1982*	36
22H	Application and operation of the *Protected Disclosures Act 2012*	37
22H	Compliance with building and maintenance provisions of *Building Act 1993*	38
24C	Reporting of office-based environmental impacts	35
22H	Statement on National Competition Policy	37
22H	OHS	33
10A	Disclosure index	41
22H	Statement of availability of other information	37

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

SD 5.2.1(b)	Model Financial Report
SD 5.2.2	Accountable Officer's declaration
SD 5.2.1(a)	Compliance with Australian Accounting Standards and other authoritative Pronouncements
SD 5.2.1(a)	Compliance with the FMA, Ministerial Directions, Instructions and Financial Reporting Directions
SD 5.2.3	Declaration in report of operations
SD 3.7.1	Risk management attestation

Other disclosures in notes to the financial statements

FRD 9A	Departmental disclosure of administered assets and liabilities
FRD 11A	Disclosure of ex-gratia payments
FRD 21C	Disclosure of Responsible Persons, Executive Officers and other personnel (contractors with significant management responsibility)
FRD 103F	Non-Financial physical assets
FRD 110A	Cash Flow Statements
FRD 112D	Defined benefit superannuation obligations
FRD 120J	Accounting and Reporting Pronouncements applicable to the 2016-2017 reporting period
FRD 13	Disclosure of Parliamentary appropriations

Legislation

Building Act 1993

Financial Management Act 1994

Freedom of Information Act 1982

Multicultural Victoria Act 2004

Planning and Environment Act 1987

Protected Disclosures Act 2012

Public Administration Act 2004

State Owned Enterprises Act 1992

Victorian Industry Participation Policy Act 2003

Victorian Planning Authority Act 2017

ANNUAL FINANCIAL STATEMENTS – 30 JUNE 2017

Contents

DECLARATION IN FINANCIAL STATEMENTS

The attached financial statements for the Growth Areas Authority (GAA) trading as the Victorian Planning Authority (VPA) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994,* applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and financial position of the VPA as at 30 June 2017.

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

We authorise the attached financial statements for issue on 5 September 2017.

Jude Munro AO
Chair
Victorian Planning Authority

Melbourne
5 September 2017

Stuart Moseley
Chief Executive Officer
Victorian Planning Authority

Melbourne
5 September 2017

Ed Small
Chief Financial Officer
Victorian Planning Authority

Melbourne
5 September 2017

Auditor General's Report

Independent Auditor's Report

VAGO Victorian Auditor-General's Office

To the Board of the Victorian Planning Authority

Opinion	I have audited the financial report of the Victorian Planning Authority (the authority) which comprises the: • balance sheet as at 30 June 2017 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including a summary of significant accounting policies • declaration in financial statements. In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.

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Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
6 September 2017

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

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PRIMARY FINANCIAL STATEMENTS

Comprehensive Operating Statement

For the financial year ended 30 June 2017

	Notes	2017 $	2016 $
Continuing Operations			
Income from transactions			
Grants from State Government	2.1	17,829,000	13,900,000
Grants		468,042	398,607
Interest	2.2.2	231,227	275,387
Contributions	2.2.3	817,290	961,867
Other income	2.2.4	8,211	12,810
Total income from transactions		**19,353,770**	**15,548,671**
Expenses from transactions			
Employee benefits	3.1.1	11,556,362	11,067,882
Depreciation	4.1.1	150,554	151,951
Interest expense	6.1.2	743	952
Grant expenses	3.2	2,205,301	-
Other operating expenses	3.3	4,831,928	7,878,651
Total expenses from transactions		**18,744,888**	**19,099,436**
Net result from continuing operations		**608,882**	**(3,550,765)**
Comprehensive result		**608,882**	**(3,550,765)**

The accompanying notes form part of these financial statements.

Balance Sheet

As at 30 June 2017

	Notes	2017	2016
		$	$
Assets			
Financial assets			
Cash and deposits	6.3	5,799,212	1,786,115
Receivables	5.1	426,143	678,851
Investments	4.2	9,666,351	9,975,000
Total financial assets		**15,891,705**	**12,439,966**
Non-financial assets			
Prepayments	5.3	383,557	335,659
Property, plant and equipment	4.1	747,861	895,482
Total non-financial assets		**1,131,418**	**1,231,141**
Total assets		**17,023,123**	**13,671,107**
Liabilities			
Payables	5.2	5,710,438	2,799,660
Borrowings	6.1	20,768	36,035
Employee benefit provisions	3.1.2	2,262,440	2,378,465
Other provisions	5.4	278,706	315,058
Total liabilities		**8,272,352**	**5,529,218**
Net assets		**8,750,771**	**8,141,889**
Equity			
Accumulated surplus		8,750,771	8,141,889
Net worth		**8,750,771**	**8,141,889**
Commitments for expenditure	6.4.1		
Commitments for contributions	6.4.2		
Contingent assets and contingent liabilities	7.2		

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the financial year ended 30 June 2017

	Accumulated Surplus $
Balance as at 1 July 2015	11,692,654
Net result for the year	(3,550,765)
Balance at 30 June 2016	**8,141,889**
Balance as at 1 July 2016	8,141,889
Net result for the year	608,882
Balance at 30 June 2017	**8,750,771**

The accompanying notes form part of these financial statements.

