



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

**2009-10 AND 2010-11 FINANCIAL AND PERFORMANCE OUTCOMES
QUESTIONNAIRE — PART ONE**

**URBAN RENEWAL AUTHORITY VICTORIA,
TRADING AS PLACES VICTORIA (FORMERLY VICURBAN)**

CONTENTS

Revenue and revenue foregone	3
Expenditure	6
Public sector workforce	8
Adapting to the change of government	14
Contact Details	16

Revenue and revenue foregone

Question 1

For 2009-10 and 2010-11, please explain and detail the impact of any variances greater than ± 10 per cent in any revenue/income category detailed in your agency's operating statement in its annual report **and** the total revenue/income for the year compared to:

- (a) the initial budget for the year; and
- (b) the actual for the prior year.

Revenue in 2009-10:

Revenue category	2008-09 actual	2009-10 actual	Explanations for variances greater than ± 10 per cent	Impact of variances
Land sales	103,507	172,399	Land sales revenue relates to revenue earned from the sale of land purchased or acquired by Places Victoria ¹ and developed. The year-on-year increase is a function of an increased level of land sales settled as more product was available and released to the market. In addition, sales prices achieved were greater than the prior year.	Increased relative profit.
Project management fees and profit share	15,137	11,927	Project management fees and profit share revenue relates to revenue earned by Places Victoria on land it developed in partnership with third party land owners. The variance is a result of different timing of production, sales and settlement on projects entered into under these arrangements.	Decreased relative profit.
Grants	32,361	37,861	Grant revenue primarily relates to the Revitalising Central Dandenong project which is funded across the whole-of-project life. Year-on-year variances are a result of variances in the timing of works completed and land acquisitions and, therefore, variances in the costs incurred. Grant payments are driven by costs incurred by the project.	Increased relative hypothecated (pledged) profit.
Interest	5,165	2,033	Interest revenue is derived from the funds, which VicUrban operated. Where cash flow circumstances allow, funds are placed into short term deposit to optimise fund utilisation. Actual interest revenue earned will, therefore, be contingent on the cash flow circumstances which prevailed.	No impact
Other	3,885	6,170	Includes rental revenue on occupied sites acquired and a contributed asset (i.e. asset received free of charge) from a developer that were not relevant to the prior year.	Increased relative profit.
Total	160,055	230,390		

¹ Formerly VicUrban

Revenue in 2010-11:

Revenue category	2009-10 actual	2010-11 actual	Explanations for variances greater than ±10 per cent	Impact of variances
Land sales	172,399	185,033	Variance less than 10%.	Not applicable
Project management fees and profit share	11,927	29,954	Project management fees and profit share revenue relates to revenue earned by Places Victoria on land it developed in partnership with third party land owners. The variance is a result of different timing of production, sales and settlement on projects entered into under these arrangements.	Increased relative profit.
Grants	37,861	47,268	Grant revenue primarily relates to the Revitalising Central Dandenong project which is funded across the whole of project life. Year-on-year variances are a result of variances in the timing of works completed and land acquisitions and, therefore, variances in the costs incurred. Grant payments are driven by costs incurred by the project.	Increased relative hypothecated (pledged) profit.
Interest	2,033	1,302	Interest revenue is mainly derived within the Revitalising Central Dandenong project fund which is appropriation funded. Where cash flow circumstances allow, funds are placed into short term deposit to optimise fund utilisation. Actual interest revenue earned will, therefore, be contingent on the cash flow circumstances which prevailed.	No impact.
Other	6,170	16,543	Includes income streams for development agreements issued within the Revitalising Central Dandenong project and cost contributions from project stakeholders for unfunded works on the project. Neither of these streams were relevant to the prior year.	No impact. Offset by additional costs.
Total	230,390	280,100		

Question 2

For each of the income from transactions categories listed by your agency in its comprehensive operating statement in its annual report (e.g. output appropriations, grants, sales of goods and services), please break the income for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than ± 10 per cent between the two six-month amounts:

Income from transactions	Income 1/7/2010-31/12/2010	Income 1/1/2011-30/6/2011	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Land sales	62.3	122.7	Production and settlements program was weighted to the second half of the financial year. Revenue from the sale of Englobo (undeveloped) special site parcels at Lancaster Gate and Roxburgh Park settled in the second half of the financial year.
Project management fees and profit share	5.4	24.5	Production and settlements program was weighted to the second half of the financial year for projects under these arrangements.
Grants	26.6	20.6	The majority of the Revitalising Central Dandenong works program was scheduled toward the first half of the financial year.
Interest	0.6	0.7	Interest revenue earned is contingent on the cash flow circumstances which prevailed.
Other	6.5	10.5	Includes income from the Infrastructure Recovery Charge within the Revitalising Central Dandenong project which was scheduled in the second half of the financial year.

