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16



Planning &
Environment

Annual Report



PLANNING FOR GROWING NSW
INSPIRING STRONG COMMUNITIES
PROTECTING THE ENVIRONMENT



The Department of Planning and Environment Annual Report 2015-16 was edited, designed, coordinated and printed within the Department. No external costs were incurred in the production of this report.

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About this report

This annual report summarises the activities and performance of the NSW Department of Planning and Environment (the Department) for 2015-16. The report has been prepared according to legislative and regulatory requirements. The structure of the report reflects achievements against the five aspirations that drive the vision for the Department: **A strong economy; A vibrant Sydney; Strong community participation; Thriving regions; and A sustainable natural environment.** It also includes information on: **People and governance; Finances; and other statutory reporting requirements (Appendices).**

While reflecting on the year gone by, this report looks forward to the year ahead. This and earlier annual reports are available on the Department's website:

www.planning.nsw.gov.au

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Letter to the Ministers

The Hon. Rob Stokes MP

Minister for Planning
Parliament House
Macquarie Street
Sydney NSW 2000

The Hon. Mark Speakman SC MP

Minister for the Environment
Minister for Heritage
Assistant Minister for Planning
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Ministers

I am pleased to submit for presentation to Parliament the Annual Report for the Department of Planning and Environment for the year ended 30 June 2016.

This report has been prepared in accordance with the *Annual Reports (Departments) Act 1985* and the *Annual Reports (Departments) Regulation 2015*.

Yours sincerely

Carolyn McNally

Secretary

Department of Planning and Environment





OVERVIEW

Secretary's Foreword

This year has seen the Department of Planning and Environment deliver for the people of NSW, with a suite of programs and policies aimed at enhancing the planning system, and through continuous improvement in all activities.

Establishing and supporting the Greater Sydney Commission has provided the scale and significance of planning focus that Sydney needs in order to evolve and sustain its status as one of the truly great world cities.

With the Office of the Government Architect established within the Department, we now have the leadership to ensure design is central to planning matters, and that design thinking and design-led decision making are now a central part of the NSW Planning system.

A new position of Chief Planner has been created to build the strategic planning capacity in the Department and beyond, and to provide thought leadership to stakeholders across the system.

The Department continues to deliver on the State and Premier's priorities, especially improving housing supply, faster housing approvals and halving the time to assess State Significant Developments. A record 70,077 new housing approvals were achieved and this contributes significantly to improved housing supply. Measures are being taken to reduce the assessment times for State Significant Development and achieve the target of halving 2014 benchmarks by 2019. During the year, we have achieved an average reduction of over 300 days for these projects, from 688 days to 373 days. We also bolstered our compliance efforts, increasing team numbers and conducting many more post-approval inspections.

We also focused on our relationships with the community, deepening and strengthening our stakeholder engagements through targeted forums, exhibitions, public relations, community consultations, site visits, meetings, online communication and launched our online planning portal which will grow to be a major source of streamlining the planning process across all parts of the system.

The Department facilitated in excess of 200 community and stakeholder activities of various types across NSW, including workshops, information and education sessions, and stakeholder briefings. As an indication of the extent of community engagement with the planning system, the Department received more than 2,000 formal submissions from stakeholders in response to the six draft regional plans released by the Department in 2015-16 alone.

The full results for 2015-16 are outlined in this report, and it has been through the collective efforts of all within the Department that we have been able to deliver these.

Carolyn McNally
Secretary





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About the Department

The Department of Planning and Environment (the Department) is a Department of the Public Service under the *Government Sector Employment Act 2013* (GSE Act).

Legislation

The principal legislation that governs most of the Department's core functions and that the Department administers on behalf of the Minister for Planning, is the *Environmental Planning and Assessment Act 1979* (EP&A Act). The Department also administers other legislation on behalf of the Minister for Planning.

What we do

The Department is responsible for effective and sustainable planning to support the growth challenge for NSW. It makes plans, assesses proposals and develops timely policy based on evidence. To do this requires long-range thinking, integrated planning, clear and consistent policies and balanced assessment.

The strategic direction for the Department is set out in its *Corporate Plan 2015-2017* (Corporate Plan), as follows.

Our mission

- We take on the challenge to create great places for NSW:
 - places where people live and grow; and
 - places in harmony with the environment.
- We enable the creation of strong, vibrant communities and successful industry.
- We partner with local government to foster connected and engaged communities.
- We adopt a balanced approach that conserves our natural environment.

Our vision

- Planning for growing NSW
- Inspiring strong communities
- Protecting the environment

The Department's vision encompasses five aspirations that drive our work:

- a strong economy;
- a vibrant Sydney;
- strong community participation;
- thriving regions; and
- a sustainable natural environment.

Our goals

To deliver its vision and transform planning, the Department has set three corporate goals which define behaviours and reinforce values.

Our community and stakeholders

Community and stakeholder participation in planning is a key priority to capture and consider a diverse range of views to inform planning decision making and to ensure that the planning system is responsive to people's needs, interests and concerns.

The Department's objectives include increasing the opportunity for public involvement and participation in environmental planning and assessment.

Through community and stakeholder engagement, the Department seeks to build confidence in the integrity of the planning system.

The Department works with a variety of stakeholders, including:

- local government: individual councils, regional organisations of councils and their peak groups;
- State and federal government agencies and Members of Parliament;
- industry and business and their peak bodies;



- community, environment and not-for-profit groups;
- planning professionals, academics and technical specialists and their representative bodies;
- residential and commercial property owners and investors; and
- Local residents, including residents' action groups.



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The Planning and Environment Cluster

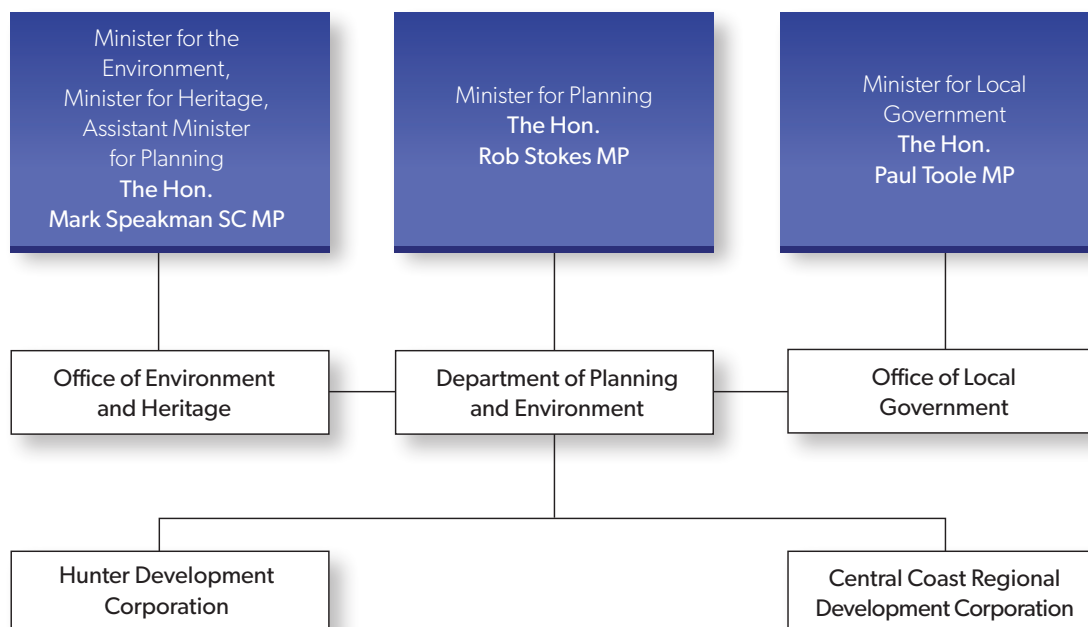
The Department is the lead agency in the Planning and Environment Cluster (the Cluster), which includes:

- Central Coast Regional Development Corporation (CCRDC);
- Greater Sydney Commission (GSC);
- Hunter Development Corporation (HDC);
- Corporation Sole 'Minister administering the *Environmental Planning and Assessment Act 1979*' (Corporation Sole)¹;
- Office of Environment and Heritage (OEH);
- Centennial Park and Moore Park Trust;
- Environment Protection Authority;
- Environmental Trust;
- Jenolan Caves Reserve Trust;

- Parramatta Park Trust;
- Royal Botanic Gardens and Domain Trust;
- Sydney Living Museums;
- Taronga Conservation Society Australia;
- Western Sydney Parklands Trust;
- Office of Local Government (OLG);
- Lord Howe Island Board;
- Planning Assessment Commission (PAC); and
- UrbanGrowth NSW (UGNSW).

Cluster agencies advise: the Minister for Planning; the Minister for the Environment; the Minister for Heritage and Assistant Minister for Planning; and the Minister for Local Government.

Planning and Environment Cluster Structure as at 30 June 2016



¹ The Minister for Planning is incorporated as the Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*'. The Office of Strategic Lands (OSL) administers the functions of the Corporation.

Highlights

Housing approvals

A record 70,077 new homes were approved in 2015-16. This is 40 per cent above the State Priority target of 50,000 approvals every year. Approvals have been above 50,000 per annum for more than two years (29 consecutive months) and are on track to exceed the previous record of 32 months above 50,000 (achieved in June 2000).

Strengthening Social Impact Assessment

In 2015-16, the Government exhibited several documents as part of the Integrated Mining Policy that aimed to improve assessment processes for State Significant mining and coal seam gas developments. A number of stakeholder submissions on these documents suggested that a policy on social impact assessment should also be developed to provide greater clarity and certainty. In response, the Department commenced a project to develop greater guidance on how to assess and manage the social impacts of State significant projects for mining, petroleum production and extractive industries. Scoping for the project commenced in 2015-16 and has involved some early community and representative group consultations.

Design guide for medium density housing

Following the public exhibition of a discussion paper on options for low rise medium density housing as complying development during the reporting year, the Department has developed a draft Medium Density Design Guide which will promote design excellence for medium density housing in NSW. The Design Guide is expected to be placed on public exhibition in the second half of 2016.

Biodiversity reforms

The Department has participated in the biodiversity reform process led by OEH and Department of Primary Industries (DPI), contributing to the development of a new assessment framework for threatened biodiversity that will be implemented by Local Land Services (LLS) and through the planning system. The Department has also assisted in stakeholder consultation across the community, councils and the development industry. The Department commenced stakeholder consultation in relation to a new Vegetation SEPP that will support the implementation of the new biodiversity conservation legislation by OEH and the LLS for development in urban areas and environmental conservation zones.

Coastal management reforms

In 2015-16 the Department worked with the Office of Environment and Heritage, other government agencies and coastal experts to design a new framework for the way the NSW coast is managed. The *Coastal Management Act 2016* was passed by NSW Parliament, and extensive consultation with councils, stakeholders and the community was undertaken to inform development of a Coastal Management Manual and draft Coastal Management SEPP.

Rationalise SEPPs

The Department undertook extensive work to modernise the State Environmental Planning Policies (SEPPs), which culminated in the repeal of 16 SEPPs in August 2016. The repeal of these SEPPs will remove duplication and deliver planning provisions in the most appropriate location in the planning framework. The repeal of the SEPPs implements the Government's commitment to a modern planning system that is simple and easy to use while appropriately addressing matters of planning significance for NSW.

Measures to expand complying development

A number of initiatives were completed to expand, simplify and promote complying development (a fast track approval process that allows low impact, straightforward projects that meet building standards to be approved without a full development application). These initiatives included developing:

- a background paper and Explanation of Intended Effect for an Inland Code to simplify complying development in 83 inland regional council areas;
- a new draft simplified Housing Code to make complying development easier to understand; and
- a draft Medium Density Housing Code to allow low rise medium density housing to be carried out as complying development (expected to be placed on public exhibition in the second half of 2016).



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Develop proposals to reform the planning system

The Department has commenced a process to update the EP&A Act to help build a simpler, more modern planning system. In May 2016 the Department held a series of forums with stakeholders to discuss the updates, with a focus on the areas where additional amendments were being explored.

Accelerate state transport and social infrastructure projects assessments

A new Priority Projects Assessment Branch was established in 2015-16. The new branch completed accelerated assessments of 22 projects with an estimated value of \$10.7 billion. The branch covers the areas of rail, light rail, roads (metropolitan and regional), ports and water, social infrastructure projects and post approval management.

A new legislative framework for caravan parks, camping grounds, manufactured homes and estates and moveable dwellings

The Department exhibited a discussion paper on the *Local Government (Manufactured Home Estates, Caravan Parks, Camping Grounds and Moveable Dwellings) Regulation 2005* with a view to achieve greater clarity and simplicity in approvals and to modernise and update the Regulation.

State Significant Infrastructure (SSI) and State Significant Development (SSD) assessments

The Department assessed 304 SSD proposals in 2015-16 with a combined capital investment value of almost \$20 billion and estimated creation of over 41,000 jobs.

New wind energy policy framework

A new wind energy policy framework is being developed that will ensure that NSW has the right settings to attract investment in wind energy, while balancing the interests of the community. The new framework will drive better outcomes by encouraging early engagement by proponents with the community. In 2015-16, the Department consulted with the community, key environmental groups, industry, other states and the Australian National Wind Farm Commissioner. Feedback will inform the proposed wind energy policy framework.

Time savings ahead of target for complex mining assessments

The Department achieved savings of in excess of 300 days (exceeding the target of a 170 day reduction) for project time assessments (time spent in Government hands) for State Significant projects with a review and determination by the Planning Assessment Commission.

Finalised Integrated Mining Policy

The Integrated Mining Policy (IMP) was finalised. The IMP is a whole-of-government policy initiative to improve the regulation and assessment of major mining projects. The IMP was finalised in early 2016 with the implementation of: Guidelines for the Economic Assessment of Mining and Coal Seam Gas Proposals; the Indicative Secretary's Environmental Assessment Requirements; the Mine Application Guideline; the Annual Review Guideline; the Web-Based Reporting Guideline; the Independent Reporting Guideline; and the Water Regulation Overview.

SORAC and SOIAC

The Department has established and maintained two inter-agency senior officers groups, the Senior Officers Resource Assessment Committee (SORAC) and the Senior Officers Infrastructure Assessment Committee (SOIAC) to better coordinate assessment and delivery of SSD and SSI projects. The aim of these two bodies is to improve assessment timeframes, achieve consistent regulation of infrastructure proposals and achieve a whole-of-government approach to approvals.

Gateway determinations and Local Environment Plans

During the reporting year, the Department issued 395 Gateway determinations and 335 Local Environmental Plans (LEPs) were finalised. Seventy four per cent of Gateway determinations were issued within 25 days of lodgement.

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Guidelines for the preservation of major infrastructure corridors

Guidelines to identify and preserve major infrastructure corridors were developed and issued in April 2016. Major infrastructure corridor planning may involve protecting land within the corridor to avoid encroachment of urban development or conversely planning so that future infrastructure does not inhibit new development opportunities. The need for a number of long term major infrastructure corridors was recognised in both the Long Term Transport Masterplan and A Plan for Growing Sydney.

Exhibited six regional plans

Regional plans are developed to plan for the future need for housing, jobs, infrastructure and a healthy environment in different regional areas. In 2015-16, the Department exhibited six regional plans: Hunter; Central Coast; North Coast; Central West and Orana; Riverina Murray; and South East and Tablelands.

Priority precincts

Work was finalised on six Priority Precincts in 2015-16: Macquarie University; Carter Street; Leppington; West Mamre; Riverstone East; Kellyville and Bella Vista. Investigations commenced for four new priority precincts: St Leonards; Cooks Cove; Macquarie Park; and East Rhodes.

Launched online Planning Portal

The NSW Planning Portal was launched by the Minister for Planning on 11 June 2016. The launch of the Planning Portal marks a significant step for planning in NSW with the introduction of a digital planning system. The Planning Portal provides access to a range of online tools and services that will make the planning system simpler, more transparent and easier to use.

Enhanced penalties and enforcement regime, compliance activity increased

Provisions of the *Environmental Planning and Assessment Amendment Act 2014* (the Amendment Act) commenced on 31 July 2015, strengthening the offence, penalty and enforcement regime of the NSW planning system. The Amendment Act increased the maximum penalty for serious breaches of the EP&A Act to \$1 million for individuals and \$5 million for corporations and also provided alternative sentencing options for the Land and Environment Court. To accompany the Amendment Act, from 14 August 2015, the NSW Government amended the Regulation to introduce Australia's toughest regime for issuing on the spot penalty notices for breaches of the Act. In 2015-16, the Department increased its compliance activities by 49 per cent compared with activities undertaken in 2014-15.

Greater Sydney Commission established

The Greater Sydney Commission Act 2015 was passed in late 2015 by the NSW Parliament. Commissioners and the Chief Executive were appointed in early 2016 and the Greater Sydney Commission (GSC) formally commenced operations on 27 January 2016. The GSC is responsible for driving and delivering the strategic planning priorities for the Greater Sydney area.

Building a stronger relationship with councils

The Department released Guidance for merged councils on planning functions to help councils maintain business as usual in planning services and to identify how the improved strategic capacity of councils could be reflected in better planning systems and strategies. The Department has been meeting with councils to increase understanding and collaboration to improve the planning system.

People and governance initiatives

In 2015-16, the Department undertook numerous initiatives to enhance staff capabilities and culture, governance processes and policies, risk management and performance reporting, and business processes. Key achievements include the launch of a new learning and development program for staff (StepUp), development and implementation of the Department's performance and reporting system, review of 42 corporate policies, and strengthening compliance through a set of eRegisters (for example, conflict of interest declarations) and a risk management eRegister.



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Our Executive at 30 June 2016

Secretary

Carolyn McNally

The Secretary provides strategic leadership and management to the Department and executive agencies related to the Department, to ensure effective delivery of the government's strategic objectives, including design and implementation of government policy and strategies on planning and the environment. The Secretary leads performance and manages the operating framework for the Cluster.



Secretary
Carolyn McNally

Planning Services Division

Deputy Secretary - Marcus Ray

The Division is responsible for managing the assessment of the State's most important infrastructure, industry and resources projects, as well as planning operations in the metropolitan and regional areas of NSW. The Division focuses on: delivering the Department's core planning services, including the assessment of State Significant Infrastructure, industry, and resource (mining and energy) projects, and projects on key sites; ensuring industry and government complies with the conditions of project approvals; supporting councils to make and amend LEPs; strategic planning for rural and regional NSW; and supporting Joint Regional Planning Panels throughout NSW.



Deputy Secretary
Marcus Ray

Growth, Design and Programs Division

Deputy Secretary - Brendan Nelson
(from 17 May 2016)

The Division leads innovative approaches to support the level of growth forecast over the next 20 years, through shaping Sydney and our regional cities. The Division is responsible for developing strategic plans which integrate land use and infrastructure planning. It combines strategic insight with sound technical analysis and a comprehensive evidence base using demography, economics and land-based research. The Division also delivers planning and infrastructure programs for housing and jobs, both in new land release areas and for priority urban renewal precincts.

During the reporting year, the position of Deputy Secretary was also held by Liz Develin (from 1 July 2015 to 27 May 2016 - currently on leave, returning 2017).



Deputy Secretary
Brendan Nelson

Policy and Strategy Division

Deputy Secretary - Alison Frame

The Division brings together the teams who formulate the Department's resource, industry, urban planning and compliance policies, systems and frameworks. The Division provides policy direction and development, and collaborates extensively with our Cluster agencies to drive coordinated policies. It leads the implementation of the new suite of online planning tools that are making the planning system faster, simpler and more accessible for families, businesses and local councils.



Deputy Secretary
Alison Frame

Finance and Operations Division

Chief Financial and Operating Officer - Simon Officer

The Division provides corporate services to the Department, covering: finance, including revenue and decision support; procurement and contract management; human resources; business transformation and executive development; business information services; building management; and governance and performance. The developer contribution team and the Office of Strategic Lands were also within the Division from 1 July 2015 until 1 February 2016 (when they were moved to Growth, Design and Programs Division). The Division also leads the establishment of shared services across the Cluster.



Chief Financial
and Operating Officer
Simon Officer

Legal Services Branch

General Counsel - James Hebron (from 17 August 2015)

Legal Services provides support to the Minister for Planning, the Secretary, the Department and certain Cluster agencies. The Branch has a key advisory role in the development of policy and legislation, plan making, development assessment, compliance and enforcement, planning agreements, commercial issues, machinery of government and operational matters. The Legal Branch handles all administrative law and merits appeals, supports the Department's compliance and prosecution function, and is responsible for dealing with requests for information under the *Government Information (Public Access) Act 2009* (GIPA Act) and for managing privacy matters.

During the reporting year, the position of General Counsel was also held by Eloise Murphy (Acting, from 1 July 2015 to 7 August 2015).



General Counsel
James Hebron



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Our Executive (continued)

Media, Community and Stakeholder Engagement Branch

Executive Director - Oona Nielssen (from 2 May 2016)



The Branch provides accurate and timely information to the community and stakeholders about planning legislation, policies and decisions and promotes the work of the Department. It works with the community and other stakeholders to gather feedback

to inform the development of policies and plans. The team provides advice and support to the Department and Minister's office on public announcements and exhibitions.

During the reporting year, the position of Executive Director was also held by Mathew Jones (from 1 July 2015 to 11 January 2016) and Korena Flanagan (Acting, from 27 January 2016 to 1 May 2016).