Cash Flow Statement

For the financial year ended 30 June 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
Receipts			
Receipts from Government and other entities		19,375,253	15,160,606
Receipts from the ATO		711,823	507,899
Interest received		231,227	275,386
Total receipts		**20,318,303**	**15,943,891**
Payments			
Payments to suppliers and employees		(16,425,640)	(18,061,321)
Payments to the ATO		(169,272)	(119,715)
Interest paid		(743)	(952)
Total payments		**(16,595,655)**	**(18,181,988)**
Net cash flows from/(used in) operating activities	6.3.1	**3,722,648**	**(2,238,097)**
Cash flows from investing activities			
Payments for property, plant and equipment		(14,352)	(31,938)
Proceeds from disposal		11,420	-
Proceeds from sale of investments		308,649	25,000
Net cash flows from/(used in) investing activities		**305,717**	**(6,938)**
Cash flows from financing activities			
Repayment of finance lease		(15,268)	(19,037)
Net cash flows from/(used in) financing activities		**(15,268)**	**(19,037)**
Net increase /(decrease) in cash and cash deposits		**4,013,097**	**(2,225,998)**
Cash and cash deposits at the beginning of the financial year		1,786,115	4,012,113
Cash and cash deposits at the end of the financial year	6.3	**5,799,212**	**1,786,115**

The accompanying notes form part of these financial statements.

1 ABOUT THIS REPORT

The VPA is a portfolio agency of the Department of Land, Water, Environment and Planning (DELWP) in the State of Victoria, established under the *Planning and Environment Act (Growth Areas Authority) 2006.*

Its principal address is:

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

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

1.1 Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relates, regardless of when the case is received or paid.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates.'

These financial statements include all the activities of the VPA. The VPA does not have any controlled entities.

All amounts in the financial statements have been rounded to the nearest dollar. Figures in the financial statements may not equate due to rounding.

1.2 Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable AASs which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting.* Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

These annual financial statements were authorised for issue by the Board of the VPA on 9 August 2017.

2 FUNDING DELIVERY OF OUR SERVICES

Introduction

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

Structure

2.1 Summary of income that funds the delivery of our services

2.2 Income from transactions

2.1 Summary of income that funds the delivery of our services

	Notes	2017 $	2016 $
Base Funding from State Government		12,729,000	13,900,000
Other Grants from State Government		5,100,000	-
Grants	2.2.1	468,042	398,607
Interest	2.2.2	231,227	275,386
Contributions	2.2.3	817,290	961,868
Other income	2.2.4	8,211	12,810
Total income from transactions		**19,353,770**	**15,548,671**

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

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

2.2 Income from transactions

2.2.1 Grants

	Notes	2017	2016
		$	$
General purpose		15,623,699	13,900,000
Specific purpose grants for on-passing		2,205,301	-
Other specific purpose		468,042	398,607
		18,297,042	**14,298,607**

Grant income arises from transactions in which a part provides goods or assets (or extinguishes a liability) to the VPA without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For non-reciprocal grants, the VPA recognises revenue when the grant is receivable or received.

Grants can be received as **general purpose grants**, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as **specific purpose grants,** which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants for on passing are grants paid to one institutional sector (e.g. a state based general government entity) to be passed on to another institutional sector (e.g. local government).

2.2.2 Interest income

Interest income of $231,227 ($275,386 in 2015-16) includes interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

2.2.3 Contributions

Contributions of $817,290 ($961,868 in 2015-16) received from third parties (including councils and developers) relates to funding received for specific projects or tasks. These funds are recognised as income when the VPA obtains control over the contributions.

2.2.4 Other income

Other income of $8,211 ($12,810 in 2015-16) relates to prescribed fees and any income not defined above. These funds are recognised when invoiced.

3 THE COST OF DELIVERING SERVICES

Introduction

This section provides an account of the expenses incurred by the VPA in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

3.1 Expenses incurred in the delivery of services

3.2 Grant expenses

3.3 Other operating expenses

3.1 Expenses incurred in the delivery of services

	Notes	2017	2016
		$	$
Employee benefit expenses	3.1.1	11,556,362	11,067,882
Grant expenses	3.2	2,205,301	-
Other operating expenses	3.3	4,831,928	7,878,651
		18,593,591	**18,946,533**

3.1.1 Employee benefits in the comprehensive operating statement

	2017	2016
	$	$
Defined contribution superannuation expense	867,997	803,044
Defined benefit superannuation expense	12,185	12,345
Salaries and w ages, annual leave and long service leave	10,676,180	10,252,493
	11,556,362	**11,067,882**

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

The amount recognised in the comprehensive operating statement in relation to Superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The VPA does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

3.1.2 Employee benefits in the balance sheet

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

	2017 $	2016 $
Current provisions		
Employee benefits		
Annual leave		
Unconditional and expected to settle w ithin 12 months	685,498	618,387
Unconditional and expected to settle after 12 months	15,887	13,609
Long service leave		
Unconditional and expected to settle w ithin 12 months	44,529	45,514
Unconditional and expected to settle after 12 months	1,010,338	1,151,481
Provisions for on-costs		
Unconditional and expected to settle w ithin 12 months	54,688	92,575
Unconditional and expected to settle after 12 months	156,215	175,783
Total current provisions for employee benefits	**1,967,155**	**2,097,349**
Non-current provisions		
Long service leave	255,972	244,224
On-costs	39,313	36,892
Total non current provisions for employee benefits	**295,285**	**281,116**
Total provisions for employee benefits	**2,262,440**	**2,378,465**

Reconciliation of movement in on-cost provision

	2017 $
Opening balance	305,250
Additional provisions recognised	108,457
Reduction transfer out	(88,384)
Unw ind of discount and effect of changes in the discount rate	(75,107)
Closing Balance	**250,216**
Current	210,903
Non-current	39,313
	250,216

Wages and salaries, annual leave and sick leave: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the State does not have unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the VPA expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the VPA does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

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

The components of this current LSL liability are measured at:

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

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

Any gain or loss following the revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or a loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

3.1.3 Superannuation contributions

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

As noted before, the defined benefit liability is recognised in DTF as an administered liability.