Question 3

Please provide an itemised schedule of any concessions and subsidies (revenue foregone) (see the Explanatory Memorandum for a definition of concessions and subsidies) provided by your organisation in 2009-10 and 2010-11. For each item, please:

- describe the purpose of the concession/subsidy;
- explain any variations greater than ± 10 per cent between the actual expenditure and the initial budget for the year;
- explain any variations greater than ± 10 per cent between the actual expenditure and the actual for the prior year;
- indicate the number of concessions/subsidies granted in each category; and
- explain whether the outcomes expected to be achieved by granting these concessions or providing these subsidies have been achieved.
- Please also detail all new concessions/subsidies provided in 2010-11 by your agency that were announced after the change of government in 2010, their impact on your agency and the social outcomes achieved to date.

Places Victoria does not provide concessions and subsidies.

Question 4 (Department of Treasury and Finance only)

This question does not apply to your department.

Expenditure

Question 5

For 2009-10 and 2010-11, please explain and detail the impact of any variances greater than ± 10 per cent in any expense category detailed in the agency's operating statement in its annual report **and** the total expenditure for the year compared to:

- (a) the initial budget for the year; and
- (b) the actual for the prior year.

Expenditure in 2009-10:

Expenditure category	2008-09 actual (\$'000)	2009-10 actual (\$'000)	Explanations for variances greater than ± 10 per cent
Cost of land sales	81,669	120,401	Variance consistent with variance in land sales revenue.
Revitalising Central Dandenong project expenses	19,467	27,841	The Revitalising Central Dandenong project which is funded across the whole-of-project life. Year-on-year variances are a result of variances in the timing of works completed and land acquisitions and, therefore, variances in the costs incurred.
Other project development expenses	5,557	5,569	Variance less than 10%.
Marketing expenses	6,308	5,461	Fewer stages were released to the market in 2009-10 than in the prior financial year, resulting in relatively lower marketing expenses being incurred.
Employee expenses	29,279	30,124	Variance less than 10%.
Depreciation	2,678	3,163	Additional depreciation in comparison to 2008-09 relates to the fit out of the new head office occupied during 2009-10.
Borrowing costs	11,529	11,066	Variance less than 10%.
Other operating expenses	12,098	14,245	Increase in operating expenses over 2008-09 related to the increase in operational activity and the costs associated with relocation of the corporate head office.
Total	168,585	217,870	

Expenditure in 2010-11:

Expenditure category	2009-10 actual (\$'000)	2010-11 actual (\$'000)	Explanations for variances greater than ±10 per cent
Cost of land sales	120,401	134,376	Variance is in line with the sales revenue result and the achievement of better sales margins within the General Fund as a result of market price escalation and the sale of Englobo (undeveloped) special site parcels at Lancaster Gate and Roxburgh Park.
RCD project expenses	27,841	43,345	The Revitalising Central Dandenong (RCD) declared project which is funded across the whole of project life. Year on year variances and variances to budget are a result of variances in the timing of works completed and land acquisitions and, therefore, variances in the costs incurred.
Other project development expenses	5,569	7,426	The increase in cost is due to additional revenue within the Docklands project.
Marketing expenses	5,461	5,963	Variance less than 10%.
Employee expenses	30,124	29,275	Variance less than 10%.
Depreciation	3,163	3,612	Variance less than 10%.
Borrowing costs	11,066	2,019	Decrease in borrowing costs due to the first time implementation of Australian Accounting Standards Board 123 which requires borrowing costs to be capitalised.
Other operating expenses	14,245	15,420	Variance less than 10%.
Total	217,870	241,436	

Question 6

For each of the expenses from transactions categories listed by your agency in its comprehensive operating statement in its annual report (e.g. employee expenses, grants, depreciation and amortisation), please break the expense for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than ±10 per cent between the two six-month amounts:

Expenses from transactions	Expenses 1/7/2010-31/12/2010	Expenses 1/1/2011-30/6/2011	Explanation for any variations greater than ±10 per cent
	(\$ million)	(\$ million)	
Cost of land sales	44.2	90.2	Variance relative to revenue split.
RCD project expenses	24.3	19.0	Works program skewed toward first half of the year.
Other project development expenses	3.3	4.1	Variance relative to revenue split.
Marketing expenses	2.0	4.0	Increase relative to stages released to market.
Employee expenses	14.7	14.6	Variance less than 10%
Depreciation	1.8	1.8	Variance less than 10%