Chief Planner

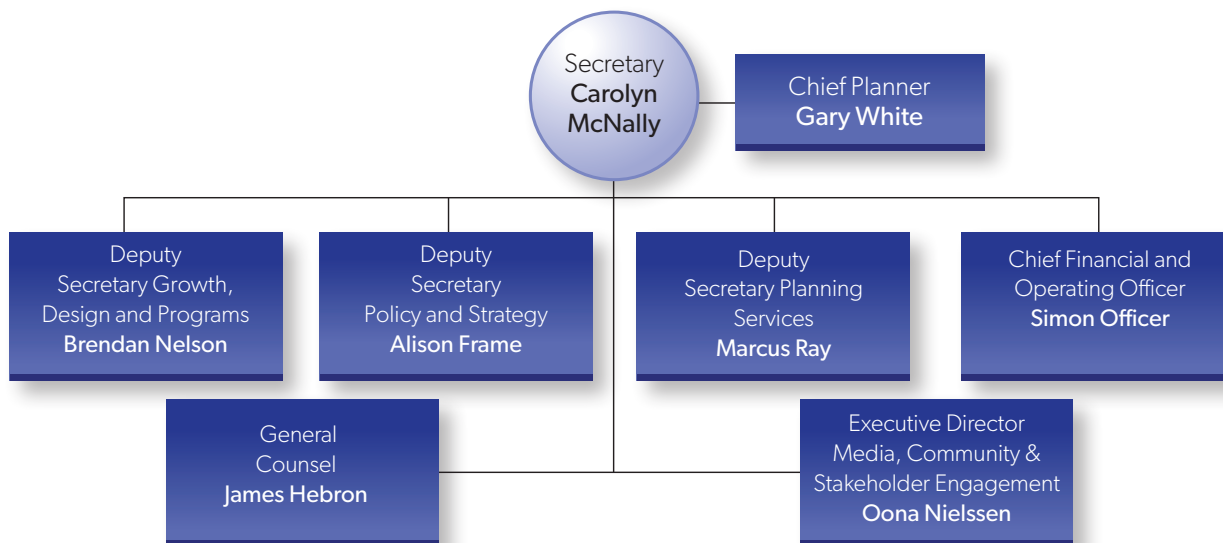
Gary White
(from 9 November 2015)



The Chief Planner leads and manages the alignment of strategic NSW planning system initiatives with government and Cluster/agency goals. The role provides specialist expertise, leadership, and advice to ensure planning outcomes meet and deliver stakeholder expectations.

The Chief Planner leads strategic planning at agency and Cluster levels and drives innovative solutions to resolve complex and emerging planning system challenges.

Department of Planning and Environment Organisation Structure as at 30 June 2016



Appointment of Chief Planner

The Department's first Chief Planner, Gary White, was appointed on 9 November 2015 with a view to providing a deeper rigour and oversight of strategic planning for NSW, including assessment of major projects.

The role of the Chief Planner includes providing advice on:

- the planning environment;
- the challenges facing planning and their implications for NSW; and
- the strategic direction for planning.

The Chief Planner plays a crucial role in managing stakeholder relationships for the Department and developing and maintaining networks in the planning sector (both in Australia and internationally) and across government and business.

In 2015-16, the Chief Planner met with the 20 individual councils to assist in building stronger relationships for the Department.

The Chief Planner represents the Secretary on the Central City Planning Committee and the Heritage Council of NSW. He chairs the Social and Affordable Housing Expert Advisory Committee and the Retail Expert Advisory Committee and is also a member of the:

- Housing Supply Steering Committee;
- Housing Strategy Steering Committee;
- Housing Approval Acceleration Steering Committee; and
- the Greater Sydney Commission's Strategic Planning Committee.

The Chief Planner represents the Department at numerous industry, council and academic conferences, focus groups and speaking engagements and plays a key thought leadership role in these forums.

In 2015-16, the Chief Planner contributed to the Department's strategic agenda by:

- driving the delivery of planning, master planning, corridor and precinct planning;
- providing expert advice and analysis to inform the development of the North Coast, Hunter, Central Coast, Riverina-Murray, Central West and Orana, South East and Tablelands and New England North West Regional Plans;
- assisting the Greater Sydney Commission's development of district planning;
- developing, with the Office of the Government Architect (OGA), a template for consideration of plans for residential areas, employment nodes and activity centres; and
- contributing to core planning work within the Department (including legislative reviews, infrastructure changes, infrastructure planning, Housing SEPP review, concurrence framework, complying development framework).



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Inclusion of Office of the Government Architect in Department

In its bicentenary year, the strategic arm of the Office of the Government Architect (OGA) transferred to the Department, effective February 2016.

The OGA already worked very closely with the Department on a number of projects including the award-winning *SEPP 65 Apartment Design Guide* and the development of the Parramatta Strategic Framework. The Framework will facilitate better integrated decision-making for NSW Government investment in Parramatta, as it transforms from a key centre to become Sydney's dual CBD. It also provides a model for design-led processes for Government.

With a program of renewal and planning for the future of NSW towns and cities on the agenda, the OGA brings an enormous amount of expertise to the Cluster.

The focus of the OGA is to provide expert, professional and independent strategic advice to the Government on design, planning and development across policy, programs and projects.

The OGA is the delegated authority for the Government's Design Excellence Program and its members chair, or participate on, numerous Design Review Panels for NSW projects.

A key role for the OGA has been the development of Sydney's Green Grid to create an interconnected network of open space across Metropolitan Sydney linking to transport hubs, town centres and urban renewal precincts. In 2015-16, progress was made on incorporating this work into district plans.

OGA's Bicentenary celebrations GA200+ commenced on 4 May 2016 with a symposium at the State Library of NSW, to coincide with the Library's exhibition *Imagine a City: 200 Years of Public Architecture in NSW*.

The event was the first in a series to celebrate 200 years of public architecture in NSW, with the purpose of raising the profile of design across government, promoting the new strategic role of the OGA, and informing future policy on architecture and urban design in NSW. ([see http://ga200plus.org](http://ga200plus.org))

Recognition for the Department



Congratulations to Ms Elizabeth Kinkade, Executive Director of Planning Policy, who was awarded the Public Service Medal in June 2016 for outstanding public service in the delivery of strategic planning policy and effective

corporate governance in New South Wales, and in particular for her contribution to the establishment of the newly-created GSC.

In May 2016, the Department's *Better Apartments Policy (SEPP 65)* and associated *Apartment Design*

Guide, both released in June 2015, won the Planning Institute of Australia's (PIA) award for **Best Planning Ideas - Large Project** at the PIA's National Awards for Planning Excellence. PIA judges commended the Policy and Guide for providing users with design vision and compliance awareness. PIA acknowledged that in creating the Apartment Design Guide, the Department produced a leading practice national guide on a critical topic for Australia's future urbanisation.

[Access the Department Design Guide \(21 mb\)](#)

The Year Ahead

Business Plan

The year ahead will be defined by delivering the high level objectives and key deliverables identified in the Department's 2016-17 Business Plan (the 2016-17 Business Plan).

The 2016-17 Business Plan builds on and complements the Corporate Plan 2015-2017 and outlines how the Department will work to deliver the Department's vision of planning for growing NSW, inspiring strong communities and protecting the environment.

The 2016-17 Business Plan also prepares the Department for future challenges, drawing on sources such as feedback from the Minister for Planning, the NSW Government's strategic priorities and the United Nations Sustainable Development Goals.

The 2016-17 Business Plan lists three major corporate goals:

- accelerate improvements to the planning system;
- drive strategic planning and coordinated delivery; and
- value and develop our people to achieve results.

Beneath these three goals are 18 high level objectives and 120 key deliverables that have informed the development of team action plans, with deadlines, risks and key performance indicators (KPIs). The KPIs are attributable to individuals and teams through performance development agreements.

The 2016-17 Business Plan also identifies a set of capability, culture and leadership focus actions which will contribute towards an adaptable, collaborative culture in the Department.

New Cluster-wide arrangements

A Cluster Corporate Services model (CCS) has been established in the Department to provide human resources, governance and performance, finance and procurement and business information services across

Cluster entities. These services report directly to the Chief Financial and Operating Officer.

The CCS is intended to remove duplication and deliver administrative savings. It will also deliver specialist services to all entities within the Cluster and establish and share best-practice common processes, services and policies.

The CCS builds on the successful introduction of Cluster Shared Services for information and communications technology (ICT) in the Cluster.

The implementation of the CCS will be managed as part of the *Government Sector Employment Act 2013* (GSE Act) transition.

Update to the EP&A Act

Since 2013, the Department has implemented a range of reform measures to improve the operation of the EP&A Act and the planning system as a whole. This includes the establishment of the GSC, introduction of strategic planning, improved compliance and enforcement, and the development of the Planning Portal.

Building on these measures, the Department has commenced a process to update the EP&A Act to help build a simpler, more modern planning system. The updates will deliver the following objectives:

- improved community confidence in the planning system through enhanced community participation, stronger strategic planning, and greater probity and integrity in decision-making; and
- a simpler, faster planning system.

The updates have two key elements:

- those parts of the Planning Bill 2013 that were generally supported, but have not yet been implemented. These include enhanced community participation provisions, the requirement that decision makers provide reasons for their decisions, and improving the overall structure and accessibility of the planning system;



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- further possible amendments that support the objectives, including in the areas of:
 - strategic planning at the local level;
 - improvements to development assessment processes;
 - better governance and decision-making; and
 - elevating the role of design.

In May 2016 the Department held a series of forums with stakeholders to discuss the updates, with a focus on the areas where additional amendments were being explored.

Design guide for medium density housing

The discussion and background paper 'Options for low rise medium density housing as complying development' (the Paper) was publicly exhibited from 27 November 2015 to 1 March 2016.

The Paper recommends that low rise medium density housing (dual occupancies, manor homes, townhouses and terraces) be permitted as complying development, with the aim of making approvals for these housing types faster and more straightforward, providing greater housing supply and choice to the market.

While there is a need to increase housing approvals to meet NSW's growing population, it is important to ensure that new developments are well designed, limit impacts on the environment and contribute positively to the existing built form.

In order to achieve good design outcomes for medium density housing, the Paper recommended the development of a Design Guide for medium density housing, similar to the *State Environmental Planning Policy No 65 – Design Quality of Residential Apartment Development* (SEPP 65).

The Department will release a draft Medium Density Design Guide and an Explanation of Intended Effect for a proposed Medium Density Housing Code for public exhibition in 2016-17.

Further public consultation on draft Coastal Management SEPP

In 2016-17, the Department will continue to deliver on the Government's coastal reforms program to integrate land use planning in the management of our unique coastal environment and communities.

In November 2015, the Department released an Explanation of Intended Effect for a new SEPP on Coastal Management. Feedback from this consultation was taken into consideration in drafting the SEPP.

The Department will release a draft of the SEPP, along with its accompanying digital maps, in late 2016 for further public comment, with the final SEPP to be prepared following consideration of public submissions.

Draft policy framework for wind energy projects

The Department is developing and consulting on a new wind energy policy framework that will ensure that NSW has the right settings to attract investment in wind energy, while balancing the interests of the community. The proposed policy framework responds to issues raised by community and industry around uncertainty in the application of the draft 2011 wind farm guidelines. The new framework will drive better outcomes by encouraging early engagement by proponents with the community.

The Department will continue to engage with the community, key environmental groups, industry, other states and the Australian National Wind Farm Commissioner, to ensure the framework will provide greater certainty and consistency for the renewable energy industry and the community.

SEPP for biodiversity

The Department is working to better manage and protect biodiversity in NSW through strategic planning initiatives which will build on the best aspects of existing policies and programs and address the weaknesses in the current system for the protection of biodiversity. These strategic planning initiatives will seek to facilitate ecologically sustainable development, cut red tape and conserve biodiversity across NSW.



A Strong Economy





A Strong Economy

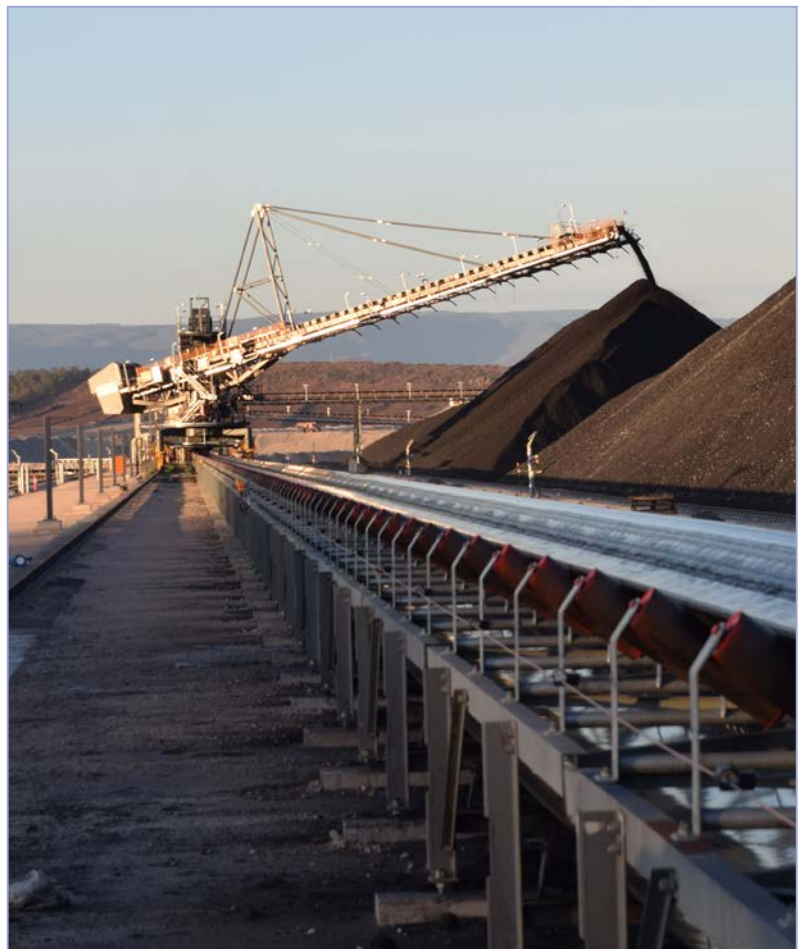
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Introduction

The Department is committed to supporting the delivery of a strong economy for NSW. This includes world-class services and infrastructure that support growth and a focus on innovation and efficiency. The Department supports jobs creation and investment while working with other government agencies, stakeholder organisations and the community to protect the valuable environmental, cultural and heritage assets of NSW.

The following chapter outlines the Department's key achievements in supporting economic growth in NSW during 2015-16. These achievements include the provision of employment lands, land for housing, the approval of major economic and social infrastructure projects, and mining policy reform.



Economic Development

Major project approvals

Hornsby Quarry

The Hornsby Quarry is located within Old Mans Valley, to the west of the Hornsby town centre. The hard rock quarry was operational from the early 1900s until the late 1990s.

Roads and Maritime Services (RMS) lodged an application with the Department to import up to 1.5 million cubic metres of excavated spoil from the NorthConnex construction to partly fill the quarry. The Environmental Impact Statement (EIS) was publicly exhibited for 31 days from 5 August 2015 to 4 September 2015.

A total of 47 submissions were received including eight submissions from public authorities. No submissions from public authorities objected to the proposal, although some raised issues for consideration.

Key concerns raised in submissions included air quality and noise impacts during spoil transport and placement, including on the Hornsby TAFE, impacts on the road network from spoil transport and a loss of access to mountain bike trails throughout the site.

The proponent's submissions report was submitted on 22 October 2015 and the Department made it publicly available on its website on 28 October 2015. The Minister approved the project on 18 January 2016. RMS intends to commence upgrade access prior to accepting spoil deliveries commencing in January 2017.

Northern Beaches Hospital

The Department approved the construction of a new Northern Beaches Hospital (NBH) at the junction of Warringah Road and Wakehurst Parkway in Sydney's north in June 2015. Construction is underway and completion is anticipated in 2018.

During 2015-16, the Department's Compliance team has been undertaking regular inspections of the site to ensure the proponent meets the requirements of the conditions of approval.

The Department also assessed the Stage 2 application for road connectivity and network enhancements to support the hospital, with the EIS being exhibited for 31 days from 22 July 2015 to 21 August 2015. A total of 53 submissions were received including seven submissions from public authorities. No submissions from public authorities objected to the proposal, however, each raised key issues for consideration.

The Department's assessment found that the project would benefit the community by:

- improving peak period travel speeds, reliability and network performance (and in particular improved through-traffic performance along Warringah Road); and
- supporting the development and activation of the NBH precinct.

The Minister approved the Stage 2 project on 25 February 2016 and construction is currently underway.

Health facilities

The Department's Social and Other Infrastructure Assessments team has played an important role in assisting the delivery of public benefit through improved public and private health services. Seven significant health projects were approved, with a combined capital investment value (CIV) of \$1.182 billion, 5,741 construction jobs and 1,182 operational jobs, the projects will not only deliver improved health services but significant economic value across the State.

The team was responsible for assessment of:

- redevelopment of Gosford Hospital and the creation of a New Health Wellbeing Precinct;
- redevelopment of Blacktown Hospital;
- a new Emergency Department for Sutherland Hospital;
- a new Community Health Centre at Brookvale;



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- a new infill building and refurbishment works at St Vincent Private Hospital;
- a new acute services building at St George Hospital; and
- a new car park for Westmead Hospital that facilitates the next steps for the future redevelopment of the hospital.

M4 East and New M5

During 2015-16, the Department assessed parts of Stages 1 and 2 of WestConnex, being the M4 East (Stage 1b) and the New M5 (Stage 2).

The M4 East will extend the existing M4 Motorway from Homebush to Haberfield, reducing congestion at the end of the M4, saving travel time for motorists and removing cars and freight from local streets and Parramatta Road.

The Minister for Planning granted approval for the project on 11 February 2016, subject to strict environmental conditions relating to noise and vibration, traffic, groundwater and visual amenity. The approval also requires the provision of at least two lanes of Parramatta Road to be solely dedicated for use by public transport.

The New M5 will provide an alternative route between Kingsgrove and St Peters, reducing travel times by around half an hour during peak periods. The project will also deliver around 14 kilometres of new and upgraded pedestrian and cycling infrastructure.

The Department assessed the SSI application for the New M5 project after considering 10,195 submissions on the proposal.

The Minister's approval was granted on 20 April 2016, subject to conditions to minimise impacts on threatened fauna and ecological communities, air quality, acoustic and visual amenity, community cohesion and heritage values. Conditions also require provision for more than two hectares of new open space south of Sydney Park, a new land bridge to connect the two green areas, and requirements for tree protection and replacement.

Mining and extractive industry projects

The Department is continuing to contribute towards strengthening regional economic development through the approval of a number of mining and extractive industry developments over 2015-16, including approval of the Balranald Mineral Sands Project in April 2016.

The Balranald Mineral Sands Project in south-western NSW involves the extraction and processing of up to 14.4 million tonnes of mineral sands a year for 15 years. The project will result in a range of substantial economic and social benefits in the region, including employment of up to 550 people, capital investment of \$681 million, almost \$1 billion in annual direct and indirect business turnover in the region and \$96 million in royalties for the NSW Government.

Mineral sands are an increasingly important commodity as they are used to make a broad range of products in the electronics, aviation and pharmaceutical industries. There are very few mines producing these materials in NSW and this project has the potential to increase the State's current production by 43 per cent.

The Department also worked with the proponent and Balranald Shire Council to deliver substantial benefits for the local community. Over the life of the project the council will receive over \$600,000 in contributions from the proponent to be used for community projects in the local area, including youth training scholarships.

Key sites and industry assessments

Western Sydney Employment Area

The Department assessed a series of State significant large-scale warehousing and business hubs in Western Sydney, as part of the ongoing planning and development of the Western Sydney Employment Area. The Department finalised recommendations for the IKEA Multi-Function Logistics Unit (Marsden Park), Horsley Drive Business Park (Wetherill Park), Bringelly Road Business Hub (Leppington), QuarryWEST (Greystanes) and the Prestons Industrial Hub (Prestons).

These developments will contribute over 1,850 and 2,300 construction and operational jobs respectively to

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the Western Sydney Employment Area precinct, as well as assist in the efficient use of land connected to existing and future logistics infrastructure.

Keystone projects in the Sydney CBD

In 2015-16, the Department completed assessments for major projects in the tourist and commercial sectors, as well as mixed-use developments, student accommodation and continuing developments within Barangaroo, Darling Harbour and Central Park at Chippendale.

Key proposals assessed by the Department in Sydney include:

- the concept proposal for tourism and visitor accommodation in the Sandstone Precinct;
- the Crown Sydney Hotel Resort at Barangaroo Central;
- the new Visitor and Interpretation Centre at the Sydney Opera House;
- the new Sumatran Tiger Adventure Exhibit at Taronga Zoo; and
- the new Executive Lounge and Hotel Bar at the Four Points Hotel development in the Sydney International Convention, Exhibition and Entertainment Precinct.

Regional assessments

During 2015-16, the Priority Projects Assessment Branch finalised its assessment of the Gosford Hospital Redevelopment project and the Wagga Wagga Treatment Plant Upgrade.

The Hospital upgrade includes the redevelopment of the existing campus and a new health and lifestyle precinct. With a capital investment value of \$350 million, the project will facilitate over 2,900 construction jobs and 390 operational jobs.

The Branch continued its assessment of regional road projects, including the Albion Park Rail Bypass project, and facilitated the post approval delivery of the Woolgoolga to Ballina Pacific Highway Project. The Woolgoolga to Ballina project with a capital value of \$4.3 billion is now under construction and will upgrade about 155 kilometres of highway and will involve over 3,400 construction jobs.

Modifications

In 2015, the Department established a dedicated Modifications Assessment team to assess a back log of modification applications for major projects. This team has assessed close to 100 modification applications in the 2015-16 financial year, with an average assessment time of 24 days.

Enabling job creation

The Department helps to drive job creation through its strategic land use planning and development assessment roles. Strategic land use planning decisions help shape where people choose to live and work. By planning for the provision of housing, facilities and services, the Department contributes to the productivity of NSW.

In the year to June 2016, an additional 117,900 new jobs were created in NSW, over 50 per cent of all new jobs generated Australia-wide. In that period, employment in the Greater Sydney region alone increased by 61,400 or 27 per cent of all new jobs in Australia, including Western Sydney's contribution of 26,900 new jobs, or around 12 per cent.²

Employment in regional NSW increased by 56,500 or 4.7 per cent in 2015-16. Compared to all other regional areas, NSW recorded the largest increase and strongest percentage growth over the year to June 2016.