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

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

	Paid contribution for the year		***Contribution outstanding at year end***	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Defined benefit plan:				
State Superannuation Fund	12,185	12,345		
Defined contribution plans:				
VicSuper	375,808	392,721		
Vision Super	258,665	229,421		
Other	233,524	180,902		
Total contributions	**880,182**	**815,389**	**-**	**-**

3.2 Grant expenses

	2017	2016
	$	$
Specific purpose grants for on-passing	2,205,301	-
Total grant expenses	**2,205,301**	

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

Grants that the VPA paid are operating in nature and are paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grant expenses are recognised in the reporting period in which they are paid or payable. Grants can take the form of money, assets, goods, services or forgiveness of liabilities.

3.3 Other operating expenses

	2017	2016
	$	$
Supplies and services		
Purchase of services	2,583,171	3,134,387
Remuneration of auditors (VAGO and others)	47,824	51,574
General expenses	1,405,483	3,897,240
Operating lease rental expenses		
Lease payments	795,450	795,450
	4,831,928	**7,878,651**

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

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

Operating lease rental expenses are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the Balance Sheet.

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

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

4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

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

Structure

4.1 Property, plant and equipment

4.2 Investments and other financial assets

4.1 Property, plant and equipment

	2017 $	2016 $
Property, plant and equipment at fair value	1,717,965	1,715,032
Less accumulated depreciation	(970,104)	(819,550)
Net carrying amount	**747,861**	**895,482**

Initial recognition: Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Individual items of $5,000 or more are capitalised. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

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

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

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

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

Fair value for plant and equipment that are specialised in use (such that it is rarely sold other than as part of a going concern) is determined using the depreciated replacement cost method. Note 7.3 includes additional information in connection with fair value determination of property, plant and equipment.

4.1.1 Depreciation and impairment

Charge for the period

	2017	2016
	$	**$**
Plant, equipment and vehicles	150,554	151,949
	150,554	**151,949**

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

The useful lives for the relevant financial periods are:	2017	2016
• Computer software and hardware	3 years	3 years
• Leasehold improvements	10 years	10 years
• Furniture and equipment	5 years	5 years
• Motor vehicles	3 years	3 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

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

Impairment: Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that is can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised in prior years.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets is held primarily to generate net cash inflows is measured at the higher of present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

4.1.2 Carrying values by "purpose" groups

All the VPA's assets as classified in the Public Administration 'purpose' group.

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

	Opening WDV at 1 July 2016	Additions	Disposals	Depreciation	Transfer to disposal group held for sale	Closing WDV at 30 June 2017
	$	$	$	$	$	$
Leasehold improvements	786,026	-	-	(90,695)	-	695,331
Computer hardware	40,348	14,352	-	(31,776)	-	22,924
Computer software	28,399	-	-	(22,551)	-	5,848
Furniture and equipment	4,686	-	-	(1,562)	-	3,124
Motor vehicle	24,603	-	-	(3,969)	-	20,634
Held for sale	11,420	-	(11,420)	-	-	-
Totals	**895,482**	**14,352**	**(11,420)**	**(150,554)**	**-**	**747,861**

	Opening WDV at 1 July 2015	Additions	Disposals	Depreciation	Transfer to disposal group held for sale	Closing WDV at 30 June 2016
	$	$	$	$	$	$
Leasehold improvements	876,721	-	-	(90,695)	-	786,026
Computer hardware	61,751	7,000	-	(28,403)	-	40,348
Computer software	52,356	-	-	(23,957)	-	28,399
Furniture and equipment	8,032	-	-	(3,346)	-	4,686
Motor vehicle	16,637	24,934	-	(5,548)	(11,420)	24,603
Held for sale	-	-	-	-	11,420	11,420
Totals	**1,015,497**	**31,934**		**(151,949)**	**-**	**895,482**

4.2 Investments and other financial assets

	2017	2016
	$	$
Current investments		
Term deposits:		
Australian dollar term deposits > three months	9,666,351	9,975,000
Total current investments	**9,666,351**	**9,975,000**
Total investments	**9,666,351**	**9,975,000**

4.2.1 Ageing analysis of investments and other financial assets

			Past due but not impaired			
	Carrying amount	***Not past due and not impaired***	***Less than 1 month***	***1-3 months***	***3 months - 1 year***	***1-5 years***
	$	**$**	**$**	**$**	**$**	**$**
2017						
Term deposits	9,666,351	9,666,351	-	-	-	-
Total	**9,666,351**	**9,666,351**	**-**	**-**	**-**	**-**
2016						
Term deposits	9,975,000	9,975,000	-	-	-	-
Total	**9,975,000**	**9,975,000**	**-**	**-**	**-**	**-**

5 OTHER ASSETS AND LIABILITIES

Introduction

The sections sets of those assets and liabilities that arose from the VPA's controlled operations.

Structure

5.1 Receivables

5.2 Payables

5.3 Other non-financial assets

5.4 Other provisions

5.1 Receivables

	2017 $	2016 $
Contractual		
Contributions	216,054	445,727
Accrued investment income	54,155	42,720
Other receivables	31,701	49,490
Statutory		
GST input tax credit recoverable	124,233	140,914
Total receivables	**426,143**	**678,851**
Represented by:		
Current receivables	**426,143**	678,851
Non-current receivables	-	-

Receivables consist of:

Contractual receivables are classified as financial instruments and categorised as 'receivables.'