Expenses from transactions	Expenses 1/7/2010-31/12/2010	Expenses 1/1/2011-30/6/2011	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Borrowing costs	1.0	1.0	Variance less than 10%
Other operating expenses	7.0	8.4	Variance relative to revenue split.
Total	98.3	143.1	

Question 7

Please provide details of any evaluations of grants programs that were conducted by your agency in 2009-10 or 2010-11, including any findings about:

- (a) the outcomes achieved by the programs; or
- (b) the effectiveness of grants at achieving planned outcomes compared to other modes of service delivery.

Not applicable. Places Victoria does not provide grants programs.

Public sector workforce

Question 8

Please detail the total full-time equivalent number of staff as at 30 June 2009, 30 June 2010, 31 December 2010 and 30 June 2011, and explain any significant variations (greater than ± 10 per cent) from one date to the next in the following tables:

Numbers in 2009 and 2010:

Total FTE (30 June 2009)	Total FTE (30 June 2010)	Explanation for any variations greater than ± 10 per cent
227	209	Variance less than 10%.

Question 9

In the tables below, please detail the salary costs for 2008-09, 2009-10 and 2010-11, broken down by ongoing, fixed-term and casual and explain any variations greater than 10 per cent between the years for each category.

Salary costs for Places Victoria are coded against projects and not by division or by employment category. The gross salary amounts provided includes salaries and wages, bonuses, superannuation, annual leave, long service leave, payroll tax, workcover, insurances and fringe benefits tax on an accrual basis.

Costs in 2009-10:

Employment category	Gross salary 2008-09	Gross salary 2009-10	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Ongoing			
Fixed-term			
Casual			
Total	\$33.222	\$34.441	Variance less than 10%

Costs in 2010-11:

Employment category	Gross salary 2009-10	Gross salary 2010-11	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Ongoing			
Fixed-term			
Casual			
Total	\$34.441	\$33.821	Variance less than 10%

For each of the employment categories, please break the expense for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than ± 10 per cent between the two six-month amounts:

Salary costs for Places Victoria are coded against projects and not by division or by employment category. The gross salary amounts provided includes salaries and wages, bonuses, superannuation, annual leave, long service leave, payroll tax, workcover, insurances and fringe benefits tax on an accrual basis.

Employment category	Gross salary 1/7/2010-31/12/2010	Gross salary 1/1/2011-30/6/2011	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Ongoing			
Fixed-term			
Casual			
Total	\$16.938	\$16.883	Variance less than 10%

Question 10

- (a) For what roles within your organisation were contractors or contract staff used in 2009-10 and 2010-11 (refer to Explanatory Memorandum for definition of contractors)?

Places Victoria uses contractors in line with commercial practice to provide specialist input to its various projects and the development of business systems. The cost of contractors is included in the cost of goods sold for land sold by Places Victoria on a commercial basis.

- (b) Please itemise the services delivered by contractors or contract staff in 2009-10 and 2010-11:

Places Victoria does not record or report on contractors by service category. See response to 33(a). The term and purpose for each contract is specific to the project, its size, duration and the complexity of services sought for the project.

- (c) For each specific contractor or contract staff paid in excess of \$100,000 per annum that has been engaged by your organisation during 2009-10 or 2010-11, please supply the following details:

Not applicable.

Question 11

- (a) For what roles within your organisation were consultants used in 2009-10 and 2010-11 (refer to Explanatory Memorandum for definition of consultants)?

Consultants were engaged to support Places Victoria to provide specialist input to its various projects and the development of business systems. The cost of consultancies is included in the cost of goods sold for land sold by Places Victoria. The term and purpose for each consultancy is specific to the project, its size, duration and the complexity of services sought for the project.

- (b) Please itemise the services delivered by consultants in 2009-10 and 2010-11:

Places Victoria does not record or report on consultancies by service category. See response to 11(a).

- (c) For each specific consultant paid in excess of \$100,000 per annum that has been engaged by your organisation during 2009-10 or 2010-11, please supply the following details:

The following details are taken from the Places Victoria Annual Reports for 2009-10 and 2010-11.