Employment growth in NSW has outstripped employment growth in the rest of Australia for more than a year. NSW and Victoria continue to be the driving force of job creation in Australia.

The Department creates employment lands, giving people access to businesses and work close to their homes. For example, the creation of the largest employment space in NSW, Western Sydney Priority Growth Area, will ensure that the growing population of Western Sydney has access to a diverse range of jobs. The Western Sydney Airport (within the Western Sydney Priority Growth Area) will transform the economy of Western Sydney by attracting investment and creating a wide range of jobs.

In the Sydney Metropolitan Area, almost \$1.6 billion worth of industrial development was approved in 2015, up from around \$800 million in 2014. Over \$1.2 billion worth of industrial development was approved in

² Source: Australian Bureau of Statistics, 2016, *Labour Force, Australia*, cat. no. 6291.0.55.001



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Western Sydney (over three-quarters of Sydney's total). This compares to almost \$650 million in 2014, a near doubling year on year.

The strong jobs market in Sydney and regional NSW over the 2015-16 period is helping the Government deliver on the Premier's Priority of creating 150,000 new jobs by 2019. While strong employment growth will place further demand on housing, the Government has set the direction, through *A Plan for Growing Sydney*, to develop strategic district plans to deliver on its State Priority of increasing housing supply.

Employment Lands Development Program

The Employment Lands Development Program (ELDP) monitors the supply of employment lands and business parks for the Sydney Metropolitan Area and Central Coast region. The Department provides a research and monitoring role to inform policy and strategy development for employment lands.

The ELDP's scope includes lands for traditional heavy and light industry and maintenance and freight distribution sectors, as well as for office-based and knowledge-based industries.

The ELDP was expanded in 2015 to track mid-sized (10 to 50 hectares in size) business park precincts in the Sydney Metropolitan Area. Prior to 2015, the ELDP only tracked business parks greater than 50 hectares in size.

The ELDP 2015 Report shows that at January 2015, for the Sydney Metropolitan Area, there were:

- 13,548 hectares of zoned employment lands, including both developed and undeveloped lands;
- 2,579 hectares of undeveloped zoned employment lands without water and sewerage services;
- 450 hectares of undeveloped zoned employment lands with water and sewerage services;
- three years' supply of available undeveloped, zoned and serviced employment lands using an average take-up rate (163 hectares per annum);
- 6,972 hectares of proposed employment lands identified in planning strategies which are yet to be rezoned;

- 79 hectares of employment land was gained as a result of rezoning for industrial uses in 2014;
- 887 hectares of developed and undeveloped zoned lands in business park precincts;
- 304 hectares of undeveloped zoned lands in business parks without water and sewerage services; and
- 57 hectares of undeveloped zoned lands in major business parks with water and sewerage services.

The ELDP 2015 Report shows that at January 2015, for the Central Coast region, there were:

- 2,000 hectares of zoned employment lands, including both developed and undeveloped lands;
- 1,097 hectares of undeveloped zoned employment lands;
- 467 hectares of proposed employment lands identified in planning strategies which are yet to be rezoned; and
- 35 hectares of employment land was gained as a result of rezoning for industrial uses in 2014.

Western Sydney (Airport) Priority Growth Area

In October 2015, the Minister for Planning announced a new Western Sydney (Airport) Priority Growth Area to investigate opportunities for new jobs, homes and services around the planned Western Sydney Airport in Sydney's west.

This growth area is now expected to help to secure more than 60,000 jobs over the next 30 years and ultimately more than 200,000 jobs, as part of an airport city. This will be further investigated as part of the preparation of the Land Use and Infrastructure Strategy for the area.

In June 2016, the Department entered into a Memorandum of Understanding with both relevant councils (Liverpool and Penrith City councils). The MOU formalises a working relationship between State and local government and establishes a steering group to jointly prepare a land use and infrastructure strategy for the priority growth area.

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The Department will work closely with the Australian Government, State agencies, and Liverpool and Penrith City Councils to prepare a draft Land Use and Infrastructure Strategy. This will guide new infrastructure investment, identify new homes and jobs close to transport, and coordinate services in the area.

Employment land release

Forty seven hectares of land at Mamre West in Orchard Hills was rezoned from rural to industrial employment land in June 2016, paving the way for 500 new jobs for Western Sydney.

The rezoning proposal was exhibited by the Department for five weeks in early 2016 and received 23 submissions from a variety of stakeholders, including government agencies and the local community.

This rezoning fits in with the Government's vision for Sydney, *A Plan for Growing Sydney*, by encouraging jobs and growth in Western Sydney.

Retail Expert Advisory Committee

On 12 March 2016, the NSW Government announced the establishment of a Retail Expert Advisory Committee (the Committee) to inquire into and provide advice on appropriate reforms to improve the NSW planning system for retailing.

The Committee is assessing constraints in the existing planning framework for retail development, and will look for opportunities to encourage competition and retail investment in NSW.

As part of the process, the Committee during 2015-16 engaged with key stakeholders including retail and industry peak bodies, property and business owners, and local government.

The Committee is due to make its recommendations to the Government by the end of 2016.

Housing land release

Planning for new communities, with access to a range of homes, jobs, schools, parks and transport, continued in both Sydney's North West and South West Priority Growth Areas.

The Lowes Creek Marylands (Part), Marsden Park North, and West Schofields (Part) Precincts are being planned under the Government's Precinct Acceleration Protocol, which allows planning and development to proceed earlier than proposed under the Government's program, provided there is no additional cost to taxpayers. This means that the developer/s agree to undertake and fund the planning process for the precinct and the cost of associated infrastructure, saving taxpayers millions of dollars.

Lowes Creek Marylands (Part) Precinct in the South West Priority Growth Area was released for detailed precinct planning in September 2015. The Department has worked closely with Camden Council and Macarthur Developments Pty Ltd who are committed to the planning, development and growth of the precinct.

Work continued with precinct proponents Angliss Estate (Garfield) Pty Ltd and MAC 1 MP Pty Ltd on planning for the Marsden Park North Precinct in the North West Priority Growth Area.

The release of West Schofields (Part) Precinct for detailed planning under the Precinct Acceleration Protocol is expected to occur in August 2016. CSR Limited agreed to fund the planning for and servicing of the (Part) Precinct.

New Housing Code

The Department released the simplified Housing Code for public exhibition from 13 June to 12 August 2016.

The new simplified Housing Code, which will replace the existing General Housing Code, sets out the planning rules for new homes and extensions that can be carried out as complying development. These proposed changes to the State Policy for exempt and complying development will make it easier for homeowners building or renovating a home to understand and use.

The new simplified Housing Code will have a clear, easy to use structure, and for the first time planning legislation will use diagrams to illustrate the key controls and building standards that must be met when building or renovating a home.

The Department proposed the changes to the General Housing Code following feedback from councils, certifiers, builders, architects, and land and business



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owners to ensure the planning system is simpler and to help the community obtain approval for their homes faster and more efficiently.

The new simplified Housing Code will also mean that certifiers and councils can more easily interpret the controls to ensure a proposal complies, which will lead to faster approvals and more certainty for the community.

This is intended to make planning policy accessible to the wider community, while streamlining approvals.

Faster housing approvals

In September 2015, the NSW Government announced 30 State Priorities, including 12 Premier's Priorities to grow the economy, deliver infrastructure and improve public services across NSW.

The Faster Housing Approvals project aims to deliver on the Premier's Priority target of 90 per cent of housing approvals determined within 40 days by 2019.

Based on data taken from the Local Development Performance Monitor (LDPM), 90 per cent of housing approvals were determined on average within 44 days during 2014-15. Housing approval data is generated by councils and involves a time lag for reporting purposes. Data for 2015-16 has been received from the councils and is currently being prepared for analysis. The LDPM statistics are from data collected annually from all NSW councils.

Average gross days for fastest 90% of residential housing approvals



2015-16 Data being compiled.

Source: Department of Planning and Environment

The LDPM data as at publication of this Annual Report shows that during 2014-15:

- the total number of approvals - Development Applications (DAs) and Complying Development Certificates (CDCs) - increased by six per cent from 2013-14;
- 32 per cent of all approvals were approved as CDCs, up from 29 per cent in 2013-14;
- 68 per cent of all approvals were DAs, down from 71 per cent in 2013-14; and
- the total value of approvals (DAs and CDCs) is \$34.1 billion (\$28.9 billion for DAs and \$5.24 billion for CDCs), up from \$28.7 billion in 2013-14.

To achieve the Premier's Priority target, the housing approvals project will focus on three key streams of work to reduce approval timeframes, including:

- increasing the take-up of complying development;
- improving DA assessment processes and timeframes; and
- improving and expanding the Department's Planning Portal, including online lodgement for all DAs and CDCs.

Joint Regional Planning Panels

Overview

There are six Joint Regional Planning Panels (planning panels) that operate throughout NSW to make independent, merit-based decisions on regionally significant development applications. Planning panels may also have a role in rezoning proposals where the Minister for Planning appoints the panel to act as the Relevant Planning Authority for a proposal or has requested the Panel to provide advice on a pre-Gateway or post-Gateway review of a rezoning proposal. The planning panels consist of three members appointed by the Minister for Planning and two appointed by the relevant local council.

The planning panels have been in operation for seven years and remain an important element in the Government's approach to increased independence and transparency in decision making.

Public meetings held by the planning panels

The planning panels determine development applications in a public forum, providing members of the public an opportunity to present their views directly to the panel before making a decision. In 2015-16, the planning panels held 321 public meetings.

Development applications determined by the planning panels

The number and value of DAs determined by the planning panels continues to increase. In 2015-16, the planning panels determined 403 DAs, up 33 per cent from 303 in the previous period. The total value of approved projects was \$15.05 billion, an increase of over 50 per cent from \$9.98 billion in the previous period.

The Sydney West region continues to have the largest number and value of DAs, with 168 determinations (42 per cent of all DAs) with a value of \$7.187 billion for approved projects.

Rezoning proposals

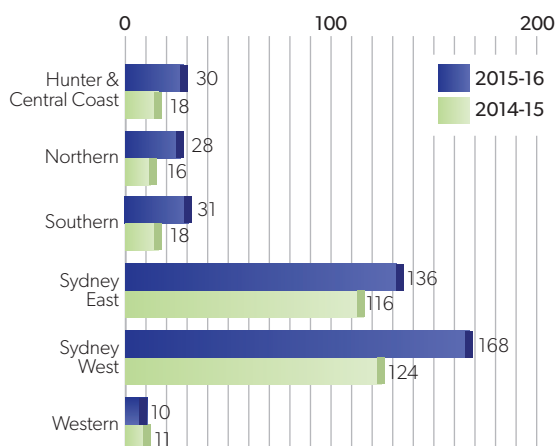
The planning panels were appointed by the Minister for Planning to act as the Relevant Planning Authority for six rezoning proposals, and completed consideration of four rezoning proposals during 2015-16, recommending to the Minister that the LEP should be made for three of the four proposals.

The planning panels also provided advice to the Minister on 22 pre-Gateway reviews during 2015-16.

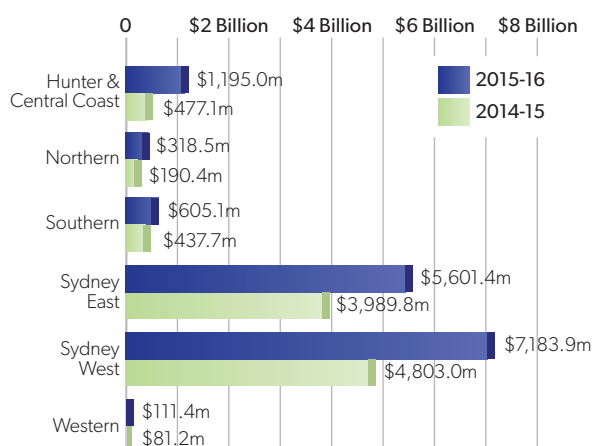
Re-appointment of State panel members

The 25 State-appointed regional panel members and alternate members were reappointed by the Minister for Planning until the end of June 2016. The reappointment of the six panel chairs was made following the concurrence of Local Government New South Wales.

Number of DAs Determined



Value of Approved DAs





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Improvements to Mining Policies, Guidelines and Processes

Integrated Mining Policy finalised

The Integrated Mining Policy (IMP) was a whole-of-government policy initiative to improve the regulation and assessment of major mining projects.

The IMP was exhibited for public comment in two stages in mid-2015. The Government considered all submissions and implemented the following documents in early 2016.

Guideline for the economic assessment of mining and coal seam gas proposals

These Guidelines require proponents applying for new or modified mining and coal seam gas projects to provide clear information on the likely economic impacts of proposed development.

Indicative Secretary's Environmental Assessment Requirements

The Indicative Secretary's Environmental Assessment Requirements (SEARs) provide proponents with early guidance on common assessment requirements that proposed mining operations must address when developing a proposal, and how to inform communities of the key issues.

The Indicative SEARs may be changed by the Secretary depending on the context of the proposal, including nearby communities and specific environmental risks. They are not 'standard SEARs' for the purpose of Schedule 2 to the *Environmental Planning and Assessment Regulation 2000*.

Mine Application Guideline

The Mine Application Guideline requires proponents to describe their proposal in a way that highlights the key design features, key environmental considerations and how the mine design process has taken economic, social and environmental impacts into account.

Annual Review Guideline

The Annual Review is one of several compliance tools used by the Government to ensure that approval conditions for mining operations are enforced. It sets out the annual reporting requirements of the Department and the Division of Resources and Energy within the Department of Industry in a single, concise document.

Web-Based Reporting Guideline

This Guideline encourages mine operators to publish appropriate operational and compliance information on their websites in a clear and transparent manner.

Independent Audit Guideline

Independent audits are one of several compliance tools utilised by the Government to assist in the enforcement of the approval conditions for mining operations. The Independent Audit Guideline provides a clear process that the Government expects will be followed during the conduct of an independent audit.

Water Regulation Overview

The Water Regulation Overview provides a summary of the water policy, legislation and regulation that applies to resources developments in NSW. It also includes key federal policy and legislation.

Mining SEPP review

The State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007 (Mining SEPP) sets out the planning controls that apply to mining, petroleum production and extractive material resource developments in NSW.

As an environmental planning instrument under Part 3 of the EP&A Act, it provides a policy framework to govern the assessment and development of the State's mineral and energy resources through the planning system. It serves as a tool to regulate the permissibility of mining, petroleum production and extractive industries

across the State. It seeks to ensure that the consent authority addresses all matters relevant to a proposed development, including land use conflicts.

Following the conduct of a public consultation and formal review process, on 31 August 2015 the Minister for Planning announced the Mining SEPP had been revised to provide a more balanced framework for decision-making, including the removal of clause 12AA, which required that the significance of the resource was to be the consent authority's principal consideration under Part 3 of the Mining SEPP.

The review of the Mining SEPP was an achievement for the community and an important step forward in the Government's mining reform agenda.

The revised Mining SEPP came into effect on 2 September 2015.

Resources Advisory Forum convened

The Department established the Resources Advisory Forum (the Forum) in October 2015, which brings together environmental groups with industry and local government to discuss issues around resource planning and assessment in NSW. The Forum's purpose is to provide broad policy advice to the Department on complex issues around resource assessment in NSW.

The Forum membership includes representatives from:

- Environment and community
 - Total Environment Centre
 - Environmental Defender's Office
 - Nature Conservation Council of NSW
 - NSW Aboriginal Land Council
 - Construction Forestry Mining and Energy Union
- Industry
 - Australian Petroleum Production & Exploration Association
 - Cement Concrete and Aggregates Australia
 - Clean Energy Council
 - NSW Farmers Association
 - NSW Minerals Council
- Local government
 - Association of Mining Related Councils
 - Hunter Councils
 - Namoi Regional Organisation of Councils
 - Canberra Region Joint Organisation of Councils
- Academia
 - UNSW School of Mining Engineering

Records of the Forum's meetings are published on the Department's website.

Assessments and Compliance Changes

Assessment outcomes

The Department plays a major role in assessing State significant project applications.

Project proposals that have the potential to contribute major economic, environmental or social benefits to NSW are given State significant status and are assessed under the State Significant Development (SSD) or State Significant Infrastructure (SSI) approval processes, which replaced the former Part 3A process in 2011.

During 2015-16, the Department assessed 304 SSD proposals, comprising 67 applications and 237 modification applications. These proposals have a combined capital investment value of nearly \$20 billion and could generate over 41,000 jobs.

Just over half of the proposals were based in Sydney, reflecting the increase in major infrastructure projects such as WestConnex, the redevelopment of old industrial sites such as Barangaroo and the old Carlton United Brewery, and the creation of new industrial areas such as the Western Sydney Employment Area.



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Major Project Determinations - Breakdown by industry

Industry Group	Projects	Capital Investment Value (\$M)	Construction Jobs	Operational Jobs
Agriculture	1	\$63	20	30
Cultural, Recreation & Tourist facilities	5	\$916	532	1,875
Energy	7	\$1,284	607	56
Industry	8	\$452	1,888	2,522
Mining, Petroleum & Extractive Industries	11	\$1,495	608	2,344
Residential, Commercial and Retail	10	\$618	1,778	1,102
Social Infrastructure	13	\$1,744	7,408	2,030
Transport	9	\$12,825	7,045	8,515
Water & Sewerage	1	\$40	160	0
Total	65	\$19,437	20,046	18,474

Data as at: 2 September 2016 Period: FY2016 (Sat 27 June 2015 to Fri 24 June 2016)

Nearly 49 per cent of the applications were in regional NSW, with the Hunter attracting projects with a combined capital investment value of around \$4.7 billion and over 2,200 jobs.

Major transport and social infrastructure (health and education) projects dominated the industry breakdown, giving a clear indication of the importance of increased government infrastructure spending to the State's economy.

Improving the assessment of State significant projects

Since November 2014, the Department has been investigating and implementing changes to the way it assesses State significant projects. These changes are aimed towards halving the time taken to assess State significant projects while strengthening community engagement and maintaining high environmental standards.

Assessment timeframes

During this time, several steps have been taken to reduce assessment timeframes.

These include:

- appointing additional staff to the Department's assessment teams, and improving the capability of this staff;
- allocating additional funds for the independent expert peer review of complex technical matters;
- introducing targets for each stage of the assessment process, and ensuring staff do everything they can to meet these targets;
- appointing Department of Premier and Cabinet Case Managers to bring a whole of government focus to assessments, and assist in resolving issues between agencies;
- working with senior officers from other agencies to resolve issues earlier in the assessment process;
- working with the Commonwealth to ensure the assessment of Commonwealth matters are better integrated into State assessment processes; and
- introducing a number of policies and guidelines to guide the assessment process, including initiatives released under the Integrated Mining Policy.

These steps have been very effective.

In 2014, project assessment times for State significant projects with a review and determination by the Planning Assessment Commission (Commission) had increased to more than a thousand days, including 688 days in Government hands.

As at 30 June 2016, these projects are now spending an average of 373 days in Government hands.

Further initiatives to streamline and improve the assessment process are being considered under the Legislative Updates Project.

Better community engagement

In the last year, the Department has taken several steps to strengthen community engagement in the State significant assessment process.

This has included:

- establishing the Resource Advisory Forum to provide a forum for discussion between industry, community, Aboriginal and environmental groups about major resource projects;
- appointing dedicated community engagement staff to work with assessment teams and improve the quality of community engagement on projects;
- appointing a dedicated social impact assessment expert to review the assessment of the social impacts of projects;
- holding community information sessions during the exhibition of complex projects to help the community better understand these projects and have a say in the assessment process;
- carrying out more consultation with affected residents and landowners during the assessment process; and
- holding regular meetings with key stakeholder groups about State significant assessment matters.

Over the next year, the Department expects to take several more steps to strengthen this community engagement.

Bilateral Agreement with the Commonwealth

The NSW and Commonwealth Governments signed a Memorandum of Understanding in 2013 to streamline assessments by reducing duplication across jurisdictions. NSW recognises the importance of these streamlining measures and remains committed to an efficient approvals process that delivers ecologically sustainable outcomes for development on the ground.

The Department has worked closely with the Commonwealth Government to deliver streamlining reforms. A revised Assessment Bilateral Agreement under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* was signed in February 2015 and has been implemented. Two Commonwealth officers have been seconded to the Department to ensure streamlining benefits are maximised and the agreement is working effectively.

The second component of the reforms – the Approvals Bilateral Agreement – cannot proceed without amendments to the *Environment Protection and Biodiversity Conservation Act 1999 (Cth)*.



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Supporting Growth

Infrastructure SEPP Review

The Infrastructure SEPP assists the NSW Government, private infrastructure providers, councils and the communities they support by providing efficient planning pathways for effective delivery of key infrastructure including hospitals, roads, railways, water supply and electricity. The Infrastructure SEPP is currently being reviewed with a focus on improvising provisions around social infrastructure including health services, justice facilities and emergency service and police service facilities. It is expected the revised instrument will be placed on public exhibition in the latter part of 2016.

Planning agreements to support growth

Planning agreements made between the Government and developers support growth as they enable developers to make contributions towards the delivery of State infrastructure in growth areas.

Where appropriate, developers agree to provide either a financial contribution towards future State infrastructure, to construct works or dedicate land for schools, roads and emergency services. These arrangements typically require contributions to be made prior to the creation of new allotments or development.

Thirty-one new agreements were executed in 2015-16, securing \$116.8 million in contributions towards State infrastructure. One hundred and thirty eight planning agreements were under management at 30 June 2016, securing contributions of \$982 million towards State infrastructure.

Special Infrastructure Contributions

Special Infrastructure Contributions are contributions made by a developer during the development process, typically prior to the registration of residential lots, to help fund regional infrastructure such as roads and open space, and land for health, education and emergency services.