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

5.1.1 Movement In the provision for doubtful debts

Doubtful debts: Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 135 *Impairment of Assets.*

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

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

The VPA has no doubtful debts for the 2016/17 financial year.

5.1.2 Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Past due but not impaired: Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	$	$	$	$	$	$
2017						
Accrued investment income	54,155	54,155				
Other receivables	247,755	60,028		120,224	67,503	
Total	**301,910**	**114,183**	**-**	**120,224**	**67,503**	**-**
2016						
Accrued investment income	42,720	42,720				
Other receivables	495,217	495,217				
Total	**537,937**	**537,937**	**-**	**-**	**-**	**-**

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

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

5.2 Payables

	2017	2016
	$	$
Contractual		
Supplies and services	1,054,206	961,858
Amounts payable to government	3,070,438	123,011
Other payables	1,578,469	1,661,018
Statutory		
FBT payable	5,485	4,057
GST payable	1,840	49,716
Total payables	**5,710,438**	**2,799,660**
Represented by:		
Current payables	**4,230,565**	1,259,656
Non-current payables	**1,479,873**	1,540,004

Payables consist of:

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

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

Payables and supplies have an average credit period of 30 days. No interest is charged on these.

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

5.2.1 Maturity analysis of contractual payables

			Maturity dates				
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years
	$	$	$	$	$	$	$
2017							
Payables	5,703,113	5,703,113	4,132,034	14,780	76,426	1,330,150	149,723
Total	**5,703,113**	**5,703,113**	**4,132,034**	**14,780**	**76,426**	**1,330,150**	**149,723**
2016							
Payables	2,745,887	2,745,887	1,061,288	26,290	118,305	509,521	1,030,483
Total	**2,745,887**	**2,745,887**	**1,061,288**	**26,290**	**118,305**	**509,521**	**1,030,483**

5.3 Other non-financial assets

	2017	2016
	$	$
Current other assets		
Prepayments	383,557	335,659
Total current other assets	**383,557**	**335,659**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.4 Other provisions

	2017	2016
	$	$
Non-current provisions		
Make-good provision	278,706	315,058
Total non-current provisions	**278,706**	**315,058**
Total other provisions	**278,706**	**315,058**

Other provisions (specifically the make-good provision) are recognised when the VPA has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

5.4.1 Reconciliation of movements in other provisions

	Make-good
	$
Opening balance	315,058
Reductions arising from payments/other sacrifices of future economic benefits	36,352
Closing Balance	**278,706**

Where some or all of the economic benefits required to settle a provisions are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain the recovery will be received and the amount of the receivable can be measured reliably.

The *make-good provisions* is recognised in accordance with the lease agreement at the office facilities, located at 35 Collins Street. The VPA must remove any leasehold improvements from the leased office space and restore the premises to its original condition at the end of the lease term.

An *onerous contract* is considered to exist when the unavoidable cost of meeting the contractual obligations exceeds the estimated economic benefits to be received.

6 HOW WE FINANCED OUR OPERATIONS

Introduction

This section provides information on the sources of finance utilised by the VPA during its operations, along with interest expenses (the cost of borrowings) and other information related to the financing activities of the VPA.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

Structure

6.1 Borrowings

	2017 $	2016 $
Current borrowings		
Finance lease liabilities (i)	3,978	15,268
Total current borrowings	**3,978**	**15,268**
Non-current borrowings		
Finance lease liabilities (i)	16,790	20,767
Total non-current borrowings	**16,790**	**20,767**
Total borrowings	**20,768**	**36,035**

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

'Borrowings' refer to interest bearing liabilities mainly raised from public borrowings. The VPA only has one finance lease.

Borrowings are classified as financial instruments. All interest bearing borrowings are initially recognised at the fair value of the consideration less directly attributable transaction costs. The VPA has categorised its interest bearing liability (the finance lease) as a 'financial liability at amortised cost.

6.1.1 Maturity analysis of borrowings

			Maturity dates				
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years
	$	$	$	$	$	$	$
2017							
Finance lease liabilities	20,768	21,833	383	766	3,446	17,238	-
Total	**20,768**	**21,833**	**383**	**766**	**3,446**		**-**
2016							
Finance lease liabilities	36,035	37,844	11,800	766	3,445	21,833	-
Total	**36,035**	**37,844**	**11,800**	**766**	**3,445**	**21,833**	**-**

6.1.2 Interest expense

Interest income of $743 ($952 in 2015-16) includes costs incurred in connection with borrowings. For the VPA, this directly refers to the interest components of finance lease repayments. Interest expense is recognised in the period in which it is incurred.

6.2 Leases

6.2.1 Finance lease liabilities (VPA as a lessee)

	Minimum future lease payments (i)		Present value of minimum future lease payments	
	2017	2016	2017	2016
	$	$	$	$
Finance lease liabilities payable				
Not longer than one year	4,595	16,011	3,978	15,268
Longer than one year but not longer than five years	17,238	21,833	16,790	20,767
Minimum future lease payments	**21,833**	**37,844**	**20,768**	**36,035**
Less future finance charges	(1,065)	(1,809)	-	-
Present value of minimum lease payments	**20,768**	**36,035**	**20,768**	**36,035**
Included in the financial statements as:				
Current borrowings lease liabilities	3,978	15,267	3,978	15,267
Non-current borrowings lease liabilities	16,790	20,768	16,790	20,768
Total	**20,768**	**36,035**	**20,768**	**36,035**