The aggregate cost of consultancies during the 12 months ended 30 June 2010 was as follows:

Consultancies	Number	Costing
a) > \$100,000	3	1,046,220
b) < \$100,000	7	262,294

Consultancies for non-development works costing more than \$100,000:

<i>Basso Project Management Pty Ltd</i> Project management services for heritage building reuse		163,702
<i>Oppeus Pty Ltd</i> Strategic review of business capability and capacity		115,992
<i>PricewaterhouseCoopers Ltd</i> GST claim advice		766,526

The aggregate cost of consultancies during the 12 months ended 30 June 2011 was as follows:

Consultancies	Number	Costing
a) > \$100,000	3	704,351
b) < \$100,000	2	140,097

Set out below are details of those consultancies for non-development works costing more than \$100,000 for the 12 month period ending 30 June 2011.

<i>Ernst & Young Ltd</i> Development of a Triple Bottom Line Valuation and Reporting Methodology		296,303
<i>Ernst & Young Ltd</i> Development of Project Feasibility, Reporting & Risk Management Processes		120,000
<i>PricewaterhouseCoopers Ltd</i> GST claim advice		288,048

Question 12

- (a) Please break down the staff turnover ratio (total left employment during the year expressed as a percentage of total headcount) for your organisation during 2008-09, 2009-10 and 2010-11 according to the following age brackets:

	2008-09	2009-10	2010-11
Less than 30 years old	1.8%	3.0%	2.2%
30-54 years old	9.1%	14.2%	12.6%
55 years or older	0.45%	2.0%	1.6%
Total	11.4%	19.3%	16.4%

- (b) Please describe the factors contributing to any variations greater than ± 10 per cent from one year to the next.

Over the three year period there has been both planned and unplanned turnover as a result of a shift in business focus, new competency requirements, internal restructures and non-replacement of staff.

- (c) Please describe any strategies that are planned to be introduced to retain staff, reduce the level of voluntary staff turnover and reduce the likelihood that critical roles will become vacant in future?

The State Services Authority, departments and agencies are constantly dealing with the challenges of demographic change and with retaining specific skill sets.

To retain staff and reduce turnover, Places Victoria improved:

- internal communication,
- performance feedback
- professional, managerial and leadership development opportunities, and
- internal and external secondments.

Question 13

The State Services Authority (*The State of the Public Sector in Victoria 2008-09*, Chapter 4) has identified collaboration, agility and innovation as important to the future of the Victorian public sector. Please detail any initiatives undertaken by your organisation in 2009-10 or in 2010-11 prior to the change of government that have been designed to enhance these three qualities and what outcomes have been achieved by these initiatives:

Not applicable. The *State of the Public Sector in Victoria 2008-09* report is aimed at standard public sector departments and agencies that have a policy imperative, rather than those that are commercially-focused. While Places Victoria is a wholly-owned public authority that implements government policy, it does this by operating as a business in the commercial market place. It is therefore subject to the rigours of competition, and flexibility, innovation and collaboration are part of its organisational culture.

Question 14

Please complete the following tables showing number of executive staff and total value of bonuses paid in the 2009-10 and 2010-11 performance periods:

Bonuses in 2009-10:

Executive category	Number of staff (FTE)			Total value of bonuses paid (\$)
	Eligible for a performance bonus	Not awarded bonus payment	Awarded bonus payment	
CEO and other Executives ¹	6	1 (not eligible)	6	\$108,092

Note (a): Combine categories to preserve confidentiality where necessary

Bonuses in 2010-11:

Executive category	Number of staff (FTE)			Total value of bonuses paid (\$)
	Eligible for a performance bonus	Not awarded bonus payment	Awarded bonus payment	
CEO and other Executives	7	0	7	\$238,095

Note (a): Combine categories to preserve confidentiality where necessary

Question 15

In the following table, please show for your organisation the actual range of bonuses paid (expressed as a percentage of total remuneration).

Bonuses in Places Victoria are structured so that there is a corporate performance component as well as an individual performance component; individual and corporate were paid for both financial years (2009-10 and 2010-11). However, the bonus relating to 2009-10 performance was paid in 2010-11 and that relating to 2010-11 in the 2011-12 financial year.