During 2015-16, \$70.8 million in Special Infrastructure Contributions was collected from approximately 350 hectares of developed land supporting the development of approximately 5,000 new homes. \$30.4 million of this infrastructure was delivered by industry as works-in-kind, including the part construction of Badgally Road and upgrades to The Northern Road at Oran Park and Richmond Road at Marsden Park.

In the North West, the Special Infrastructure Contribution funded the planning and design of construction for Hambledon Road, Boundary Road and McCulloch Street.

As well as funding regional infrastructure, these contributions allowed the Department to assist local government to deliver infrastructure. In 2015-16 the following grants were provided:

- \$5 million to Blacktown City Council for Hambledon Rd Land Acquisition; and
- \$5 million to Blacktown City Council for Land Acquisition and Construction of Stage 1 Boundary Road and McCulloch Street.

The Special Infrastructure Contributions scheme also plays an important role in maintaining the balance between the need for economic growth and caring for the environment, providing \$3.8 million in funding of Biodiversity Offsets in 2015-16.

Local Infrastructure Growth Scheme

The Local Infrastructure Growth Scheme assists councils to deliver essential local infrastructure such as roads, stormwater facilities and open space in housing growth areas when costs exceed the cap on developer contributions.

A council is eligible for funding under certain conditions. These include a review of a proposed local development contributions plan by the Independent Pricing and Regulatory Tribunal and the reporting of the Tribunal's

recommendations to the Minister for Planning. The development contributions plan is then adopted in accordance with the Minister's requested amendments.

During 2015-16, \$107.6 million was provided for new release areas in Blacktown and The Hills local government areas, including for:

- 2,127 lots at Riverstone and Alex Avenue (Blacktown City Council);
- 88 lots at Marsden Park Industrial (Blacktown City Council);
- 99 lots at Area 20 (Blacktown City Council);
- 810 lots at Schofields (Blacktown City Council);
- 304 lots at Balmoral Road (The Hills Shire Council); and
- 1,305 lots at North Kellyville (The Hills Shire Council).

Precinct Support Scheme

The Precinct Support Scheme assists councils, particularly those in high-growth areas to deliver local infrastructure and improve facilities that directly benefit the community.

During 2015-16, \$1.8 million worth of upgrades to Boronia Park at Epping were commenced and are nearing completion with upgrades to play equipment, picnic shelters, new pathways and natural play areas. Works are expected to be completed in September 2016.

An upgrade to West Epping Park will commence in August 2016 with \$2.3 million in funding for synthetic football and cricket fields, children's play areas, barbecues, lighting and improved parking.

A total of \$5 million has been prepared for a future grant to Ryde City Council later in 2016. These funds will go towards upgrades to parks and open space around Shrimptons Creek within the Macquarie University Station Priority Precinct.

Housing Acceleration Fund

The Government has made funds available under the Housing Acceleration Fund (the Fund) since 2012 for essential infrastructure, to speed up the delivery of new homes and jobs and to help put downward pressure on housing prices. The Fund has already fast-tracked the delivery of more than 17,000 dwellings, with 28,000 more under construction or in the planning approval process.

The Department has worked with Roads and Maritime Services and Transport for NSW to prioritise four road projects in the most recent round of funding totalling \$202 million. Funding provided will assist the accelerated delivery of four road projects:

- the Hambledon Road, Alex Avenue Land Release Precinct;
- the Hill Road Off Ramp, Carter Street Urban Renewal Precinct;
- the Appin Road, Gilead Land Release Precinct; and
- the Spring Farm Parkway, Menangle Park Land Release Precinct.

Guidance for merged councils on planning

To ensure newly-formed councils have advice on how to manage their planning functions during the merger process the Department released *Guidance for merged councils on planning functions* (the Guideline) in May 2016. The Guideline assists councils to maintain efficient planning functions as mergers are implemented, providing stepped recommendations on key planning business areas. The Guideline complements other NSW Government guidance for merging councils including *Preparing for Change: Guidance for Councils*.

It is important that councils continue to provide planning services so the environmental, social and economic contribution of planning proposals, development and



A Strong Economy

assessment and certification is not lost. Development of the Guideline was based on the principle that councils should aim to provide seamless delivery of planning and development assessment services, while implementing mergers. The outcomes and actions outlined in the Guideline provide councils with a clear understanding of priorities to guide the implementation of a successful merger from a planning perspective. It provides outcomes for councils for the integration of their planning functions, and guidance on priority actions around housing priorities, e-planning, assessment systems and processes, strategic planning, local controls and development contributions.

The Guideline stresses the importance of councils making planning decisions that are consistent with the frameworks and strategies previously approved by councillors. This gives administrators guidance on what types of changes are appropriate to planning controls and certainty to the community that the shape of their neighbourhoods will not change without proper process being followed.

Early discussions with councils helped the Department to produce useful guidance. It was clear from initial discussions that the development of a guideline would be an effective means of managing the implementation of mergers and maintaining efficient land use planning functions. It also gave an opportunity for lessons learnt to be translated across different councils and regions. From the time council mergers were announced the

Department has visited merged councils across the State to discuss implementation issues. As a result of these discussions the Department understands that the forthcoming focus for councils is getting the harmonisation of processes established, particularly IT systems, and then looking forward to the integration of strategic planning ahead of the harmonisation of planning controls once there are elected councillors in place.

In 2015-16, the position of Executive Director, Local Planning Liaison was created within the Department to oversee these processes. A key role of this position is to liaise with councils through the merger process and resolve any issues which arise on an individual and regional level. The Department continues to provide guidance to merged councils and in principle merger councils, throughout the merger process and on an ongoing basis. One of the key focuses for the Department is the integration of local strategic planning with the regional and district plans to further support continuity and confidence in local and regional planning.

Councils are at the delivery end of the planning system where people who use the system expect certainty at a state and local level. The combination of ongoing consultation with merged councils and the development of the guideline enhances the capacity of the regions to positively manage change and support better planning outcomes.

Affordable Housing

Increasing the supply of affordable housing is a challenge for global cities around the world. As more and more people want the benefits of the productivity and liveability of great global cities such as Sydney, the pressure of demand for housing including affordable housing increases. *A Plan for Growing Sydney* estimates that Sydney will need an extra 664,000 homes over the next 20 years.

Increasing housing supply is a critical factor in the delivery of affordable housing. In addition to supporting the Government's work on delivering increased housing, the Department has been working to support increased affordable housing supply through a review of three SEPPs that facilitate important types of affordable rental housing including:

- housing for older people or people with disability; and
- affordable rental housing including boarding houses, group homes and secondary dwellings (or granny flats).

The Affordable Rental Housing SEPP, the Housing for Seniors or People with a Disability SEPP, and SEPP 70 - Affordable Housing (Revised Schemes) are all being reviewed as part of the Department's overall SEPP review program. This review will simplify and improve the effectiveness of these and other SEPPs to create a modern and easy to use planning system that supports faster and streamlined approvals by reducing red tape.

The new SEPP would facilitate the delivery of affordable housing and other diverse housing types required to meet the needs of communities across NSW.

The Department is working closely with other government agencies and stakeholders including councils and industry groups to inform the review. Broad consultation with all other stakeholders is anticipated to be carried out in late 2016.

This review has been complemented by the Department's work on exploring the potential to fast-track the delivery of medium density housing options such as terraces (referred to as 'the missing middle') under the State's

complying development assessment process through a discussion paper released in November 2015.

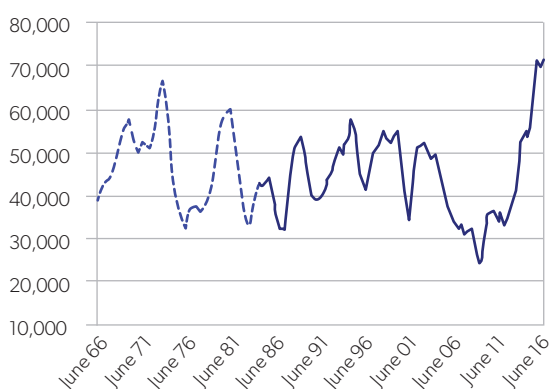
In addition to being an important housing option for low paid workers, affordable rental housing can provide a pathway for people out of social housing. The Department is working closely with the Department of Family and Community Services to deliver projects that will provide housing for vulnerable people in NSW through the Social and Affordable Housing Fund (the Fund) – a commitment of \$1.1 billion in Government funding. The Fund will support projects which deliver additional social and affordable housing stock through innovative partnerships between community housing providers, non-government organisations and the private sector.

Housing

NSW home approvals

In 2015-16, home approvals in NSW reached historically high levels, with over 70,000 new approvals granted.

NSW Housing Approvals 1966-2016

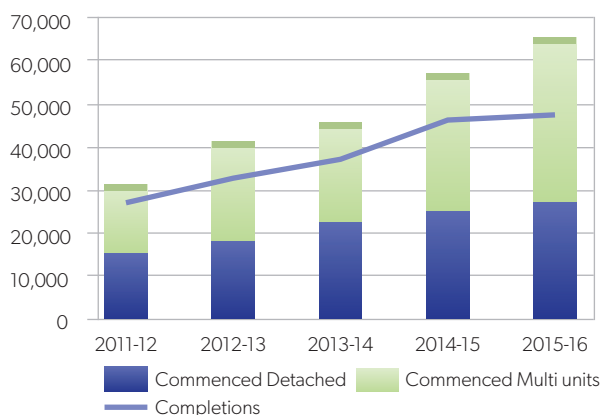


Source: ABS data from 1984 series 8731-001. Pre-1984 ABS data 8731-002.

NSW home commencements and completions

Consistent with record numbers of approvals, commencement of new homes in NSW is at record highs. Around 66,300 new homes started construction in 2015-16. Completion of dwellings is taking longer to flow through due to a larger share of multi-unit developments, which typically take longer to build than a detached house.

NSW Housing Commencements and Completions: 2011-12 to 2015-16



Source: ABS Series 87520034, 87520038 and Department estimate



A Strong Economy

Office of Strategic Lands

The Minister for Planning is the Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*' (the Corporation Sole).

The Office of Strategic Lands (OSL) administers the functions of the Corporation Sole.

On behalf of the Corporation Sole, OSL identifies, acquires, manages (on an interim basis) and transfers land to other government agencies as required for planning purposes.

OSL acquires land for:

- infrastructure projects, such as road and rail corridors;
- regional open space, including recreational and conservation areas; and
- specific sites for strategic planning projects.

OSL sells surplus land that is no longer required for the public purposes for which it was originally acquired (for example, a road corridor).

The surplus land is sold on the open market under the relevant zoning either directly by OSL or in partnership with UrbanGrowth NSW, or with Government Property NSW. These land sales directly contribute to supplying housing lots or land for industrial sites that create employment and jobs.

The revenue generated from the sales is directed to the Sydney Region Development Fund (the Fund) for expenditure on open space land acquisitions, such as Sydney's Green Grid program, and for sustaining the Fund. In 2015-16, the sale of surplus land generated \$36 million for such uses.

Regional open space

OSL identifies and purchases land to provide regional open space and environmental conservation land to councils and NSW Government agencies. The acquisition of this land adds to the sustainability of the environment and contributes to the Green Grid by increasing the amount of green space available to the community.

In 2015-16, 60 hectares of land was purchased for regional open space at a cost of \$14.3 million.

The land purchased was in the Blacktown, Campbelltown, Fairfield, Liverpool, Pittwater, Sutherland and Blue Mountains local government areas. It included 50 hectares of land for the Western Sydney Parklands and 25 small parcels of land for environmental conservation in Riverstone and Marsden Park, which are located in the Blacktown local government area.

OSL also transfers land at no cost to local councils and other relevant NSW Government agencies, to provide land for regional open space and environmental conservation.

In 2015-16, a total of 96 hectares of land was transferred to five local government areas in the Sydney region: Bankstown; Blacktown; Hornsby; Kur-ring-gai; and Warringah. This transfer of land contributed to Sydney's Green Grid.



A Vibrant Sydney





A Vibrant Sydney

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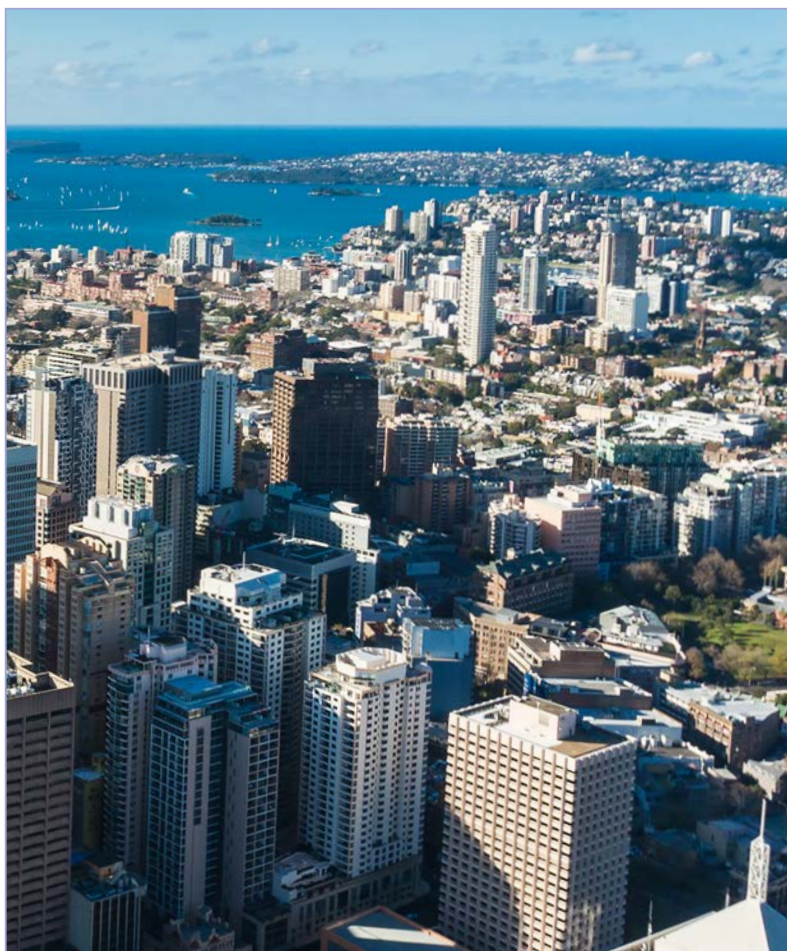
Introduction

Through robust and evidence-based strategic planning, the Department supports growing Sydney as a premier location for global commerce, a vibrant cosmopolitan centre and a great place to live.

The Department is working to provide greater housing choices and housing supply in Sydney, in communities that are well serviced and that give people access to businesses and work close to their homes while preserving Sydney’s unique environment and heritage.

Key achievements in 2015-16 include the establishment of the Greater Sydney Commission, the inclusion of the Office of the Government Architect within the Department to facilitate and promote good design choices, progressing work on existing priority precincts and identifying new ones to create new homes and jobs.

These achievements and other highlights are outlined in this chapter.



Greater Sydney Commission establishment

On 27 January 2016, the *Greater Sydney Commission Act 2015* (GSC Act) commenced, which established the Greater Sydney Commission (the GSC), a new government agency that brings together State, local government and independent experts to drive and deliver the strategic planning priorities for the Greater Sydney area.

In developing the legislation, the Department worked closely with a range of stakeholders including government agencies, councils and industry. Feedback from these key stakeholders helped shape the approach and the legislation.

The GSC consists of 13 members who have all been appointed. Alongside the ten commissioners, GSC

members also include the Secretaries of the Department, NSW Treasury and the Department of Transport.

The Department also:

- developed operational procedures for the GSC and its committees;
- arranged suitable office space, fit out and technology to support the operation of the GSC; and
- provided Departmental staff to support the GSC in the initial phase of its operation.

The GSC is now fully operational and is working on delivering on the Government's planning priorities for the Greater Sydney area.

Implementing A Plan for Growing Sydney

The Department has been supporting the GSC in preparing six district plans. The requirements for district plans were included in the amendment to *Environmental Planning and Assessment Act 1979* which came into effect on 27 January 2016 and reinforced the role of strategic planning and the 2014 regional plan *A Plan for Growing Sydney*.

In 2015-16, the Department undertook technical investigations as part of the planning process. These investigations included:

- integrating economic, social and environmental considerations;
- the alignment of government infrastructure decision making with land use planning including health, education and transport;
- housing supply and diversity including housing supply, capacity and housing market areas;

- supporting ongoing improvement in productivity, including investigations into the economic geography of Sydney, the emerging employment sectors and the metropolitan and district role of industrial lands;
- liveability, including investigations to deliver the Sydney Green Grid Project including priorities for regional links and open space planning; and
- environmental quality, including the barriers and opportunities of the Greater Sydney landscape, approaches to protect and enhance values of the peri-urban area, and resilience and natural hazard considerations.

The Department also supported the GSC with the consultations undertaken to help inform the preparation of district plans. This included consultation with councils, communities, industry bodies, and environment, community and planning groups. The draft district plans are expected to be exhibited for public comment before the end of 2016.



A Vibrant Sydney

Sydney Housing

Sydney region dwelling approvals

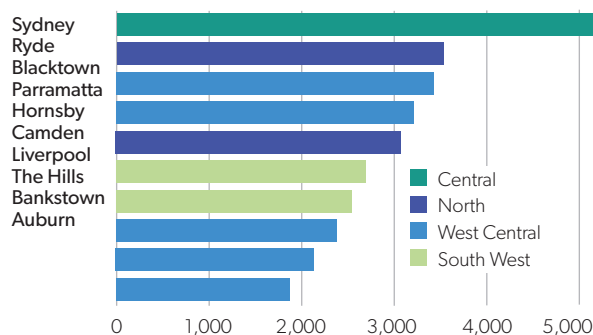
In the Sydney region, 51,500 new homes were approved in 2015-16. This is an increase of 23 per cent compared to 2014-15.

The five local government areas (LGAs) of City of Sydney, City of Ryde, Blacktown, City of Parramatta and Hornsby delivered over one-third of the total approvals in Sydney.

Sydney dwelling completions

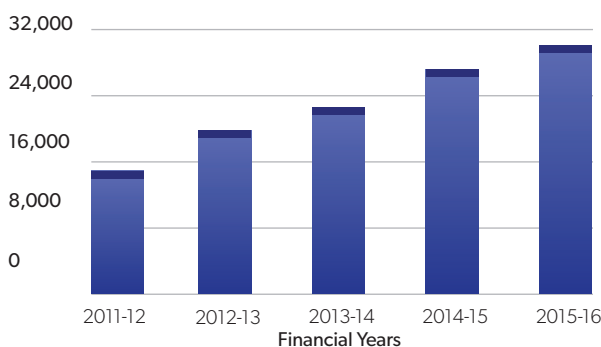
The number of dwelling completions in Sydney hit a 16-year high with more than 30,000 new homes completed in 2015-16. Over half of all completions came from the West Central and Central districts.

Top Ten Sydney Region Approvals by LGA – 2015-16



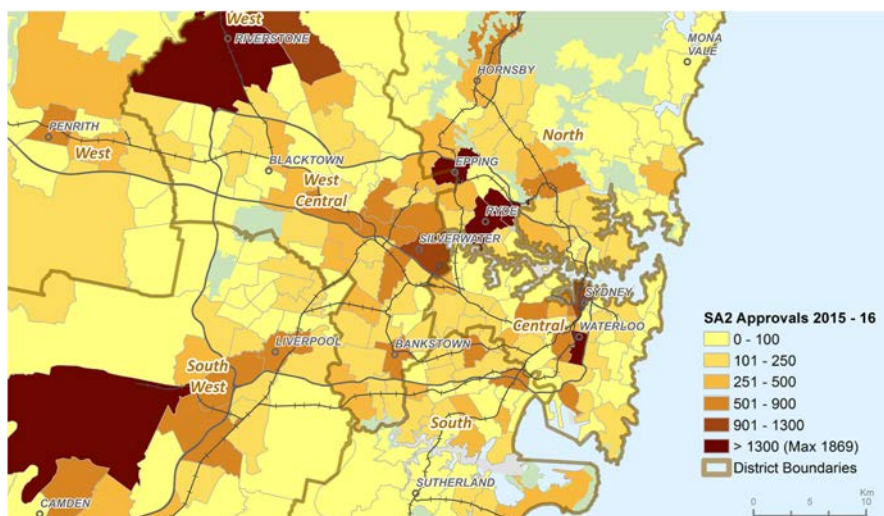
Source: ABS Dwelling Approvals LGA data cube

Sydney Dwelling Completions



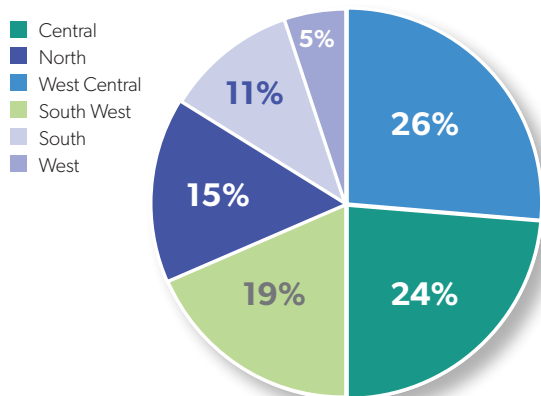
Source: Sydney Water connections

Map of Sydney Approvals by ABS SA2 boundaries



Source: ABS Dwelling Approvals SA2 approvals data cube

Sydney District Dwelling Completions 2015-16



Source: Sydney Water connections

- terrace houses;
- townhouses;
- dual occupancies (where there are two dwellings on one block of land); and
- manor homes (small low rise residential buildings containing only three to four dwellings).

These types of dwelling provide medium to higher density development that can offer more variety and flexibility in housing choice for Sydney's changing demographics. Medium density housing is also of a height and scale which blends into existing neighbourhoods and greenfield areas.

In November 2015, the Department released a discussion paper, *Options for Low Rise Medium Density Housing as Complying Development*, which recommended that dual occupancies, manor homes, townhouses and terrace houses be permitted under the streamlined approval pathway of complying development.