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amortised amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments are apportioned between the reduction of the outstanding lease liability and the periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

6.3 Cash flow information and balances

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

	2017 $	2016 $
Total cash and deposits disclosed in the balance sheet	5,799,212	1,786,115
Balance as per cash flow statement	**5,799,212**	**1,786,115**

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

	2017 $	2016 $
Net result for the year	608,882	(3,550,765)
Non-cash movements:		
Depreciation and amortisation expense	150,554	151,951
Movements in assets and liabilities:		
(Increase)/Decrease in prepayments	(47,898)	85,872
Decrease/(Increase) in receivables	252,708	(112,678)
Increase in payables	2,910,779	744,078
(Decrease)/Increase in provisions	(116,025)	479,798
(Decrease) in make-good provision	(36,352)	(36,353)
Net cash flows from/(used in) operating activities	**3,722,648**	**(2,238,097)**

6.4 Commitments

6.4.1 Commitments for expenditure

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

Nominal values	2017 $	2016 $
Operating and lease commitments payable		
Lease of Premises:		
Less than one year	803,350	774,314
Longer than one year but not longer than five years	3,526,169	3,398,717
Longer than five years	2,652,069	3,582,871
Total operating lease commitments	**6,981,588**	**7,755,902**

6.4.2 Commitments for contributions

In addition to operating lease commitments, the VPA will refund any unspent contributions collected through third party funding agreements. Third parties contribute a set amount of funds to assist the VPA to complete scheduled projects. The VPA expects to expend all of these funds in its normal course of operations over the coming years and will refund any unexpended funds at the completion of each project. Currently the VPA has $2.028 million ($3.437 million in 2015-16) of unexpended third party funds. These funds are recognised as income when the VPA obtains control over the contribution as outlined in AASB 1004 *Contributions.*

Third party funding balance

Nominal values	2017 $	2016 $
Commitments for contributions payable		
Third Party Funding:		
Less than one year	1,359,851	2,340,000
Longer than one year but not longer than five years	667,843	1,096,778
Total commitments for contributions payable	**2,027,694**	**3,436,778**

Movement in third party funding balance

	2017 $
Opening balance	3,436,778
Additional third party funding recognised	1,285,332
Third party funding expenditure	(2,694,416)
Closing Balance	**2,027,694**

7 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

The VPA is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the VPA is related mainly to fair value determination.

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the VPA's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation.*

Categories of financial instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The VPA recognises the following assets in this category:

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

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any different between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The VPA recognise the following liabilities in this category:

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

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

- the rights to receive cash flows from the asset have expired; or
- the VPA retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the VPA has transferred its rights to receive cash flows from the asset and either:
    - has transferred substantially all the risks and rewards of the asset; or
    - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets: At the end of each reporting period, the VPA assesses whether there is objective evidence that a financial asset or group of financial assets is impaired.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets.*

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

7.1.1 Financial instruments: Categorisation

	Contractual financial assets		Contractual financial liabilities	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Contractual financial assets				
Cash and deposits	5,799,212	1,786,115	-	-
Receivables (excluding statutory receivables)	301,910	537,937	-	-
Investments	9,666,351	9,975,000		
Total contractual financial assets	**15,767,472**	**12,299,052**	**-**	**-**
Contractual financial liabilities				
Payables (excluding statutory payables)	-	-	5,703,113	2,745,887
Finance lease liabilities	-	-	20,768	36,035
Total contractual financial liabilities	**-**	**-**	**5,723,881**	**2,781,922**

7.1.2 Financial instruments: Net holding gain/(loss) on financial instruments by category

	Total interest income/(expense) $
2017	
Contractual financial assets	
Financial assets - receivables	231,227
Total contractual financial assets	**231,227**
Contractual financial liabilities	
Financial liabilities at amortised cost	(743)
Total contractual financial liabilities	**(743)**
2016	
Contractual financial assets	
Financial assets - receivables	275,387
Total contractual financial assets	**275,387**
Contractual financial liabilities	
Financial liabilities at amortised cost	(952)
Total contractual financial liabilities	**(952)**

The net holding gain or losses disclosed above are determined as follows:

- for cash and cash equivalents, loans or receivables, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus any foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost; and
- for financial asset and liabilities that are held for trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

7.1.3 Financial risk management objectives and policies

The VPA's main financial risks include credit risk, liquidity risk and market risk (being interest rate risk), foreign currency risk and equity price risk are not applicable to the operations of the VPA. As a whole, the VPA's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.1 to the financial statements.

Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default of its financial obligations as and when they fall due. The VPA's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the VPA. Credit risk is measured at fair value and is monitored on a regular basis. Credit risk associated with the VPA's contractual financial assets is minimal because the main debtor is the Victorian Government.

The VPA does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. It is the VPA's policy to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the VPA will not be able to collect a receivable. Objective evidence includes financial difficulties with the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowance for losses, represents the VPA's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to the VPA's credit risk profile in 2016/17.

Credit quality of contractual financial assets that are neither past due nor impaired

	Government agencies (triple-A credit rating)	Other (min triple-B credit rating)	Total
2017	**$**	**$**	**$**
Cash and deposits	5,720,297	78,915	5,799,212
Investments	9,666,351	-	9,666,351
Receivables (i)	54,155	247,755	301,910
Total contractual financial assets	**15,440,803**	**326,670**	**15,767,473**
2016			
Cash and deposits	1,606,572	179,543	1,786,115
Investments	9,975,000	-	9,975,000
Receivables (i)	42,720	495,217	537,937
Total contractual financial assets	**11,624,292**	**674,760**	**12,299,052**

(i) *The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable).*

Financial Instruments: Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. The VPA operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The VPA is exposed to liquidity risk mainly thought financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The VPA manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The VPA's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The carrying amount detailed in Table 7.1.1 of contractual financial liabilities recorded in the financial statements, represents the VPA's maximum exposure to liquidity risk.