Rating	Proportion of total remuneration package actually paid (expressed as a range from x% to y%)	
	2009-10	2010-11
Exceptional	15.76%	17.80%
Superior	12.16% - 14.56%	14.20% - 16.40%
Competent	8.56% - 10.96%	10.60% - 13.00%
Improvement required	6.16% - 7.36%	8.20% - 9.40%

Question 16

- (a) Using the format of the table below, please outline the five most important outcomes achieved by your organisation's programs/activities between 27 November 2010 and 30 June 2011 (where your organisation has been the key player) including:
- (i) what was planned;
 - (ii) what was achieved;
 - (iii) quantitative or qualitative data to demonstrate this achievement;
 - (iv) any other Victorian public sector organisations or agencies from other jurisdictions that have worked across organisational boundaries to contribute to this outcome; and
 - (v) the relationship of these outcomes to any government strategies or goals.

The planned priorities and outcomes achieved are reported to Parliament each year in the annual report. The outcomes sought for the period November 2010 to June 2011 were:

- Bid of last uncontracted land parcels in Batmans Hill, Docklands.
- Settlement of Lancaster Gate land.
- Approval of revised master plan for Victoria Harbour and associated planning scheme amendment.
- Acquisition of strategic urban renewal site in Footscray – requiring government approval.
- Completion of Stage 1 of The Nicholson project on time and on budget.

- (b) Please also identify any significant program outcomes that were planned but not achieved between 27 November 2010 and 30 June 2011 and the underlying reasons.

Not applicable

Question 17

For the following initiatives that were due to be completed in 2009-10 and 2010-11, please provide details of the outcomes expected to be achieved and the outcomes actually achieved to date. Please quantify outcomes where possible.

Initiative	Expected year of completion	Actual date of completion (month and year)	Expected outcomes	Actual outcomes
Creating a new Provincial Victoria Growth Fund - Output initiative from budget 2006-07	2009-10	June 2011	Assist local councils in provincial Victoria with new housing and other development related initiatives. Identify, secure and deliver new housing developments in provincial Victoria.	Established new provincial unit in offices in regional Victoria (Ballarat and Wodonga). Places Victoria's provincial unit completed detailed feasibility investigations on five key sites in Ballarat and another seven key sites in Bendigo. Places Victoria has provided advice to 10 local councils around Victoria. Undertook some initial research into supply/demand for student accommodation in major centres. Refer to the DPCD response for further information.

Adapting to the change of government

Question 18

- (a) Were any planned organisational priorities changed during 2010-11 as a result of the change of government in 2010? If so, please specify.

Places Victoria worked closely with Government to progress its commitment to create an Urban Renewal Authority.

- (b) Were any corporate plans or similar documents modified in 2010-11 as a result of the change of government in 2010? If so, please specify.

The Places Victoria Corporate Plan is routinely updated as circumstances dictate.

Question 19

Please detail the impact on your agency of any machinery-of-government changes following the change of government in 2010, including:

- (a) how your agency adapted;
(b) any disruptions to program or project delivery; and
(c) any improvements to program or project delivery that have been enabled as a result of the change.

Machinery-of-government change	Adaptations in response	Disruptions to program/project delivery	Improvements to program/project delivery
Establishment of <i>Urban Renewal Authority of Victoria Act (2003)</i>	Modified corporate plan	None. Act had not come into effect before 30 June 2011.	None. Act had not come into effect before 30 June 2011.

Question 20

Please detail any new processes that were introduced into your agency following the change of government in 2010 for monitoring or managing expenditure on output or asset projects/programs:

No new processes introduced since the change of government.

Question 21

For each program and project (delivering either outputs or assets) which was curtailed, deferred or discontinued in 2010-11 following the change of government in 2010, please provide the following details:

- (a) the name of the program/project;
(b) whether it delivered outputs (i.e. goods and services) or assets;
(c) the budgeted and actual expenditure in 2010-11; and
(d) the reasons for which the program/project was curtailed, deferred or discontinued.

No program or project (delivering either outputs or assets) was curtailed, deferred or discontinued in 2010-11.

Question 22

For each program and project (delivering either outputs or assets) which was introduced in 2010-11 following the change of government in 2010 which had not been planned prior to the change of government, please provide the following details:

- (a) the name of the program/project;
- (b) whether it delivered outputs (i.e. goods and services) or assets;
- (c) the budgeted and actual expenditure in 2010-11; and
- (d) the reasons for which the program/project was introduced.

Not applicable. No program or project (delivering either outputs or assets) was introduced in 2010-11.
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CONTACT DETAILS

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The completed questionnaire must be returned by no later than COB, 2 December 2011.

Please return the response (including an electronic version) of the questionnaire to:

Valerie Cheong
Executive Officer
Public Accounts and Estimates Committee
Level 3, 55 St Andrews Place
EAST MELBOURNE VIC 3002

Telephone: 03 8682 2867
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