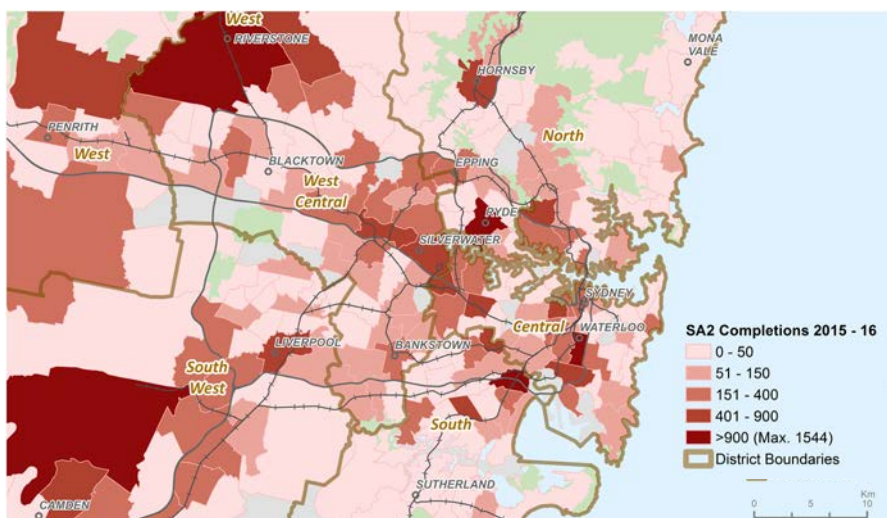
The Discussion Paper proposed the expansion of the *State Environmental Planning Policy (Exempt and Complying Development Codes) 2008* (the State Policy) to include low-rise medium density housing as complying development. The aim is to make approvals for these housing types faster and more straightforward, providing greater housing supply and choice and putting downward pressure on housing costs.

Housing types

Release of discussion paper on the "missing middle" (dual occupancies, townhouses, terraces and other)

Currently, the majority of new housing that is constructed in NSW tends to fall into two categories – traditional free-standing houses and apartments. What is missing are medium sized and compact homes in what is known as the 'missing middle'. This low-rise medium density category covers a range of housing types such as:

Sydney Housing Completions 2015-16



Source: Sydney Water connections



A Vibrant Sydney

The proposal to expand complying development to allow medium density housing forms will deliver one part of the “missing middle”.

The proposal will:

- assist in the faster and more cost effective delivery of housing;
- provide greater housing choice; and
- promote better design outcomes for medium density development across NSW.

While there is a need to increase housing approvals to meet NSW’s growing population, it is important to ensure that new developments are well designed, respectful of the environment and contribute positively to the existing character of an area. To achieve good design outcomes for medium density housing, the Discussion Paper recommended the development of a Design Guide for medium density housing, similar to the State Environmental Planning Policy No 65 – *Design Quality of Residential Apartment Development (SEPP 65)*.

Unlocking new housing release areas

The Greater Macarthur Land Release Investigation Area, located south and south-west of Campbelltown-Macarthur, was identified in *A Plan for Growing Sydney* as a possible growth area that could contribute to meeting the housing supply challenge, up to and beyond 2036.

A Land Release Preliminary Strategy and Action Plan for the investigation area was released for consultation in September 2015. The Strategy set out the Government-endorsed vision and plan for Wilton and Menangle Park/Mount Gilead. The preliminary strategy described opportunities for future land release that could provide 35,000 new homes over 20 years.

A review of community and stakeholder feedback has been finalised and the Department is expecting to release the outcomes of the consultation and plans for the area before the end of 2016.

Vibrant Communities

State Significant Precincts

The State Significant Precincts Program has been established for the priority rezoning of large sites, typically in government ownership, which are considered to be matters of State or regional planning significance.

Criteria for State Significant Precincts are set out in the State Significant Precincts Guideline, released in March 2016. The criteria require a site to be of State or regional importance in achieving government policy objectives, particularly those relating to increasing delivery of housing and jobs.

In September 2015, the Minister for Planning approved an amendment to the *Parramatta Local Environment Plan 2011*, rezoning land within the Parramatta North Urban Transformation Precinct. The new precinct, which will have capacity for around 3,000 homes, is close to Parramatta CBD, transport, parklands and local services.

The rezoning seeks to revitalise Parramatta North by protecting and restoring nationally significant heritage buildings associated with the formative years of the colony of New South Wales. The rezoning will also make the area a vibrant place to live with the development of new homes, shops, restaurants, cafes and parks.

In late 2015, Sydney Olympic Park Authority (SOPA) provided the first draft of a five-year review of the *Sydney Olympic Park Master Plan 2030*. The Department and SOPA are working together to finalise the revised Master Plan and rezoning proposal for this State Significant Precinct for public exhibition in September 2016.

In particular, this review, will make planning recommendations to revitalise Sydney Olympic Park into a thriving mixed-use town.

Priority precincts: six underway, four new precincts commenced

Priority land release precincts

The Department has been working with local councils and communities to plan for new homes that are close to jobs, parks, schools and services. Releasing and rezoning more land for housing means Sydneysiders will have access to a range of homes that suit different needs, budgets and lifestyle choices.

In November 2015, the Department finalised plans for a new community in stage 1 of the Leppington Precinct in the South West Priority Growth Area. In the North West Priority Growth Area, work on the rezoning of stages 1 and 2 of the Riverstone East Precinct commenced in 2015-16 and is expected to be completed in late 2016.

Together, these areas will provide up to 6,000 new homes as well as schools, community centres and parklands. Future residents will be close to the services and facilities they need, as well as benefitting from close proximity to new train stations on the South West Rail Link and Sydney Metro North West.

Greater Parramatta Priority Growth Area

A key action of *A Plan for Growing Sydney* is to grow Greater Parramatta as Sydney's second CBD and to connect and integrate Parramatta CBD with Westmead, Parramatta North, Rydalmere and Camellia.

Across the Greater Parramatta Priority Growth Area, rezoning for 16,000 additional homes and 6,000 more jobs has been completed, with planning for a further 30,000 homes and 80,000 jobs underway.

In May 2016, the Department and OGA assisted Infrastructure NSW and the City of Parramatta to produce a Strategic Framework for Parramatta CBD, to ensure that all major projects proposed for Parramatta responded to their context and made a positive contribution to the urban design of the city.

In partnership with the City of Parramatta, the Department exhibited the Land Use and Infrastructure Strategy for Camellia in August 2015. The Government's Parramatta light rail project will act as a significant catalyst for the

redevelopment at Camellia, which will be well connected to jobs at Sydney Olympic Park, Parramatta CBD and Westmead.

Priority urban renewal precincts

Draft proposals for three priority precincts along the Sydney Metro Northwest line were exhibited from 7 December 2015 to 28 February 2016, with around 300 submissions received. These three precincts, Showground Station, Bella Vista and Kellyville have the potential to deliver more than 10,000 new homes and 10,000 new jobs within 20 years, as well as more than 17 hectares of new parks and open spaces, new community facilities, rejuvenated creek corridors and three new town centres.

Plans for 5,500 new homes and 5,500 jobs for the Carter Street Priority Precinct were finalised in November 2015. The precinct is an industrial area, and will be transformed into a vibrant community with access to shops, international sporting facilities and to major new road improvements such as Hill Road and those associated with the WestConnex. A new village centre offering new retail services will be at its heart and the precinct will also include a 13-hectare business and technology park. These new homes and urban services are ideally located within walking distance of the Sydney Olympic Park, with further access to jobs, recreation and transport.

During 2015-16, the Department worked closely with the local community, landowners and City of Ryde Council to identify opportunities to revitalise the Macquarie University Station precinct (Herring Road) to provide for new public spaces, shops, cafes, jobs and homes. The rezoning was finalised in September 2015, with plans for up to 5,800 new homes by 2031.

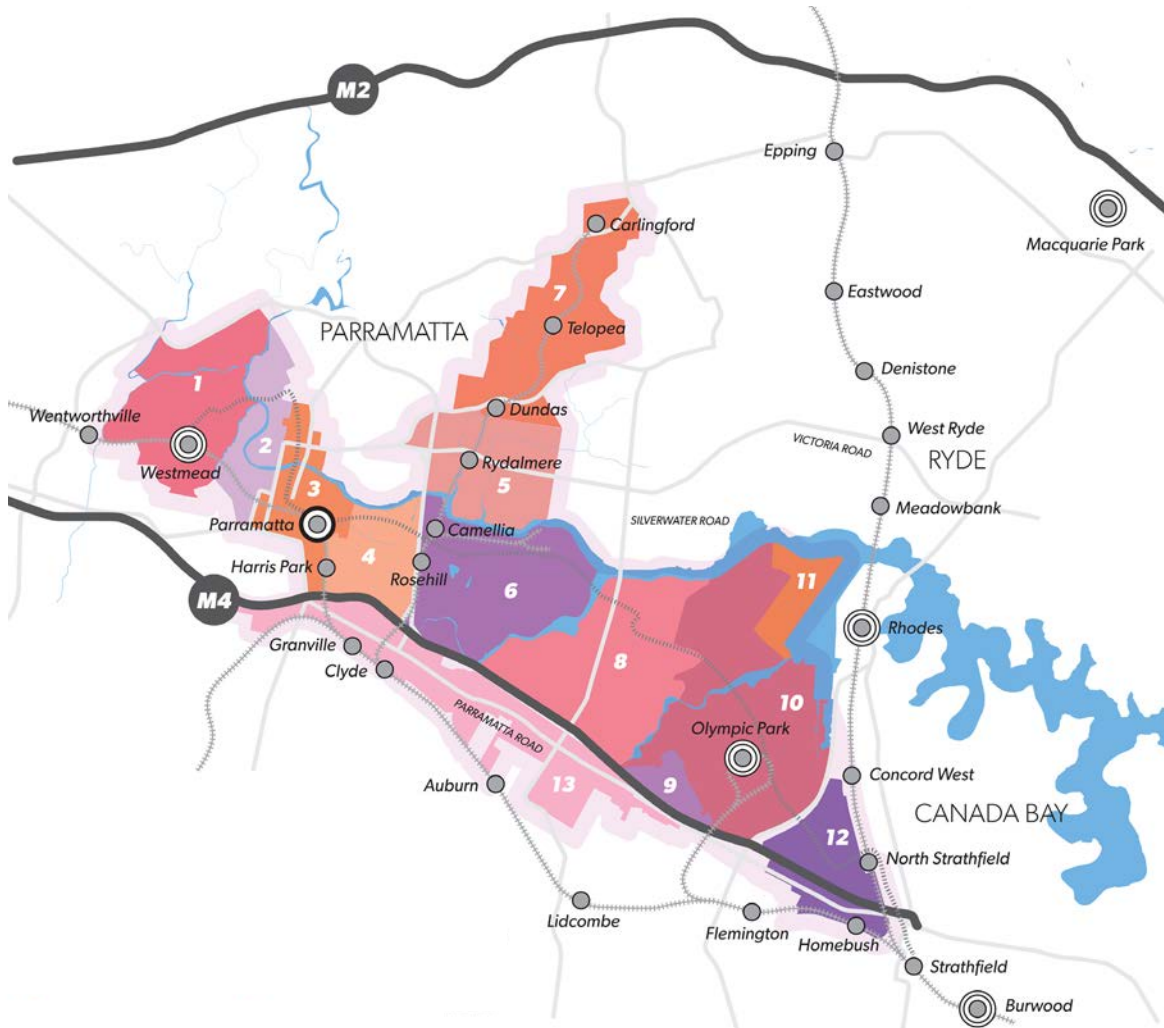
The Department commenced investigations for a number of new priority urban renewal precincts in 2015-16. It investigated opportunities for new homes and looked at future employment and infrastructure needs in the St Leonards and Crows Nest Station Precincts. This work will help ensure that the opportunities for improved transport in the area are matched with access to new homes, jobs, shops, cafes and parks.

Work for the Rhodes East area has begun. In March and April 2016, more than 200 community members took



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Greater Parramatta Priority Growth Area



Legend



1 Westmead Health and Medical Research Precinct

2 Parramatta North State Significant Precinct
Rezoned October 2015. (excluding deferred area)

3 Parramatta CBD Precinct

4 Harris Park

5 Rydalmere Education Precinct

6 Camellia Precinct

7 Carlingford Light Rail Corridor
(including Telopea Priority Precinct Investigation)

8 Silverwater

9 Carter Street Precinct
Rezoned November 2015

10 Sydney Olympic Park Precinct

11 Wentworth Point Precinct
Rezoned June 2014

12 Parramatta Road
Homebush Precinct

13 Parramatta Road
Granville and Auburn Precincts

ANNUAL REPORT 2015-16 ○

part in workshops and a survey on the future revitalisation of the area. This feedback, together with technical findings, is being used to prepare a draft plan, which will be released for consultation later in 2016.

In 2015-16, the Department began the early stages of investigating opportunities to enhance Macquarie Park's existing role as a major commercial centre. The plans will consider opportunities for more jobs, shops and restaurants within walking distance of the train stations.

In May 2015, Rockdale City Council nominated Cooks Cove as a Priority Precinct, providing the opportunity to deliver more houses in a high quality living environment with good access to transport, employment and services. The Department started preparing a Land Use and Infrastructure Strategy, which will support that Council's vision for Cooks Cove, as well as other potential priority precincts at Banksia and Arncliffe.

Urban renewal corridor strategies

A Plan for Growing Sydney identifies the potential for urban renewal of a number of transport corridors within metropolitan Sydney. Within these transport corridors, the NSW Government is making a significant investment in public transport infrastructure, which provides the opportunity to connect new homes to jobs-rich areas of Sydney.

Corridor Strategies establish a strategic planning framework to guide future development and infrastructure delivery associated with an urban renewal corridor. The corridor strategies identify opportunities for additional housing and jobs around public transport over the next 20 years.

Importantly, they provide opportunities for the community to have input into the future vision for an area, early in the planning process, enabling councils and government agencies to identify, prioritise and coordinate future land use changes and the delivery of

infrastructure to support the corridor's long-term growth potential.

In 2015-16, the Department actively worked on three corridor strategies:

- the Sydney Metro Northwest Corridor Strategy;
- the Sydenham to Bankstown Draft Corridor Strategy; and
- the Glenfield to Macarthur Draft Corridor Strategy.

In June 2015, the NSW Government announced the Sydney Metro Southwest Project, which will upgrade and convert all 11 stations between Sydenham and Bankstown to Metro standards. A draft Strategy was released for public feedback for over 15 weeks from 14 October 2015 to 7 February 2016. The Department held six community information sessions in October and November 2015 that were well attended. Over 1,400 submissions were received. The Department hosted additional community design workshops during May 2016 and there will be ongoing opportunities for the community, landowners and stakeholders to get involved as the draft Strategy is revised during the remainder of 2016.

The Glenfield to Macarthur Urban Renewal Corridor Strategy was exhibited for seven weeks from 26 July 2015 to 14 September 2015. It was prepared through a collaborative partnership between the Department, Campbelltown City Council and Transport for NSW, and identifies potential for an additional 15,000 new homes and 20,700 jobs to 2036.

Gateway approval for Liverpool CBD

The Department is working with Liverpool City Council to revitalise, enhance and transform the Liverpool City centre into a new vibrant centre for Western Sydney. In 2015, Liverpool City Council received Gateway approval for a planning proposal to amend development standards and land uses for key urban revitalisation sites



A Vibrant Sydney

in the city centre. The proposal will retain and support the existing civic precinct around Liverpool Railway Station.

The proposal represents a fundamental change to the dynamics of the Liverpool City centre to have residential development stand alongside commercial, retail and cultural related investment. The city centre proposal is expected to yield around 10,000 new homes and create over 22,000 jobs in the city centre by 2036, helping to deliver a strong economy for Western Sydney and provide a strategically important city centre for Liverpool. The proposal will also allow increased development opportunities on the Liverpool Hospital site, a key regional health facility servicing South West Sydney.

Public consultation on the proposal was completed in 2015-16. It is expected that the consideration of the proposal by Liverpool Council will occur in late 2016, prior to referral to the Department for finalisation.

CBD and South East Light Rail

In 2015-16, the Department's Priority Projects Assessment Branch continued to work with TfNSW to progress construction of the CBD and South East Light Rail in accordance with the project approval. This has included review of management plans to guide construction activities and to ensure that community benefits such as noise mitigation measures are progressed as early as possible in the construction program. In addition, the Department finalised its assessment of Randwick terminus relocation from High Cross Park, a valued area of open space on the fringe of the Randwick town centre, to outside the Sydney Children's Hospital, a key destination for the light rail. The CBD and South East Light Rail has a capital investment value of \$2.2 billion and will create over 10,000 jobs during construction and operation.



Thriving Regions





Thriving Regions

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Introduction

The current population of regional NSW is estimated to be just over three million people, which equates to 40 per cent of the State's population. Regional NSW contributes around \$138 billion to the Gross State Product, which is almost one-third of the State total.

The Department supports the development of thriving regions across NSW through its six regional teams:

- Northern;
- Hunter and Central Coast;
- Southern;
- Sydney Region West;
- Sydney Region East; and
- Western.

These teams work with councils and communities across NSW to promote sustainable growth and deliver housing and jobs through the development of regional, strategic and local plans.



All Regions

Summary of progress on regional plans

The NSW Government is rolling out a series of strategic regional plans to provide for a sustainable future for the State's regions over the next 20 years from 2016 to 2036.

The regional plans are underpinned by a comprehensive evidence base and the input of key stakeholders including local government and the community.

The regional plans will support strong and competitive regional economies that will build the capacity of each region to meet economic, social and environmental challenges. They will inform investment decisions by both the private and government sectors by identifying appropriate places for short, medium, and longer term urban growth. They will also identify the important social and environmental values of each region that need to be protected.

On 24 November 2015 the Minister released the final Illawarra-Shoalhaven Regional Plan.

Draft plans for the Central Coast, the Hunter Region and Hunter City were exhibited for public consultation at the end of November 2015. Public consultation was extended until 24 March 2016.

In 2016 the following draft Regional Plans have been released and placed on public exhibition:

- North Coast which was exhibited from 2 March 2016 to 2 June 2016;
- Central West and Orana which was exhibited from 4 April 2016 to 4 July 2016;
- Riverina-Murray which was exhibited from 18 April 2016 to 21 July; and
- South East and Tablelands which was on exhibition from 23 May 2016 to 23 August 2016.

Plans for the New England North West and Far West regions will be placed on public exhibition later in the year.

Finalisation of Standard Instrument LEP program (Campbelltown and Blue Mountains)

The Standard Instrument LEP program was initiated in 2006 to create a comprehensive LEP which applies to a whole local government area and has a common format and content for each council area in NSW. With the approval of the last two Standard LEPs in December 2015, for Blue Mountains and Campbelltown, all councils across NSW now have a Standard LEP in place. This creates consistency across the State and simplifies the planning system.

During 2015-16, the Department approved the following Standard LEPs.

Blue Mountains LEP 2015

The Department approved the Blue Mountains LEP in December 2015, ensuring the unique heritage and character of the Blue Mountains and the National Park are maintained. The new LEP came into operation in February 2016.

The Department worked closely with the Blue Mountains City Council to ensure the final plan responded to the issues raised by the community in submissions during the exhibition of a draft plan. The final plan was the result of this consultation and recognises the unique circumstances of the Blue Mountains as a World Heritage Listed National Park in NSW.

Campbelltown LEP 2015

The Department approved the Campbelltown LEP in December 2015 and it came into operation in March 2016. The LEP recognises Campbelltown-Macarthur City Centre as a major centre in the region and encourages employment growth by protecting existing industrial and employment areas and creating business development opportunities in the Blaxland Road precinct.



Thriving Regions

Local planning program

In 2015-16, 413 planning proposals were lodged with the Department. The Department issued 395 Gateway determinations allowing planning proposals to proceed to public exhibition and the next stages of approval. Seventy-four per cent of Gateway determinations were issued within 25 days of lodgement.

There were 335 LEPs finalised during 2015-16. Of these, 96 (representing 29 per cent) were made by the Department or the Minister for Planning and 239 (representing 71 per cent) were made by councils as the delegate for the Minister.

Pre-Gateway reviews

An applicant may request a pre-Gateway review from the Department where the relevant local council has advised that it does not support the proposal, or where the council has failed to make a decision within 90 days of a planning proposal being lodged.

The Department received 41 requests for pre-Gateway reviews in 2015-16. This is an increase from the 24 requests received in 2014-15.

LEP plan making 2015-16	
Planning proposals received	413
Gateway determinations issued	395
Percentage Gateway determinations issued within 25 days	74%
LEPs finalised	335
LEPs finalised by councils	239
Percentage LEPs finalised by councils	71%

Northern Region

Local planning program

In the Northern Region, land that has been rezoned for residential purposes has the potential to accommodate an additional 3,538 dwellings, and employment land that has been rezoned is capable of supporting an additional 587 jobs.

This includes the rezoning of the Border Park Raceway Business Park in Tweed which was notified in January 2016 (*Tweed Local Environmental Plan 2014 (Amendment 2)*). The rezoning provides capacity for approximately ten hectares of land for employment

through establishing a business and research park that has a link with the adjacent Gold Coast Airport and Southern Cross University sites. The site is identified as a preferred employment land site in the *Tweed Urban and Employment Land Release Strategy 2009* due to its ideal location next to the airport and between the two major towns of Chinderah and Tweed Heads.

Residential rezoning in Narrabri

The growth of mining and mining-related activities in the North-West has resulted in increasing investment and development opportunities. To better understand the

development pressures affecting Boggabri, Narrabri Council undertook a review of its strategic planning policies, culminating in the *Narrabri Shire Growth Management Strategy Addendum (Boggabri Strategic Planning Review) 2015* released in March 2015. The study identified the need for additional residential land as being strategically important for Boggabri to capitalise on residential growth opportunities. *Narrabri Local Environmental Plan 2012 (Amendment 6)* was notified in December 2015. This amendment released 40 hectares of additional residential land to meet that need.