Financial instruments: Market risk

The VPA’s exposures to market risk are primarily through interest rate risk.

Sensitivity disclosure analysis and assumptions

The VPA’s sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable being held constant. The VPA cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. The VPA considers movement of 1% up and down in market interest rates over the next 12 months ‘reasonably possible.’

Interest rate risk

Fair value interest rate risk is the risk that the fair value of financial instrument will fluctuate because of changes in market interest rates. The VPA does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

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

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

Interest rate exposure of financial instruments

	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
	$	$	$	$	$
2017					
Financial assets					
Cash and deposits	1.46%	5,799,212	-	5,799,212	-
Investments	1.96%	9,666,351	9,666,351	-	-
Accrued investment income		54,155	-	-	54,155
Other receivables		247,755	-	-	247,755
Total financial assets		**15,767,473**	**9,666,351**	**5,799,212**	**301,910**
Financial liabilities					
Payables		5,703,113			5,703,113
Finance lease liabilities	3.25%	20,768	20,768		
Total financial liabilities		**5,723,881**	**20,768**	**-**	**5,703,113**
2016					
Financial assets					
Cash and deposits	1.92%	1,786,115	-	1,786,115	-
Investments	2.25%	9,975,000	9,975,000	-	-
Accrued investment income		42,720	-	-	42,720
Other receivables		495,217	-	-	495,217
Total financial assets		**12,299,052**	**9,975,000**	**1,786,115**	**537,937**
Financial liabilities					
Payables		2,745,887	-	-	2,745,887
Finance lease liabilities	3.25%	36,035	36,035	-	-
Total financial liabilities		**2,781,922**	**36,035**	**-**	**2,745,887**

Interest rate risk sensitivity

	Carrying amount	-1% Net result	1% Net result
	$	$	$
2017			
Contractual financial assets			
Cash and deposits	5,799,212	(57,992)	57,992
Investments	9,666,351	(96,664)	96,664
Total impact	**15,465,563**	**(154,656)**	**154,656**
2016			
Contractual financial assets			
Cash and deposits	1,786,115	(17,861)	17,861
Investments	9,975,000	(99,750)	99,750
Total impact	**11,761,115**	**(117,611)**	**117,611**

7.2 Contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Quantifiable contingent assets (arising from outside of government)

	2017	2016
	$	$
Contingent assets		
Section 173 Agreements (i)	1,766,495	1,766,495
	1,766,495	**1,766,495**

(i) The VPA, as directed by the Minister, has the right to receive funds of $2 million from the collection of Section 173 Agreements. As at 30 June 2017, the VPA had collected $233,505.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - present obligations that arise from past events but are not recognised because:
    - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
    - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable. The VPA has not identified any contingent liabilities.

7.3 Fair value determination

This section sets out information on how the VPA determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement fate.

The VPA carries property, plant and equipment at fair value through operating result.

In addition, the fair values of other assets and liabilities which are carried at amortised cost, also need to be determined for disclosure purposes.

The VPA determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

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

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

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

How this section is structured

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

- Carrying amount and the fair value (which would be the same for those assets measured at fair value);
- Which level of the fair value hierarchy was used to determine fair value; and
- In respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
  - A reconciliation of the movements in fair values from the beginning of the year to the end; and

- Details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer Note 7.3.1) and non-financial physical assets (refer 7.3.2).

7.3.1 Fair value determination of financial assets and liabilities

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

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

The VPA currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are either a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2016/17 reporting period.

These financial instruments include:

Financial assets:

- Cash and deposits
- Receivables
  - Accrued investment income
  - Other receivables
- Term deposits

Financial liabilities

- Payables
  - For supplies and services
  - Amounts payable to government and agencies
  - Other payables

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

Fair value of financial instruments measured at amortised cost

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Cash and deposits	5,799,212	5,799,212	1,786,115	1,786,115
Investments	9,666,351	9,666,351	9,975,000	9,975,000
Receivables (excluding statutory receivables)	247,755	247,755	495,217	495,217
Accrued investment income	54,155	54,155	42,720	42,720
Total contractual financial assets	**15,767,473**	**15,767,473**	**12,299,052**	**12,299,052**
Financial liabilities				
Payables (excluding statutory payables)	5,703,113	5,703,113	2,745,887	2,745,887
Finance lease liabilities	20,768	20,768	36,035	36,035
Total contractual financial liabilities	**5,723,881**	**5,723,881**	**2,781,922**	**2,781,922**

Financial assets measured at fair value

2017	Carrying amount as at 30 June 2017 $	Fair value measurement at end of reporting period using: Level 1 $	Level 2 $	Level 3 $
Contractual financial assets				
Investments	9,666,351	9,666,351	-	-
Receivables (excluding statutory receivables)	247,755	-	-	247,755
Accrued investment income	54,155	-	-	54,155
Total contractual financial assets	**9,968,261**	**9,666,351**	**-**	**301,910**

2016	Carrying amount as at 30 June 2016 $	Fair value measurement at end of reporting period using: Level 1 $	Level 2 $	Level 3 $
Contractual financial assets				
Investments	9,975,000	9,975,000	-	-
Receivables (excluding statutory receivables)	495,217	-	-	495,217
Accrued investment income	42,720	-	-	42,720
Total contractual financial assets	**10,512,937**	**9,975,000**	**-**	**537,937**

There have been no transfers between levels during the period.