Harwood, Clarence Valley marine-based industry

At Harwood, 16.97 hectares of land was rezoned to IN4 Working Waterfront and 175 metres of riverbank were converted from a recreational to working waterways zone under the *Clarence Valley Local Environmental Plan 2011 (Amendment No 20)*. This will enable the development of a marine industry precinct consistent with the Department's Marine-Based Industry Policy – Far North Coast and Mid North Coast, NSW.

Port Macquarie-Hastings

Port Macquarie-Hastings Council identified a desire to promote higher density development in identified well-connected locations as part of their Liveable Neighbourhoods Framework. The Department worked with Council to finalise *Port Macquarie-Hastings LEP 2011 (Amendment No 33)* which facilitates redevelopment and urban consolidation through amendments to the zoning, floor space ratio and height of buildings maps within the identified study area.

The Department continues to work closely with councils to plan for pressures associated with the realignment of sections of the Pacific Highway. This involves development for various service centres and industrial depots, as well as supporting those councils seeking to provide temporary workforce accommodation. In collaboration with councils, work has also begun to determine what the best use might be for those temporary workforce areas and depots once the highway development has been completed.

The Department continues to work with Ballina, Byron, Kyogle, Lismore and Tweed councils to progress the inclusion into the principal LEP of lands deferred from their principal LEPs due to the Government's Far North Coast Environmental Zone Review. Following the

finalisation of the review in October 2015, the Minister issued a Ministerial Direction to the five councils in March 2016 to ensure the recommendations of the Review are incorporated into planning proposals. The Department has met with the relevant councils and will continue to support these councils in moving forward in this process.

Strategic planning program

Some of the highlights of the strategic planning program in 2015-16 are outlined below

Marine-Based Industry Policy – Far North Coast and Mid North Coast NSW

The *Marine-Based Industry Policy – Far North Coast and Mid North Coast NSW* (the Policy) was released in August 2015 and was developed to facilitate job creation and economic growth by providing guidance to government and industry for the establishment of marine-based industries on North Coast navigable waterways.

The Policy has provided greater certainty for investment in marine-based industries, such as boat building, refit and repair and other specialist marine industries. The Policy identifies criteria to assist in site selection and implementation of marine-based industry via councils' local planning strategies and LEPs. The criteria will ensure that sites are appropriately located to minimise impacts on the environment, water quality and amenity.

The Department developed the Policy in collaboration and partnership with key stakeholders. It was developed with input from a reference group comprising the Department, relevant NSW Government agencies and local government representatives. The reference group created a shared goal, vision and methodology to deliver the policy. The joint partnership and constant communication approach undertaken by the Department in developing the policy created a true joint sense of ownership by all parties and delivered a comprehensive policy satisfying the needs of all stakeholders.

Lismore Local Growth Management Strategy

The *Lismore Local Growth Management Strategy 2015-2035* (the Strategy) considers the future housing and employment needs of the local government area (LGA) and was approved by the Department in August 2015. The Strategy identified 15 residential release areas



Thriving Regions

to ensure sufficient residential land supply in varying locations until 2035, but determines that sufficient employment land supply is already identified. It was based on the Department's 2014 Population and Dwelling Projections and anticipates an average growth rate of 0.6 per cent per annum.

Housing and Land Monitors

The Mid North Coast, Far North Coast and New England North West Housing and Land Monitor (2016) (the Monitors) enable the Department, councils and the community to monitor land and housing supply. The Monitors provide an overview of housing, subdivision and employment land activity and provide a detailed breakdown for each local government area. The Monitors have been developed with input from councils across both regions. They review progress against the housing and employment land targets identified in the regional strategies.

Regional planning

Draft North Coast Regional Plan

The Department exhibited the *Draft North Coast Regional Plan* (the Draft Plan) from 2 March 2016 to 2 June 2016.

The Draft Plan outlines a 20-year vision for the region centred on a prosperous community, healthy environment and attractive lifestyle choices. The Draft Plan outlines five goals for the region to achieve the identified vision. It builds upon the existing regional planning framework for the North Coast and proposes a number of policies and actions that have been developed in consultation with key agencies and council staff. The Draft Plan for the North Coast:

- seeks to manage future change in a sustainable way that protects the region's environmental and cultural heritage;
- recognises and reinforces the significance of the \$3.4 billion tourism sector by identifying opportunities to expand nature-based events and cultural tourism experiences;

- recognises Port Macquarie, Coffs Harbour and Tweed Heads for the first time as regional cities. As these regional cities grow, the NSW Government will work with councils in these areas to provide:
 - greater housing choice;
 - more jobs in health, education and aviation services; and
 - improved public domain and open spaces.
- recognises housing and job opportunities from the Pacific Highway upgrade and provides guidance on appropriate locations for freight facilities along the highway; and
- notes that the North Coast is one of the most rapidly ageing regions in NSW. Over 90 per cent of the region's population growth to 2036 will be people aged over 65. The Draft Plan sets out the supply of housing needed for a range of different life stages.

During the public exhibition period, a range of engagement activities were conducted including briefings sessions, online engagement, a social media campaign, an online survey and a media partnership. The details of the consultation contacts are as follows:

- 13,965 webpage visits, and the digital advertising campaign delivered:
 - 11,420 digital engagements³
 - 3,502,995 digital media impressions⁴
- 245 Facebook interactions were recorded;
- 48 Twitter interactions; and
- 87 media articles.

The Northern Region team engaged with stakeholders and the community at 40 briefing sessions attended by over 340 people, and at a youth forum attended by students from five schools. In addition, 233 online surveys were completed.

Following the exhibition period 803 submissions were received, raising a combined 1,738 issues.

This feedback will be used by the Department to finalise the plan, which is anticipated in late 2016.

³ This includes any engagement with an ad or a post, for example clicks through to the Department's website, Facebook post likes or post shares, or comments on posts or ads, interactive map comments or any other responses.

⁴ An impression is when an ad or post is displayed once on a digital website, on a social media channel, or in Google search.

Draft New England North West Regional Plan

In 2015-16, the Department commenced development of the *Draft New England North West Regional Plan* (the Draft Plan). It outlines a 20-year vision for a sustainable future that maximises the advantages of the region's diverse climates, landscapes and resources. The Department has been working with 12 councils and with agencies to establish a strong evidence base about the region's population, economy, housing, infrastructure and natural resources. It is anticipated that the plan will be finalised in late 2016.

The main areas of focus for the Draft Plan are:

- facilitating the expansion of intensive agriculture and food processing, limiting development on significant farmland;
- balancing the growth of agricultural and natural resource industries (mining and coal seam gas);

- supporting housing and jobs in the regional cities of Tamworth and Armidale;
- fostering community resilience to changing climatic and economic circumstances; and
- protecting remaining areas of high environmental value.

The development of the draft regional plans during 2015-16 has been informed by a comprehensive evidence base including the following studies:

- Mid and Far North Coast Residential Submarket Analysis;
- North Coast Employment Land Review;
- Agricultural Expansion Analysis: New England North West (NENW) NSW 2015; and
- Housing Market Analysis for New England North West Region 2015.

Hunter and Central Coast

Local planning program

During 2015-16, the Department finalised 59 LEP amendments in the Hunter and Central Coast Region, creating the potential for an additional 8,900 dwellings and 7,500 jobs.

In November 2015, the rezoning for Brimbin New Town was approved. The Department worked closely with the then Greater Taree City Council in this rezoning of more than 3,700 hectares of land north east of Taree, to facilitate a new town in the Manning Valley. When fully developed the town has the potential to accommodate a population of around 22,000 people, as well as provide employment opportunities in this unique industry and agricultural support precinct.

A key feature of the rezoning, completed in November 2015, is the biocertification of the proposal, only the second in the State. A total of 1,000 hectares of land was dedicated by the proponent to form an extension of the Brimbin Nature Reserve.

Other rezonings approved during 2015-16 include:

- land at Oscar Drive, Chittaway Point, Wyong was rezoned to allow low density residential development of approximately 214 residential lots and environmental conservation. Prior to finalisation, additional flood modelling was undertaken to support the proposed zone boundaries to the satisfaction of the OEH;
- land at Tuggerah, part of the site known as the Pioneer Dairy, was rezoned to allow development of a regional sporting complex; and
- a site on Main Road, Toukley was rezoned to enable development of a residential flat building and tourist apartment complex, with the potential for approximately 76 residential units and 42 tourist accommodation units.



Thriving Regions

Strategic planning program

Key strategic planning projects during 2015-16 are outlined below.

Branxton Subregional Land Use Strategy and Structure Plan

The Hunter and Central Coast Regional team worked closely with Singleton Council and Cessnock City Council on a joint project for the Branxton sub-regional area, to develop the *Branxton Subregional Land Use Strategy and Structure Plan* (the Strategy).

The area covered extends across two local government area boundaries and has experienced substantial change within recent years including the opening of the Hunter Expressway and progression of Huntlee New Town.

The Strategy consultation process included interactive sessions and Social Pinpoint which was well received by the community and other stakeholders.

The Strategy provides a clear framework for the future of the area, including a brand new Town Centre Master Plan. This framework will enable councils and the Department to better respond to challenges, maximise opportunities and coordinate planning decisions across council boundaries.

Newcastle (Williamstown) Airport Growth Node

Port Stephens Council was provided Planning Reform Funding for their strategic planning work on the Newcastle (Williamstown) Airport Growth Node which seeks to maximise the potential of this regionally significant transport gateway over the long term.

Regional planning

During 2015-16, the *Draft Hunter Regional Plan*, the *Draft Plan for Growing Hunter City* and the *Draft Central Coast Regional Plan* were exhibited from 25 November 2015 to 24 March 2016.

Draft Hunter Regional Plan

The *Draft Hunter Regional Plan* outlines a vision to grow and diversify the Hunter economy over the next 20 years so that it remains the biggest and most productive regional economy in Australia. It aims to protect the

Hunter's natural environment, which reflects some of the most unique biological and ecological diversity in Australia and support the ongoing management of competing interests in rural and resource areas, particularly across the Western Hunter and the Northern Tops, to provide greater certainty for communities and industry.

The community engaged in the exhibition of the Draft Hunter Regional Plan through digital channels as follows:

- 14,693 webpage visits, and the digital advertising campaign delivered:
 - 6,439 digital engagements; and
 - 1,353, 000 digital impressions.

Draft Hunter City Plan

The *Draft Hunter City Plan* recognised that Hunter City is the urban gateway to the broader Hunter region. It will continue to be the prime location for delivering new jobs, housing and regional-level services.

Draft Central Coast Regional Plan

The *Draft Central Coast Regional Plan* aims to:

- protect the environment;
- grow and diversify the economy;
- create thriving, liveable centres and deliver greater housing choice; and
- focus infrastructure and social investment on providing new jobs.

The *Draft Central Coast Regional Plan* identified priority infrastructure and investment on:

- two new regional employment corridors – Somersby to Erina and Tuggerah to Warnervale;
- Gosford as the regional city; and
- major centres at Tuggerah, Wyong and Erina.

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The community engaged in the exhibition of the *Draft Central Coast Regional Plan* through digital channels as follows:

- 12,967 webpage visits, and the digital advertising campaign delivered:
 - 6,626 digital engagements; and
 - 1,026,191 digital impressions.

The regional team engaged with the community and stakeholders at 70 briefings attended by 1,024 people.

Following the exhibition period, 447 submissions were received (236 regarding the *Draft Hunter Regional Plan* and 211 regarding the *Draft Central Coast Regional Plan*).

The feedback received will help the Department to finalise the plans. This is anticipated in late 2016.

Southern Region

Local planning program

Local Environmental Plan Amendments in Southern Region have rezoned land with the potential to create an additional 193 dwellings and an additional 198 jobs. This includes:

- Worrigea, Shoalhaven local government area – 65.3 hectares of land was rezoned creating the potential for an additional 100 dwellings;
- Jindera, Greater Hume local government area – 20 hectares of land was rezoned creating the opportunity for 50 dwellings; and
- 22 hectares of land was rezoned for employment purposes creating the potential for 120 jobs at Shellharbour and 70 jobs at Cooma.

Culburra, Callala Bay and Currarong: Gateway Determination

The Department is currently working with Shoalhaven City Council and the OEH to progress a proposal to rezone 1,700 hectares of land in the Culburra, Callala Bay and Currarong areas. The proposal would provide approximately 6,100 houses as well as provide approximately 1,100 hectares of land to the Jervis Bay National Park.

A Gateway determination was issued for the planning proposal by the Department in November 2015. The Gateway requires the preparation of a water quality

strategy, a flora and fauna assessment and biodiversity offset strategy as well as a masterplan that will ensure housing outcomes are balanced with environmental outcomes.

Part of the area is located within the catchment of Lake Wollumboola which is considered to be an environment of extremely high importance for migratory birds and other flora and fauna. Consistent with the Illawarra-Shoalhaven Regional Plan, the Department has required that Lake Wollumboola is protected by avoiding development in the catchment. A Project Control Group, comprising senior staff of Council, the Department and the OEH, was established in 2015-16 to provide high level leadership and coordination for the project.

Parkwood planning proposal

During 2015-16, the Southern Region team continued its work to assist in progressing the Parkwood planning proposal, located in Yass Valley and adjacent to the Australian Capital Territory (ACT). The proposal seeks to provide for up to 5,500 lots as part of a joint 11,000-lot, cross-border development with the ACT Government. The Department has established a framework for the proponent to work with Council, the ACT Government and the Cross Border Commissioner to resolve the key cross border issues including public transport, access, water servicing, policing and education, prior to the land being rezoned.



Thriving Regions

Strategic planning program

Queanbeyan Residential and Economic Strategy 2015-2031

The *Queanbeyan Residential and Economic Strategy* creates a framework for residential and employment land release in Queanbeyan until 2031. The Department's review of the Council's Strategy required detailed assessment of identified urban release areas and future investigations areas, employment lands, roads and infrastructure and biodiversity management.

When the Strategy's recommendations are endorsed, Council will have greater certainty to pursue rezonings for residential and employment lands that are consistent with the Strategy, including justifying any inconsistencies with Section 117 Directions where relevant.

Involvement in Project Control Groups

The Department plays a key role in a number of project control groups (PCGs) to manage collaboration and coordination between the Department, other government agencies, councils and other stakeholders to achieve strategic planning outcomes. The Department's participation on the PCGs in 2015-16 is summarised below.

Port of Eden Project Control Group

The Port of Eden PCG was formed to advise the Deputy Premier on the relative merits and issues associated with three different development proposals in Twofold Bay, Eden (the extension of a wharf to allow cruise ships to berth and two marina proposals).

The Department of Trade and Investment leads the PCG which includes the Department of Premier and Cabinet, Roads and Maritime Authority, Crown Lands, Transport for NSW and Sydney Ports Corporation. The Department provides planning advice in relation to the proposals.

West Dapto Project Control Group

The Department leads the West Dapto PCG which also involves Wollongong City Council and the Department of Premier and Cabinet. It has been successful in progressing infrastructure planning in West Dapto, establishing an agreed program for biodiversity certification and developing an agreed "end state" road network.

Nowra-Bomaderry Project Control Group

The Department chairs the Nowra-Bomaderry PCG which is primarily concerned with ensuring access is available to release areas. Shoalhaven City Council, Roads and Maritime Services and Shoalhaven Water are also members of the PCG.

Eden Solutions Brokerage Process

The Eden Solutions Brokerage process brought together a number of NSW Government agencies and the Eden Local Aboriginal Land Council (ELALC) to collaboratively design and implement a mechanism to address long-standing issues impeding the ELALC's land and economic development aspirations. The Department's regional team was a key participant in this process.

Outcomes attributed to the process include the establishment of working relationships between government and ELALC and an agreement to work collaboratively on developing a planning and management tool to enable better economic outcomes from ELALC land holding.

Regional planning

Illawarra Shoalhaven Regional Plan

The *Illawarra Shoalhaven Regional Plan* (the Illawarra Plan) was released by the Minister for Planning on 24 November 2015. The Illawarra Plan is the NSW Government's overarching strategy for guiding land use planning decisions for the Illawarra-Shoalhaven region and sets out five goals, 21 directions and 41 actions. The Illawarra Plan notes that:

- the Illawarra-Shoalhaven region is one of the fastest growing regions in the State. By 2050, the population will be around half a million people;
- the region is home to a leading university, diverse natural environment and has delivered \$16.2 billion in annual economic output in recent years;
- at the heart of this economic productivity is Wollongong, with thriving job sectors in education, knowledge services and health care, as well as a lively dining, arts and cultural scene;

- with such a stunning natural environment, thriving centres, a skilled workforce and its proximity to the city of Sydney, the region will continue to grow in the future;
- ecologically sustainable development (ESD) and a strong diversified economy are the cornerstones of the Plan; and
- ESD principles will guide decision making to reflect the community's desire for sustainable growth that preserves the defining feature of the region – the natural environment.

The Illawarra Plan also outlines a vision for a sustainable future and a resilient community capable of adapting to changing economic, social and environmental circumstances.

The Illawarra-Shoalhaven Coordinating and Monitoring Committee, jointly chaired by the Department and the Illawarra Pilot Joint Organisation, was established to oversee and coordinate the implementation of the Illawarra Plan. The committee brings together agencies such as Health, Education and Transport, responsible for delivering the majority of proposed outcomes under the Illawarra Plan.

The Committee meets regularly, has established terms of reference, and is supported by a detailed implementation plan including the identification of the priority actions.

Implementation of the priority actions in the Illawarra Plan, including work to support economic and housing growth in Metro Wollongong, housing delivery at West Dapto, and better utilising industrial landholdings at Port Kembla, commenced in 2015-16.

Draft South East and Tablelands Regional Plan

The draft South East and Tablelands Regional Plan (the South-East Plan), which was released by the Minister on 23 May 2016 for a three-month public exhibition period, outlines a 20-year vision for a strong, diverse and sustainable regional economy.

The South East and Tablelands is a diverse region, covering five distinct landscapes – Alpine, the Far South Coast, the Greater Capital, Hilltops, and the Southern Highlands and Tablelands. The South-East Plan aims to:

- maximise the region's economy by leveraging its significant relationship with the ACT;
- protect the region's heritage values, biodiversity corridors, sensitive waterways and natural environment;
- focus development in and around existing regional centres and towns to take advantage of existing infrastructure and services;
- provide more housing and greater housing choice to meet the changing needs of the community;
- make it easier to move around the region, and between the region and Canberra through better public transport connections;
- promote the growth of the tourism industry and improve tourism-related transport services;
- enhance the productivity of primary industries;
- support the productivity and capacity of the region's mineral and energy resource lands (including renewable energy); and
- grow regional strategic assets such as the Port of Eden and Canberra Airport.

The South-East Plan also outlines a vision to build resilient and sustainable communities by balancing growth opportunities with protecting the region's diverse environment and lifestyles.

Stakeholder briefings and workshops during the three-month exhibition period included councils, the ACT Government, the Joint Organisation, government agencies, peak interest groups, Canberra Airport and a youth forum.



Thriving Regions

Sydney Region West

Local planning program

Land in the north west of Bankstown

The making of the *Bankstown Local Environmental Plan (Amendment No. 3)* in January 2016 implements Bankstown Council's North West Local Area Plan that covers the suburbs of Bass Hill, Chester Hill, Georges Hall, Lansdowne, Sefton and Villawood East. The rezoning balances the demands for future growth with the need to protect and enhance environmental values. The plan will ensure that adequate land, infrastructure, facilities and open space are available and are appropriately located to sustainably accommodate future housing and employment needs. This approval creates the potential for approximately 2,363 additional dwellings to be provided over the coming years.

Seven proposals in Parramatta CBD

In June 2016, the Department issued a Gateway determination that seven significant planning proposals in the Parramatta CBD could proceed to public exhibition for community feedback. These proposals, in line with the Council's Parramatta CBD Strategy, retain the existing mixed-use zoning and seek to change the floor area and height controls. The proposals were assessed by the Department, taking supporting technical studies into consideration. The proposals will provide up to 1,220 new jobs and 2,228 additional dwellings, if approved.

Incentive clause for key sites in Penrith City centre

In April 2016 the Department issued a Gateway determination supporting the inclusion of incentive provisions for the Penrith City Centre. This means the proposal can proceed to public exhibition, allowing the community to provide feedback.

The proposal will provide the opportunity to create landmark developments at key gateways to the city centre and assist in the further activation of the city through providing incentives for investment, injection of additional housing, increasing housing variety and new ground floor business uses. The inclusion of incentive clauses will allow increases in building heights and additional floor space subject to design excellence and the provision of public benefits. This planning proposal has the potential to stimulate redevelopment of the city centre supporting Penrith Council's vision for a reactivated night-time economy.

The proposal will enable up to 4,000 additional dwellings to be built.

Sydney Science Park at Penrith

In July 2015, a revised Gateway determination was issued by the Department, allowing the plan-making process for the proposed Science Park at Penrith to proceed to public exhibition and the next stages of approval.

During 2015-16, the Department worked closely with Penrith City Council to ensure the right mix of homes, jobs and education facilities, and that completion of new homes will be coordinated with new infrastructure being delivered. A key feature of the proposal is a new town centre, industrial research and development facilities, a school and a retail centre, all providing new employment opportunities in this part of Western Sydney. The planning proposal was publicly exhibited from 16 November to 14 December 2015. Once developed, the science park would create the potential for more than 12,000 knowledge-based jobs and 3,400 new dwellings.

Sydney Region East

Local planning program

Some of the key local environmental plan amendments finalised during 2015-16 are summarised below.

Hurstville City Centre

The notification of the *Hurstville LEP (Hurstville City Centre) 2014* in July 2015 provided updates to the planning controls for the Hurstville City centre originally contained within the Hurstville LEP 1994. Hurstville City centre is a key commercial precinct centred on the T4 Illawarra Line, with high accessibility for growth in office, retail and commercial uses and providing for housing diversity and choice with the identified potential growth of this mixed-use centre. The updated LEP creates capacity for 4,500 new dwellings.

Marshall Ave, St Leonards

In June 2015, the Department notified an amendment to *Lane Cove LEP 2009* applying to the site at 1-13 Marshall Avenue, St Leonards. The plan is fully supported by Lane Cove Council and allows for an increase in the maximum height of buildings from 65 metres to 94 metres, allowing for the development of the St Leonards Plaza over the railway line. The planning proposal will increase dwelling density in a site within a strategic centre that is well serviced by public transport. Specifically, it will create capacity for 269 new dwellings.

Heritage housekeeping amendment, Pittwater

The amendment was informed by the *Pittwater Community Based Heritage Study Review (2015)* and was finalised by the Department in January 2016. The review provided an updated and contemporary Heritage Study for Pittwater, including an updated thematic history and list of heritage items. The amendment provides heritage protection for a significant number of new items, while removing items that have been demolished or merged with other items.

18 Berry Street and 144-154 Pacific Highway, North Sydney

In September 2015, the Department notified *North Sydney LEP 2013 (Amendment No 8)* amending the non-residential floor space ratio requirements for 18 Berry Street and 144-154 Pacific Highway, North Sydney. The amendment allows increased development potential for residential uses on these sites and will deliver a variety of housing stock within close proximity of North Sydney centre and public transport. The proposal creates capacity for 190 new dwellings and 580 new jobs.

Former Darrell Lea Site, Kogarah

In April 2016, the Department finalised the proposed rezoning of land at the former Darrell Lea site in Kogarah to allow for a mix of residential and commercial land use. The plan encourages new business investment in the local area and revitalises the underutilised site, encouraging social cohesion, providing open space for community use, and increasing connectivity between Rocky Point Road and the open space at Leo Smith Reserve. The planning proposal will provide for approximately 432 new dwellings of different housing mix and type. It will also provide a wide range of employment-generating land use, resulting in approximately 403 new jobs.

Additional permitted uses for Qantas lands, Botany

In July 2015, an amendment to the *Botany Bay LEP 2013* was finalised. The plan allows for a number of additional permitted uses and additional floor space ratio provisions on Qantas land in Mascot. The proposal will support and strengthen the economic activity and employment generating potential of the airport, the Global Economic Corridor, the Sydney Airport and Environs Specialised Centre and Botany Bay local government area. It is envisaged that the proposal will generate capacity for approximately 887 additional jobs.



Thriving Regions

Key Gateway determinations

Key Gateway determinations issued by the Department in 2015-16 are summarised below.

Victoria Road Precinct, Marrickville

On 14 March 2016, the Department issued a Gateway determination to amend various zoning and development controls under the *Marrickville Local Environmental Plan 2011* for land within the Victoria Road Precinct. The proposal seeks to rezone the predominantly General Industrial zoned land to Business Development, Mixed Use, Medium Density Residential and High Density Residential. This proposal will create capacity for a significant number of new dwellings as well as new employment opportunities. It will also promote growth in close proximity to a public transport corridor and community services.

Flower Power, Enfield

This Gateway determination allows for investigations to begin into the redevelopment of the Flower Power site at 27 Mitchell Street, Croydon Park, for medium density residential development. The proposal will deliver additional housing stock and increase housing choice in an area that is close to a major centre and a major transport hub. The site is close to services, jobs and other activities and is opposite Henley Park, a significant local active and passive recreation area.

Heritage matters, Marrickville

On 24 November 2015, the Department issued a Gateway determination allowing for consideration of an amendment to *Marrickville LEP 2011* that would apply local heritage protection to 75 new heritage items and two new heritage conservation areas. This proposal will help to achieve Inner West Council's aim to protect properties and places within the Marrickville local government area assessed as having heritage significance through recent studies.

Western Region

Local planning program

In 2015-16, the Western region completed 35 planning proposals, resulting in the rezoning of residential land with potential for an additional 1,270 residential dwellings and rezoning of employment land with capacity to accommodate over 600 jobs.

The majority of planning proposals dealt with were spot rezonings, housekeeping matters and local clauses to provide councils with greater flexibility.

Key Gateway determinations

Orange Airport

The Department issued a Gateway determination in December 2015 for the proposed rezoning of 200 hectares of rural land near the Orange Airport to facilitate the proposed employment of over 500 people in industry and research and development jobs on that land. The proposal is being considered in the

sub-regional context with neighbouring Blayney Shire Council and Cabonne Council.

Clergate Hills – Orange

In June 2016, the Department issued a Gateway determination for the proposed rezoning of 290 hectares of rural land at Clergate, North Orange for large lot residential purposes, allowing the proposal to proceed to public exhibition. The proposal, which is consistent with an endorsed strategy, will yield approximately 450 residential lots at a minimum lot size of 4,000 m² if approved.

Daisy Hill – Dubbo

The Department issued a Gateway determination for the proposed amendment of *Dubbo Local Environmental Plan 2011* to reduce the minimum lot size for land that is zoned R5 Large Lot Residential at East Dubbo, known as Daisy Hill. If approved, the rezoning will facilitate a residential lot yield of approximately 284 lots with a range of minimum lot sizes of 6,000 m², 1.5 ha and 3 ha, if approved.

Strategic planning program

The Western Region team is involved in a wide range of policy and strategic planning projects, forming collaborative partnerships with councils, government agencies and other stakeholders to achieve high quality land use planning outcomes.

Blayney 2020 Masterplan

Council was provided with \$85,000 to prepare a strategy for the Blayney local government area focused on the town of Blayney, providing planning, design, economic and governance strategies that target economic opportunities to sustainably support Blayney Shire and reinvigorate and grow Blayney town centre. This project was completed in May 2016.

Broken Hill Long Term Water Supply Project

The Director-Western represents the Department on the Broken Hill Long Term Water Supply Project Steering Committee. This is an important infrastructure investment which will facilitate the delivery of a long-term water supply solution and support regional development.

The Central West Pilot Joint Organisation

The Western Region team established a Technical Working Group and Advisory Group with representatives of agencies in the region. The Groups have been meeting monthly since December 2014 and have prepared a land supply and demand analysis across the 12 councils, as well as thematic issues papers to inform the sub-region's planning priorities.

Regional planning

Draft Central West and Orana Regional Plan

The *Draft Central West and Orana Regional Plan* (the Central West Draft Plan) was released for public consultation for three months from 4 April 2016 to 4 July 2016.

The Central West Draft Plan outlines a vision to grow and diversify the economy over the next 20 years by supporting jobs growth and strengthening the region's cities, towns and villages.

The Central West Draft Plan focuses on:

- encouraging greater investment, innovation and diversification in agribusiness – a key regional strength;
- transforming the region's manufacturing sector by developing advanced and value-adding manufacturing opportunities;
- identifying and protecting the region's productive agricultural lands;
- sustainably managing mining and renewable resource use;
- capitalising on the region's pivotal location in national freight corridors to leverage greater productivity across the region's agribusiness, mining and manufacturing sectors, and to increase access to markets outside the region;
- strengthening regional cities (Bathurst, Orange and Dubbo), regional centres (Mudgee, Lithgow and Parkes) and surrounding towns and villages by improving transport connections and providing more housing choice and services; and
- protecting and managing the region's environment and building resilience to natural hazards (e.g. bushfires and drought) and climate change.

The community engaged in the exhibition of the Central West Draft Plan through digital channels as follows:

- 6,281 webpage visits, and the digital advertising campaign delivered:
 - 7,021 digital engagements; and
 - 1,269, 346 digital impressions.



Thriving Regions

Draft Riverina-Murray Regional Plan

The *Draft Riverina-Murray Regional Plan* (the Draft Riverina Plan) was released for public consultation for three months from 18 April 2016 to 21 July 2016.

The Draft Riverina Plan:

- outlines a vision to grow and diversify the economy over the next 20 years, through the creation of more jobs, strengthening the region's cities, towns and villages and sustainable management of its agricultural, extractive and natural resources;
- notes that the Riverina-Murray region is an important agricultural resource for Australia that is defined by its access to the Murray and Murrumbidgee Rivers, its network of towns and its location on national freight corridors;
- aims to capitalise on the region's strengths in agribusiness by supporting diversification and investment in this sector, in particular food and beverage manufacturing and processing;
- outlines how investment, to enhance the region's freight and logistics networks, will help to leverage greater agricultural productivity and take advantage of the region's location as the meeting point of all the major freight routes between Adelaide, Melbourne, Sydney and Brisbane;
- includes actions to strengthen the regional cities of Albury, Wagga Wagga and Griffith, and the connections with their surrounding towns and villages, to enhance the liveability and amenity of these places, create more jobs, and provide housing and services that meet the changing needs of the community;
- includes actions to improve the planning and coordination of services and infrastructure for the region's cross-border communities including Albury-Wodonga and Echuca-Moama;
- aims to protect and support the region's renewable energy potential, agricultural lands and mineral and extractive resources, by supporting the sustainable use and conservation of water resources; and
- notes that a regional planning approach to protect the nationally significant Murray River is also proposed in the Draft Plan.

The community engaged in the exhibition of the Draft Riverina Plan through digital channels as follows:

- 5,415 webpage visits, and the digital advertising campaign delivered:
 - 6,014 digital engagements; and
 - 3,611,629 digital impressions.

The Western Region team engaged across the Central West and Orana and Riverina-Murray regions at 66 meetings with councils, industry and community groups.

Consultation with youth was arranged through a dedicated youth forum in Orange and Wagga Wagga.

During the consultation period, the Western Region team facilitated 25 meetings with NSW Government agencies to develop a better understanding of key issues and how proposed actions could be implemented when the Regional Plans are finalised.

Draft Far West Regional Plan

A draft regional plan is being developed for the Far West region.

Evidence base for regional planning

The preparation of regional plans is supported by a robust evidence base. The regional plans were informed by the following studies that were undertaken in 2015-16:

- Murray River Riparian Planning Controls Study; and
- Draft Agricultural Lands and Industry Study for Central West and Orana and Riverina-Murray.



Strong *Community Participation*





Strong Community Participation

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Introduction

The Department works closely with communities and stakeholders to help shape policies, plans and programs, and inform planning assessment activity. This helps to ensure that planning for housing, jobs, infrastructure and the environment meets the needs of communities across NSW.

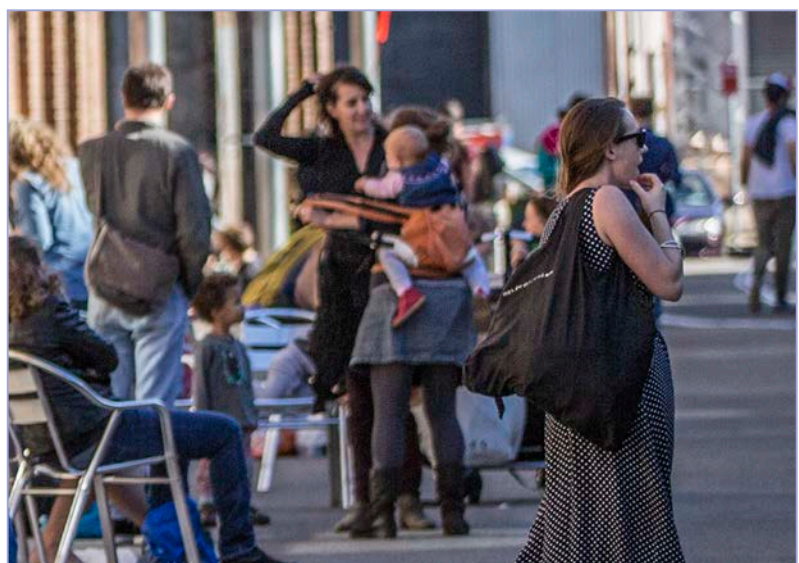
The Department engages in a range of ways including:

- updates via media, emails and newsletters;
- communication through our information centre, website and correspondence;
- online surveys, social media and interactive maps;
- face-to-face, including community drop-in sessions, workshops, briefings and site visits; and
- formal submissions.

In summary, the Department facilitated in excess of 200 community and stakeholder activities of various types across NSW, including workshops, information and education sessions, and stakeholder briefings. Further, a total of 14 online surveys were conducted as part of the Department's online engagement strategy.

As an indication of the extent of community engagement with the planning system, the Department received more than 2,000 formal submissions from stakeholders in response to the six draft regional plans released by the Department in 2015-16 alone.

An overview of the range and extent of the Department's community engagement and consultation is provided in this chapter.



Simplifying the Planning System

Repeal of 16 SEPPs

In 2015-16, the Department worked on the repeal of 16 State Environmental Planning Policies (SEPPs). The repeal of these SEPPs, completed in August 2016, will remove duplication and deliver planning provisions in the most appropriate location in the planning framework. The repeal of the SEPPs implements the Government's commitment to a modern planning system that is simple and easy to use, while appropriately addressing matters of planning significance for the State.

Consultation, collaboration and detailed research were critical in determining whether to retain, amend, transfer or update the content of these SEPPs. The Department consulted with councils, industry, non-government organisations and the community, including exhibiting an Explanation of Intended Effect in June/July 2015 and inviting stakeholder feedback.

The second stage of the SEPP Review Program is considering a further 50 SEPPs. The review is underway and will be progressively completed by theme during 2016-17. Once finalised the themed SEPPs will guide development assessment. The Department will continue to seek community and stakeholder input during this stage of the review.

Review of Pre-Gateway review process

The Pre-Gateway review process (the review process) provides a mechanism to have a council's rezoning decision independently reviewed, if a council has not supported a planning proposal or has not made a decision within 90 days. The Department examined the review process to achieve greater independence and transparency.

The Department's *Pre-Gateway Review Findings and Recommendations Report (September 2015)* identified a number of issues in the process and recommended changes. This Report was placed on public exhibition from 2 September to 14 October 2015. There were 63 submissions received. The Department has considered

the views expressed in submissions and prepared the *Rezoning Reviews Final Report* (the Final Report).

The findings of the Final Report will inform a new approach for undertaking rezoning reviews. A number of administrative and procedural changes are being recommended to continue to enable council decisions to be tested before an independent panel, with increased transparency and reduced timeframes. Under the recommended new process the aim is for 85 per cent of rezoning reviews to be processed within 90 days, in comparison to the previous average time of 167 days.

Environmental planning reforms for the Far North Coast

An independent review was undertaken in response to significant community concerns that environmental zones and overlays were being applied by five Far North Coast councils of Tweed, Byron, Ballina, Lismore and Kyogle to land used for rural and agricultural purposes without adequate evidence of environmental significance.

The outcome of the review was announced in October 2015 with the release of the final recommendations report setting out environmental zoning reforms for the Far North Coast.

The final recommendations report reflects the draft recommendations in the interim report, the Department's response to the interim report, issues raised in submissions and comments from government agencies. The final recommendations were developed in consultation with the community, councils and key stakeholders and ensure that rural and agricultural uses can continue with the minimum of regulatory burden, while important environmental values are protected. The recommendations provide a clear and consistent methodology for applying environmental zones on the Far North Coast, through the primary use of land test and the need to validate the ecological evidence to support the rezoning of land for environmental purposes.



Strong Community Participation

The environmental zoning reforms will mean environmental zones are applied clearly and consistently across the Far North Coast, providing greater certainty to landowners, councils and the community. The reforms will ensure that a balance is achieved between protecting environmentally important areas while ensuring agricultural land is protected.

To ensure that environmental zones are applied consistently on the Far North Coast in the future, the Minister for Planning issued a direction to the five Far North Coast councils in March 2016 requiring the application of environmental zones to be consistent with the final recommendations report.

Commence updates to the EP&A Act

The EP&A Act has been the subject of review during 2015-16. Amendments under consideration are aimed at making it easier for people to participate in the planning system and improve overall confidence in decision making under the EP&A Act.

In May 2016, the Department held a series of forums with stakeholders to discuss the updates, with a focus on the areas where additional amendments were being explored. This included:

- ten roundtables across regional NSW and metropolitan Sydney attended by 368 representatives from 235 organisations, including local councils, industry, practitioners, the community and environmental groups;
- responses from 185 people and organisations to a targeted online survey; and
- meetings with all Government agencies at a Cluster level to ensure a whole-of-government approach.

The consultation process was very well received and delivered valuable feedback. This feedback is being considered as part of finalising the draft legislation which will be released for broader public consultation in the second half of 2016.

Standard Instrument LEP amendments

The Department has amended the Standard Instrument for Local Environment Plans (SILEP) and two SEPPs to provide a more consistent approach, help increase local economic activity, create jobs and encourage investment.

The amendments were part of an ongoing approach by the Department to simplify the planning system and cut red tape to give councils, local businesses and the community greater consistency and certainty. The SILEP amendments included:

- allowing with development consent hardware and building supplies and garden centres in General Industrial, Light Industrial and Business Park zones across NSW;
- allowing livestock processors to do business with suppliers from beyond their surrounding districts, by removing the phrase “derived principally from surrounding districts”;
- ensuring places of public worship are allowed in General Industrial and Light Industrial zones across NSW; and
- amending the definition of building height to provide the option for councils to also measure from a consistent reference point.

The draft amendments went on public exhibition from October to November 2015 and 37 submissions were received, mainly from local councils, developers and peak industry bodies.

The revised definition of ‘livestock processing industry’ helps processors to do business with suppliers from beyond their surrounding districts and enables more specialised processors to trade with a broader base of customers.

The addition of places of public worship allows the broader community to make greater use of general and light industrial zones outside the peak days and hours when most businesses operate in these areas.

The building height definition has been revised to clarify that it can be measured from ground level or from a consistent reference point, to the highest point of the building.

Review of building regulation

The Government engaged former Treasury Secretary Michael Lambert to conduct a broad review of building regulation and the certification system. Mr Lambert delivered his final report to the Secretary of the Department in October 2015.

During 2015-16, the Department worked with other agencies, including the Department of Finance, Services and Innovation in preparing a response that addresses the report's 150 recommendations and outlines the actions the Government will take in developing reforms to building and development certification in NSW. The Government will further develop and implement reforms to building regulation in 2016-17 in consultation with industry and community stakeholders.

Exempt and complying development

Complying development is a fast track approval process that allows low impact, straightforward projects that meet building standards to be approved, without a full development application and merit assessment.

Housekeeping amendments

In late 2015, the Department sought feedback on proposed minor changes to the *State Environmental Planning Policy (Exempt and Complying Development Codes) 2008* (the State Policy) and related policies.

From 19 October 2015 to 16 November 2015, the Department exhibited around 60 proposed amendments to the State Policy and other related policies that clarified existing terms, rectified some minor inconsistencies and corrected clauses, references and drafting errors amongst other changes.

The proposed amendments will resolve operational issues, clarify definitions and development standards and address other minor matters that have been raised by stakeholders.

Around 50 submissions were received from councils and the community during the exhibition period. The Department is considering all submissions received before finalising its recommendations for amendments. It is anticipated that this will occur in early 2017.

Streamlined rural and regional planning in council areas

In early 2016, the Department publicly exhibited a *Background Paper and Explanation of Intended Effect* (EIE) for a proposed new Inland Code (the proposed Code) for residential complying developments, in response to feedback received regarding the lower take-up of complying development in inland and regional areas of NSW, compared to other parts of the State. The Background Paper and EIE were exhibited for over two months, until 13 May 2016.

The proposed Code will streamline planning controls for residential developments in rural and regional NSW west of the Great Dividing Range. The proposed Code will provide clearer and simpler planning rules that have been tailored to the needs of inland regional and rural areas and will fast-track housing approvals in 83 regional council areas.

The Department is considering all feedback received during the exhibition period, which will inform the next stage of the process, which is anticipated to occur during 2016-17.

Working group established to facilitate new child care centres

In June 2015 a joint working group of senior executives from the Department, OLG and the Department of Education was formed to streamline planning and approvals processes to increase the supply of early childhood education and care facilities.

The reforms will improve the way child care services are addressed to help increase the supply of child care in NSW by:

- clarifying the rules to provide confidence to child care providers;
- aligning processes and improving approvals so it is clearer and easier to know the rules for building a child care centre; and
- reducing red tape.



Strong Community Participation

The joint working group, chaired by the Department, has been working closely with child care providers and councils to identify relevant and pressing issues that are preventing or slowing down the delivery of child care facilities. The NSW Government is committed to cut red tape and streamline the approval processes for child care services, and consultation is planned on possible reforms including:

- expanding approval pathways to enable faster approvals for certain services, particularly before and after school care and vacation care provided within schools;
- clarifying the rules on what is needed to provide quality environments for child care under the National Law on early childhood education and care;
- revising and broadening the planning definitions to better reflect the range of services regulated by the Department of Education;
- ensuring child care centres are permitted in all the areas where they are needed and should be located;
- introducing a range of common development controls and provisions to enable consistent handling of child care applications across NSW; and
- involving the Department of Education in the planning system to help resolve issues earlier in the application processes.

Review of the Local Government (Manufactured Home Estates, Caravan Parks, Camping Grounds and Moveable Dwellings) Regulation 2005 – Discussion paper on simplifying planning for caravan parks and camping grounds

The review of the Regulation aims to achieve greater clarity and simplicity in approvals and to modernise and update the Regulation. There have been significant changes in the roles and functions of caravan parks, camping grounds, moveable dwellings and manufactured homes and estates since the inception of the current regulatory framework.

The Department exhibited a discussion paper on the regulation in November 2015 seeking feedback from

the community and stakeholders on operational and policy issues. The Discussion Paper proposed that the current system of approvals be streamlined into a single approvals framework under the EP&A Act. This approach will remove unnecessary controls and processes from the existing framework without compromising important outcomes such as the provision of residential accommodation, building safety requirements and fire safety controls.

The Department has considered the feedback received on the discussion paper and is now undertaking targeted stakeholder consultations.