7.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy

2017	Carrying amount as at 30 June 2017 $	Fair value measurement at end of reporting period using: Level 1 $	Level 2 $	Level 3 $
Property, plant and equipment at fair value				
Leasehold improvements	695,331	-	-	695,331
Vehicles	20,634	-	-	20,634
Plant and equipment	31,896	-	-	31,896
Total property, plant and equipment	**747,861**	-	-	**747,861**

2016	Carrying amount as at 30 June 2016 $	Fair value measurement at end of reporting period using: Level 1 $	Level 2 $	Level 3 $
Property, plant and equipment at fair value				
Leasehold Improvements	786,026	-	-	786,026
Vehicles	24,603	-	-	24,603
Plant and equipment	73,433	-	-	73,433
Held for sale	11,420	-	-	11,420
Total property, plant and equipment	**895,482**	-	-	**895,482**

There have been no transfers between levels during the period.

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Individual items of $5,000 or more are capitalised. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets are transferred as part of a machinery of government charge are transferred at their carrying amount.

Leasehold improvements are capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Vehicles are valued using the depreciated replacement cost method. The VPA acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is management by experienced fleet managers at Department of Treasury and Finance (DTF) who set relevant depreciation rates during use to reflect the utilisation of the vehicles. The initial cost for vehicles under a finance lease is measured at amounts equal to the fair value of the leased asset or, it lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2017.

For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliation of Level 3 fair value movements

2017	Leasehold improvements $	Plant and equipment $	Vehicles and held for sale $
Opening balance	786,026	73,433	36,023
Purchases/(sales)	-	14,352	(11,420)
Transfers in (out) of Level 3	-	-	-
Depreciation	(90,695)	(55,889)	(3,969)
Impairement loss	-	-	-
Closing balance	**695,331**	**31,896**	**20,634**

2016	Leasehold Improvements $	Plant and equipment $	Vehicles and held for sale $
Opening balance	876,721	122,139	16,637
Purchases/(sales)	-	7,000	24,934
Transfers in (out) of Level 3	-	-	-
Depreciation	(90,695)	(55,706)	(5,548)
Impairement loss	-	-	-
Closing balance	**786,026**	**73,433**	**36,023**

Description of significant unobservable inputs to Level 3 valuations

2017 and 2016	*Valuation technique*	*Significant unobservable inputs*
Leasehold improvements	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
Vehicles	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

Significant unobservable inputs have remained unchanged since June 2016.

8 OTHER DISCLOSURES

Introduction

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

Structure

8.1 Ex-gratia expenses

8.2 Responsible persons

8.3 Remuneration of executives

8.4 Related parties

8.5 Remuneration of auditors

8.6 Subsequent events

8.7 Australian Accounting Standards issued that are not yet effective

8.1 Ex-gratia expenses

There are no ex-gratia expenses to report (2015-16: nil).

8.2 Responsible persons

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

Names

The persons who held the positions of Ministers and Accountable Officers in the VPA are as follows:

The Hon. Richard Wynne	*Minister for Planning*	1 July 2016 to 30 June 2017
Jude Munro AO	*Chairperson*	20 December 2016 to 30 June 2017
Bill Kusznirczuk	*Acting Chairperson*	1 July 2016 to 19 December 2016
	Deputy Chair	20 December 2016 to 30 June 2017
Leonie Hemingway	*Board Member*	1 July 2016 to 16 August 2016
Laurinda Gardner	*Board Member*	1 July 2016 to 16 August 2016
Brian Haratsis	*Board Member*	1 July 2016 to 30 June 2017
Theo Theophanous	*Board Member*	1 July 2016 to 30 June 2017
Freya Marsden	*Board Member*	1 July 2016 to 30 June 2017
Jennifer Cunich	*Board Member*	16 August 2016 to 30 June 2017
Trevor Budge	*Board Member*	16 August 2016 to 30 June 2017
Peter Seamer	*Chief Executive Officer*	1 July 2016 to 1 May 2017
Steve Dunn	*Acting Chief Executive Officer*	2 May 2017 to 18 June 2017
Stuart Moseley	*Chief Executive Officer*	19 June 2017 to 30 June 2017

Remuneration

Remuneration	**2017** $	**2016** $
$0 - 9 999	2	-
$10 000 - 19 999	2	4
$20 000 - 29 999	5	1
$30 000 -39 999	-	1
$420 000 - 429 000	-	1
$530 000 - 539 000	1	-
Total remuneration[(a)]	**688,876**	**564,715**
Total number of responsible persons[(b)]	**10**	**7**

(a) Total remuneration does not include remuneration received by the Minister for Planning. Total remuneration also included an amount of $117,223 which was related to the payment of accumulated annual leave and long service to outgoing responsible persons.

(b) The total number of responsible persons only includes those who received remuneration from the VPA, this does not include the Minister or the incoming CEO Stuart Moseley who did not receive remuneration for the period.

8.3 Remuneration of executives

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

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

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

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

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

Termination benefits include termination of employment payments, such as severance packages.

Share-based payments are cash or other assets paid or payable as agreed between the entity and the employee, provided specific vesting conditions, if any, are met.

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated and a number of executives received bonus payments.

Remuneration	**2017** $	**2016**[(a)] $
Short-term employment benefits	1,250,906	
Post-employment benefits	124,835	
Other long-term benefits	31,701	
Total remuneration[(a)(b)]	**1,407,442**	
Total number of executives	**7**	**8**
Total annualised employee equivalents[(c)]	**6.42**	**6.87**

(a) *No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015-16 reporting period.*

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

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

8.4 Related parties

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

Related parties of the VPA include:

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

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

Significant transactions with government-related entities

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

- Base funding received from DELWP of $12,729,000
- Streamlining for Growth program grant received from DELWP of $5,100,000
- Grant from DELWP for the Loop Road project of $150,000
- 39 grants were paid to various councils totalling $2,205,301
- Fees for services to DELWP totalling $294,000
- Cash and investments held with TCV at 30 June amount to $12,655,000
- Interest income from TCV for the financial year was $230,675

Key management personnel of the VPA include all responsible persons.

Key Management Personnel	Position Title
Jude Munro AO	Chairperson
Bill Kusznirczuk	Acting Chairperson/Deputy Chair
Freya Marsden	Governing board member
Trevor Budge	Governing board member
Jennifer Cunich	Governing board member
Brian Haratsis	Governing board member
Theo Theophanous	Governing board member
Stuart Moseley	Chief Executive Officer
Peter Seamer	Chief Executive Officer
Steve Dunn	Acting Chief Executive Officer

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within in Department of Parliamentary Services' Financial Report.

Compensation of KMPs	2017 $
Short-term employee benefits	644,350
Post-employment benefits	35,407
Other long-term benefits	9,119
Total	**688,876**

Transactions with key management personnel and other related parties

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

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

8.5 Remuneration of auditors

	2017 $	2016 $
Victorian Auditor-General's Office		
Audit or review of the financial statements	16,100	15,700
	16,100	**15,700**

8.6 Subsequent events

On 1 July 2017, the Growth Areas Authority trading as the Victorian Planning Authority was abolished and superseded by the new Victorian Planning Authority under the *Victorian Planning Authority Act 2001.* On this day:

- the superseded Authority is abolished and its members go out of office;
- the Authority is the successor in law of the superseded Authority;
- all rights, property and liabilities of the superseded Authority immediately before its abolition become rights, property and liabilities of the Authority;
- the Authority is substituted as a party in any proceeding, agreements or arrangement commenced or made by or against in relation to the superseded Authority; and
- the Authority may continue and complete any other continuing matter or thing commenced or against in relation to the superseded Authority.

8.7 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after the operative dates stated:

Certain new Australian Accounting Standards (AAS) have been published which are not mandatory for the 30 June 2017 reporting period. DTF assesses the impact of all these new standards and advises the Department of their applicability and early adoption where applicable. Please refer to Appendix A for the detailed list of the AASs issued but are not yet effective for the 2016/17 reporting period.

8.8 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

Amortisation is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

Borrowings refers to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest bearing arrangement. Borrowings also include non-interest bearing advances from government that are acquired for policy purposes.

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

Depreciation is an expense that arises from the consumption through wear or time or a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transactions'.

Effective interest method is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write-off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Financial asset is any asset that is:

a) cash;
b) an equity instrument of another entity;
c) a contractual right: – to receive cash or another financial asset from another entity; or – to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
d) a contract that will or may be settled in the entity's own equity instruments and is:
    - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
    - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is:

a) a contractual obligation:
    - to deliver cash or another financial asset to another entity; or
    - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
b) a contract that will or may be settled in the entity's own equity instruments and is:
    - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
    - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements comprises:

a) a balance sheet as at the end of the period;
b) a comprehensive operating statement for the period;
c) a statement of changes in equity for the period;
d) a cash flow statement for the period;
e) notes, comprising a summary of significant accounting policies and other explanatory information; and
f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements.

Grant expenses and other transfers are transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants, which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Grants for on-passing are grants paid to one institutional sector (e.g. a State general government entity) to be passed on to another institutional sector (e.g. local government or a private non-profit institution). Infrastructure systems provide essential services used in the delivery of final services or products.

Interest expense represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings.

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Leases are rights to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Net operating balance or **net result from transactions** is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as ‘other non-owner movements in equity’.

Non-financial assets are all assets that are not financial assets. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, cultural and heritage assets, intangibles and biological assets such as commercial forests.

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as ‘other non-owner movements in equity’. Refer also ‘net result’.

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

Payables includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Receivables include amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the VPA.

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows into an entity such as depreciation, where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the Government.

APPENDIX A

Current reporting period

The following accounting pronouncements effective from the 2016/17 reporting period are considered to have insignificant impacts on public sector reporting:

- AASB 1057 Application of Australian Accounting Standards
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]
- AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

Future reporting periods

The table below outlines the accounting pronouncements that have been issued but not effective for 2016/17, which may result in the potential impacts on public sector reporting for future reporting periods.

Topic	Key requirements	Effective date
AASB 9 Financial Instruments	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: the change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and other fair value changes are presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2018
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018; as a consequence of Chapter 6; and to amend reduced disclosure requirements.	1 January 2018
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 January 2018

	has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, which do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: the entity's right to receive payment of the dividend is established; it is probable that the economies benefits associated with the dividend will flow to the entity; and the amount can be measured reliably.	1 January 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply 1 January 2018
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 January 2018
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 January 2019
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	This Standard amends AASB 15 to clarify requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 January 2018
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 January 2017
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019
AASB 1058 Income of Not-for Profit Entities	This Standard will replace AASB 1004 Contributions and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives.	1 January 2019
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	This Standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 January 2019

The following accounting pronouncements are also issued but not effective for the 2016/17 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-2 Amendments to Australian Accounting Standards

Notes:

For the current year, given the number of consequential amendments to AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

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Victorian Planning Authority

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