Draft Transport Corridor Outdoor Advertising and Signage Guidelines

The Department and Transport for NSW (Roads and Maritime Services and the Centre for Road Safety), have been working together to update the *State Environmental Planning Policy (SEPP) 64 – Advertising and Signage* and the associated *Transport Corridor Outdoor Advertising and Signage Guidelines (the Guidelines)*.

From 11 December 2015 to 7 February 2016, the Department exhibited the draft updated Guidelines. Proposed changes to the Guidelines included:

- updating the rules for digital signs and roadside signage to ensure they reflect current technologies, and that the installation of these signs does not affect the safety of road users; and
- requirements and assessment criteria for the design, location and operation of electronic signage, aimed at reducing driver distraction.

Thirty-five submissions were received from industry, councils, government agencies, private individuals and interest groups. Submissions generally noted:

- the need for the Guidelines to be updated to address digital technology and the proliferation of roadside advertising; and
- industry groups supported making advertising permissible with consent in transport corridors.

The Department has considered the responses and will be finalising changes to strengthen the Guidelines.

An amendment to SEPP 64 will be needed to give effect to the updated Guidelines. The proposed changes to SEPP 64 will be placed on public exhibition during 2016-17, before any amendments to the SEPP are made. The updated Guidelines will be published when the amendments to the SEPP are made.

‘Poles and wires’ code of practice finalised

In 2015-16, the Department developed a Code of Practice for Authorised Network Operators (the Code) that controls how work undertaken on the leased electricity network will be assessed.

The Code was developed in consultation with the electricity network business and relevant agencies, and publicly exhibited before being finalised. The Code ensures that communities will be given notice about works that will affect them.

The Independent Pricing and Regulatory Tribunal will ensure compliance with the Code.

Solution Brokerage: Aboriginal Community Land and Infrastructure Project

Solution Brokerage is a process put in place by government that provides for a coordinated resolution of issues to bring about improved outcomes in Aboriginal communities.

In September 2015, the Head of Aboriginal Affairs NSW made a Solution Brokerage Declaration for the Aboriginal Community Land and Infrastructure Project (the Project) identifying the Department's Deputy Secretary, Policy and Strategy, as the Designated Officer-in-Charge for the overall Solution Brokerage to deal with two separate, but related, issues for Aboriginal land owners, namely:

- to address infrastructure planning issues for 59 former reserves and mission sites around the State; and
- to encourage the economic development of land granted to Local Aboriginal Land Councils under the *Aboriginal Land Rights Act 1983*.

In January 2016, the Department recruited an Aboriginal Specialist Policy Officer to lead the project.

A Response Plan to the Solution Brokerage Declaration will be made by the end of 2016. This Plan will outline the activities that have been undertaken as well as the future actions and approach to address the issues. It is anticipated that the Response Plan will contain immediate, short-term and long-term strategies.

Community Engagement and Consultation

Strategic planning

Draft regional plans for Central West and Orana, Riverina Murray, Central Coast, Hunter and Hunter City, South East and Tablelands, and the North Coast were released for community and stakeholder consultation. Activities to encourage community and stakeholder participation in this process included an online community survey, youth forums, stakeholder briefings, interactive maps, digital media campaigns and formal submissions.

To help the development of six draft district plans for Sydney, the Department undertook qualitative and quantitative research on key values for communities. The Department also implemented the #MySydney campaign to gather feedback from people across Sydney on what they love about their local area and what they want to change.



Strong Community Participation

Greenfield development and urban renewal

The Department consulted on a number of Priority Precincts and Priority Growth Areas including:

- Rhodes East;
- Banksia and Arncliffe;
- Macquarie Park;
- Camellia;
- Bella Vista;
- Kellyville;
- Showground Station;
- Marsden Park North;
- West Schofields; and
- Riverstone East.

The Department also consulted on the draft Sydenham to Bankstown Urban Renewal Corridor Strategy and the draft Glenfield to Macarthur Urban Renewal Corridor Strategy. Consultation activities included community drop-in sessions, community workshops, stakeholder briefings, online surveys and formal submissions.

Assessments

The Department implemented a new approach to consultation on the assessment of State Significant Developments. This included independent community information sessions, stakeholder briefings and community outreach.

For the Bylong Coal project and the Wilpinjong Extension project, community information sessions were held together with one-on-one meetings with residents as part of a peer review of the social impact assessment for these proposals. The Department also held individual meetings in the Rye Park area ahead of assessing the wind farm proposal. This practice will continue on future wind farm proposals in the Yass Valley.

Policies

The Department consulted on a range of policies to help simplify the planning system, support housing delivery, improve the assessment of resources, and support the delivery of infrastructure across NSW.

Key consultations undertaken on policies in 2015-16 included the following.

Policies on assessment of resources

Policies on assessment of resources included:

- Integrated Mining Policy;
- revised Community Consultative Committee Guidelines for State Significant Projects;
- updates to the guidelines for the economic assessment of mining and coal seam gas proposals; and
- amendment of the State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007.

Housing-related policies

Housing related policies included:

- new Housing Code;
- changes to State Employment Planning Policy 65 to further improve apartment design and affordability across NSW;
- review of complying development for rural and regional NSW;
- expanding complying development to include dual occupancies, townhouses, terraces and manor homes; and
- review of the regulations and policies relating to manufactured homes and estates, caravan parks and camping grounds.

Infrastructure and other policies

Infrastructure and other policies included:

- a new code of practice to ensure the environmental impact of electricity network development in NSW is assessed according to best practice principles, following the lease of the poles and wires;
- changes to the Infrastructure SEPP to ensure that existing lawful shooting ranges are a permitted use in local council plans and make shooting ranges a permitted use in adjacent non-urban land;
- changes to the Infrastructure SEPP to help improve capacity in prisons;
- review of 16 SEPPs;
- changes to the guidelines for outdoor advertising and signage in transport corridors; and
- updates to the Standard Instrument Principal Local Environmental Plan.

Education and engagement

Community Consultative Committees

As part of its ongoing community engagement strategy, Departmental staff attended 12 community consultative committee meetings during 2015-16. These meetings are intended to provide a forum for open discussion between company representatives, the community, councils and other stakeholders, on the operation of facilities and their environmental performance.

Revised Community Consultative Committee Guidelines

In 2015-16, the Department commenced a review of its guideline for Community Consultative Committees, the *Guidelines for establishing and operating community consultative committees for mining projects* dated June 2007. This action was in recognition of the important role Community Consultative Committees play in the assessment and regulation of State significant projects and the Department's commitment to better engagement. An extensive internal and external consultation process was conducted as part of the review, aimed at drawing from the experience of people administering and managing these committees over the past few years.

The resulting draft revised guidelines aim to expand the application of Committees to potentially any State significant project, provide clarity and strengthen the procedures associated with establishing Committees and provide stronger guidance on Committee governance.

The revised guidelines were publicly exhibited for two months from 18 February 2016 and submissions received have been reviewed. A final guideline is expected to be released in 2016-17.

Peak bodies, proponent and special interest groups

In 2015-16, engagement was strengthened with key groups to increase visibility of the Department's compliance functions, outline expectations and discuss concerns. Proactive engagement with peak bodies and individual proponents is resulting in proponents adopting business-wide improvements in their approach to compliance with conditions. Additionally, engagement with special interest groups allows the Department to listen and respond to key concerns.



Strong Community Participation

Online Tools and Services

Roll-out of new online Planning Portal

Following a 'soft' launch on 30 November 2015, the Minister for Planning formally launched the NSW Planning Portal on 11 June 2016.

The launch of the Planning Portal marks a significant step for planning in NSW with the introduction of a digital planning system. The Planning Portal has been highly effective in transforming paper-based and face-to-face transactions to an online environment.

The Portal is transforming the planning system by reducing red tape, increasing transparency and saving homeowners and businesses time and money.

Users including planning professionals, certifiers and members of the community can now access a range of tools and services including:

- advice and guidance on the planning system in NSW through the 'lens' of the end user;
- simple to use tools which help users investigate the types of work they can do to a property;
- information about land based constraints for properties and lots across NSW;
- information about development activity and population growth in your local council area;
- access to maps, documents, development control plans, contribution plans and Environmental Planning Instruments;
- online services for the submission of applications for State Significant Development and State Significant Infrastructure; and
- transactional services for the submission of development applications and complying development applications to councils across NSW (from early 2017).

The Portal has been designed to complement Departmental initiatives such as the simplified Housing Code, the Greenfield Code, the Inland Code and Major Projects.

Collectively, these initiatives, combined with online submission and lodgment services provided via the Planning Portal from January 2017, will make the planning system simpler, more transparent and easier to use.

The Planning Portal provides users, including planning professionals, certifiers and members of the community, with the ability to track the progress of development applications lodged with councils or major projects lodged with the Department.

The Planning Portal provides the foundation infrastructure upon which new application tracking services will be delivered, allowing users to track the progress of their applications in 'real time' without having to leave the Planning Portal.

The Portal is continually evolving with new functionality being added on a monthly basis. Forecast usage rates have been exceeded with over 2.5 million page views in the period between December 2015 and June 2016. The Portal has also built a solid customer base of 86,000 users who regularly return to the Portal (within five days) to do business. This represents 72 per cent of Portal users.

The Planning Portal replaced a number of online planning tools, launched between July 2014 and March 2015 that were designed to transform the planning system by reducing red tape, speeding up approval processes, increasing transparency and saving homeowners and businesses time and money. The online planning tools replaced by the Planning Portal include the Planning Hub, Planning Viewer and Local Insights.

Building Sustainability Index (BASIX)

Since its introduction in July 2004, the *NSW Building Sustainability Index* (BASIX) has been highly effective in reducing the energy and water usage of residential development throughout NSW.

BASIX does this by incentivising improved building techniques and product innovation, ensuring NSW homes are designed to use less potable water and be responsible for less greenhouse gas emissions.

ANNUAL REPORT 2015-16

BASIX is an online tool which allows users to undertake a sustainability assessment for new homes and renovations of residential properties. Property owners receive a certificate if their project meets the BASIX targets for water and energy saving measures. A BASIX certificate must accompany all development applications for new homes and alterations/renovations of residential properties where the total build value is in excess of \$50,000.

Since the introduction of energy consumption and water savings targets in July 2004, over 250,000 homes have been constructed across the State which are compliant with BASIX targets. Collectively those 250,000 homes are estimated to have saved:

- 134,422 mega litres of potable water; and
- reduced CO₂ emissions by 4,333 kilo tonnes.

This is equivalent to planting over 12 million trees to offset CO₂ and saving enough water to fill the Nepean Reservoir.

In 2015-16, 87,113 BASIX certificates were issued, averaging more than 1,675 certificates per week. In supporting the BASIX system, the BASIX Helpdesk handled approximately 200 phone and email enquiries per week.

BASIX fees collected by the Department in 2015-16 amounted to \$4.65 million.

Electronic Housing Code

The Electronic Housing Code (EHC) is an online system for the electronic lodgement of complying development applications under the NSW Housing Code for lots 200m² and above.

Over the past five years there have been 34,259 investigations conducted through the EHC, with 896 submissions and 488 lodgements to councils across NSW.

The system covers the following Codes under *State Environmental Planning Policy (Exempt and Complying Development Codes) 2008*:

- General Exempt Development Code;
- General Housing Code;
- Housing Alterations Code; and
- Demolition Code.

The EHC system will be subsumed into the transactional services offered by the NSW Planning Portal, for the submission and lodgement of development applications and complying development applications to councils across NSW from early 2017.

Interactive buildings

The Interactive Buildings Tool (the Tool) was introduced in July 2014. The Tool helps homeowners and businesses understand what development standards apply and what work, such as fences, driveways and sheds can be undertaken to their properties as exempt development.

The Tool will be subsumed into the transactional services offered by the NSW Planning Portal, for the submission and lodgement of development applications and complying development applications to councils across NSW from early 2017.

National Construction Code

The Department worked with other jurisdictions through the Australian Building Codes Board (ABCB) to release an update to the National Construction Code (NCC). NCC 2016 was endorsed by the Australian governments and released in May 2016.

The NCC provides the minimum necessary requirements for safety, health, amenity and sustainability in the design and construction of new buildings (and new building work in existing buildings) throughout Australia.

In 2015, the NCC was made available for free on the ABCB's website. Since then the number of registered subscribers has grown to more than 114,000. Having the NCC freely available is expected to lead to better compliance outcomes.



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A Sustainable Natural Environment





A Sustainable Natural Environment

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Introduction

Protecting the environment is an integral component of the vision for the Department. The Department's contribution to protecting the environment is to:

- seek to ensure that natural assets are sustainably managed;
- minimise the impact of development on water, air and biodiversity;
- plan for more resilient urban areas, leading to infrastructure and housing that is prepared for the impacts of natural hazards; and
- monitor and regulate project approvals, undertake compliance activities and investigations, and respond appropriately where breaches occur.

In 2015-16, the Department increased its focus on compliance and increased the resources allocated to the compliance function. This allowed the Department to undertake its compliance functions in a more proactive and strategic way, respond quickly to local issues, and enhance its engagement with local communities.

Other highlights include assessment of renewable energy projects, progressing work on a new wind energy policy framework, working collaboratively on the NSW Government's coastal reform program and developing a new policy and legislative framework for biodiversity conservation in NSW.

These and other achievements are outlined in this chapter.



Improved Planning Offences and Penalties Regime Introduced

Commencement of the *Environmental Planning and Assessment Amendment Act 2014*

Provisions of the *Environmental Planning and Assessment Amendment Act 2014* (the Amendment Act), which passed the Parliament in November 2014, commenced on 31 July 2015, strengthening the offence, penalty and enforcement regime of the NSW planning system.

The Amendment Act increased the maximum penalty for serious breaches of the EP&A Act to \$1 million for individuals and \$5 million for corporations.

The Amendment Act also provided alternative sentencing options for the Land and Environment Court to remedy breaches of the EP&A Act, including to "name and shame" offenders at their own expense, recover any financial benefit obtained by an offender as a result of their offence, repair any damage caused to the environment through an offence, and require an offender to attend training or other courses.

The Amendment Act increases powers for councils to investigate potential breaches under the EP&A Act, including to enter non-residential premises without first giving written notice to the owner or occupier,

require information or records for the purposes of an investigation, whether or not the officer is also entering premises, and seize items that an investigation officer suspects are connected with an offence.

On the spot fines for planning offences under the *Environmental Planning and Assessment Amendment (Offences and Enforcement) Regulation 2015*

To accompany the Amendment Act, from 14 August 2015, the NSW Government amended the Regulation to introduce Australia's toughest regime for issuing on the spot penalty notices for breaches of the Act. This enables fines of up to:

- \$15,000 for corporations and \$7,500 for individuals where a Department officer finds a breach of a consent for State Significant Development, State Significant Infrastructure, designated development, or a Part 3A approval, or where these types of development have been carried out without consent or approval; and
- \$6,000 for corporations or \$3,000 for individuals for other types of offences, or where the penalty notice is issued by a council officer.

Compliance and Enforcement Activities

Compliance and enforcement

The Department performs a critical role in monitoring and regulating its project approvals. This involves investigating potential breaches and taking appropriate regulatory action where necessary, as well as undertaking proactive audits in industry sectors or to respond to issues of concern.

The expansion of the compliance team in 2015 has allowed the Department to undertake its compliance functions in a more proactive and strategic way, respond

quickly to local issues, and enhance its engagement with local communities.

In accordance with the Quality Regulatory Services initiative of the Department of Premier and Cabinet, the Department introduced a risk assessment methodology in 2015-16. This has led to a better understanding of the risks projects pose to the community and the environment and allow more targeted allocation of the Department's compliance resources.



A Sustainable Natural Environment

In 2015-16, the compliance team increased its activities by 49 per cent compared with activities undertaken in 2014-15. This includes 687 inspections undertaken by the compliance team across all sectors to ensure that proponents are complying with their strict conditions of approval. These inspections also provide compliance staff with the opportunity to increase proponents' awareness of their obligations, engage with community members and liaise with local councils and other stakeholders.

As a result of community concerns regarding WestConnex, the Department appointed a principal compliance officer to work full time on compliance issues associated with all WestConnex stages, including meeting with community members, conducting regular inspections and reviewing compliance documentation.

Compliance activities completed

In 2015-16, the Department carried out 2,404 compliance activities which is an increase of 49 per cent over the previous year. This reflects an increased focus on compliance as well as an increased allocation of Departmental resources. A breakdown of the activities is provided in the table below.

Compliance Activities 2015-16	No.
Strategic compliance audits conducted	11
Inspections and surveillance carried out	687
Investigations completed	126
Complaints investigated	389
Review of compliance documents	597
Risk Assessments	570
Education activities	24
Total compliance	2,404
Enforcement Activities 2015-16	No.
Prosecutions	2
Penalty notices	19
Orders	5
Official cautions	29
Warning letters	27
Total enforcement	82

Prosecutions

Charbon Coal

On 22 April 2016, Charbon Coal pleaded guilty to failing to comply with the project approval by constructing a coal truck haul road outside of the approved location causing damage to aboriginal artefacts and native vegetation. Charbon Coal was fined \$175,000 in August 2016.

AGL

In December 2015, the Department commenced a prosecution against AGL for failing to disclose political donations in relation to 11 of its planning applications. AGL pleaded guilty to all 11 charges in February 2016. Hearing on sentencing has been completed and a decision is expected in 2016-17.

Strategic audit activities

Sand quarries audit

Sand quarries provide a critical resource, particularly to the construction industry, with demand continuing to increase as Sydney and the far north coast's population expands and infrastructure is developed. It is important that the community has confidence these quarries are operating in accordance with their project approval conditions.

The Department conducted a preliminary audit of three operational sand mines in the Port Stephens region in the second quarter of 2015. As a result of the preliminary audit the Department completed an audit of 19 operational sand mines in NSW. These were a representative sample of the 28 approved State Significant Development sand quarries in NSW which are either operating or yet to commence operating.

Overall, the sand quarries audited were found to be generally operating at a high level of compliance with their conditions or commitments. The audits identified a 92 per cent compliance with approval conditions.

Each of the audited quarry operators was required to implement an action plan to address any non-compliance issues and post-audit actions identified. The Department will follow up with each quarry on a regular basis to ensure agreed action plans are being implemented.

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A copy of the audit summary report and a fact sheet can be found on the Department's website.

Wollongong industries audit

In 2015-16, the Department completed an audit of selected facilities in the Wollongong region. The audit included the Bass Point Quarry, Berrima Cement Works, Shoalhaven Starches, and Russell Vale Colliery.

The facilities were chosen in consultation with the Environment Protection Authority and the local council and were considered a representative sample of industry types operating in the region.

Overall, the operations audited were found to be generally operating at a high level of compliance with their conditions or commitments. However, one high significance non-compliance was identified at Shoalhaven Starches. This related to the construction of silos for which a construction certificate had not been issued. The silos were part of a proposed modification to the factory on Bolong Road in Bomaderry that had not been approved when constructed. The modification has since been approved. The Department issued a \$3,000 penalty notice to the company for the breach.

Each of the audited industries was required to implement an action plan to address any non-compliance and post-

audit actions identified. The majority of non-compliant instances were quickly addressed by proponents and the Department will follow up to ensure the agreed action plans are being implemented. A copy of the audit fact sheet can be found on the Department's website.

Leard Forest Coal Mines clearing audit

In early 2016, the Department undertook an audit of vegetation clearing activities at the Maules Creek, Boggabri and Tarrawonga Coal Mines, located near Boggabri in north western NSW. The mines are approved to conduct vegetation clearing between 15 February and 30 April each year. It is important that the community has confidence the mines are complying with the clearing protocols contained within their respective biodiversity management plans.

Overall, the mines were found to be operating at a high level of compliance with their conditions or commitments. A copy of the audit fact sheet, including a description of the non-compliances identified, and the actions taken to address these, can be found on the Department's website.

Strategic audit outcomes and monthly reports can be found on the Department's website at:

www.planning.nsw.gov.au.

Sustaining our Environment

A new policy and legislative framework for biodiversity conservation in NSW

In 2014 the Government commissioned an Independent Panel of scientific experts to review the way that biodiversity impacts associated with land use in NSW are managed under NSW legislation. This Independent Biodiversity Legislation Review Panel has recommended fundamental and transformative reform to the way biodiversity impacts are managed and mitigated in NSW. All of the recommendations from the Independent Panel's report have been adopted and a package of legislative reforms is being finalised.

The Department assisted OEH and Department of Primary Industries to develop a modern suite of legislation for land management and biodiversity conservation - the new Biodiversity Conservation Bill and Local Land Services (Amendment) Bill. The Department supported OEH and Department of Primary Industries in carrying out extensive stakeholder engagement across NSW to help develop a balanced new policy for land management and biodiversity conservation that supports the role of planning for biodiversity conservation to enable faster approvals for housing and employment land, and maintains the emphasis on ecologically sustainable development in development assessment and strategic planning. The Department undertook



A Sustainable Natural Environment

preliminary consultation on a new Vegetation SEPP which is currently being developed.

Key aspects of the biodiversity reforms will be implemented by the Department of Primary Industries through the Local Land Services Act and through the Department of Planning Environment Cluster through the planning system by way of development assessment and strategic planning for biodiversity conservation.

These reforms will facilitate ecologically sustainable development, cut red tape and conserve biodiversity across NSW. A mandatory biodiversity assessment and offsetting scheme will apply to clearing of native vegetation for all types of land use, including urban development and agriculture. For mining and other State Significant Development, the new biodiversity offset scheme will replace the Major Projects Offset Policy.

The new framework for biodiversity conservation will:

- streamline and improve the way biodiversity impacts are assessed and considered in the planning system;
- promote consistent, evidence-based planning and assessment; and
- promote greater consideration of biodiversity impacts at the land use planning stage.

Coastal reforms - New Coastal Management Act and SEPP, Coastal Management Manual

The Department plays a significant role in the Government's coastal reform program. In 2015-16, the Department worked with OEH, other agencies and coastal experts to design a new framework for the way the coast is managed. This work will continue in 2016-17.

The coastal reforms will achieve a number of key goals for the Government. They will:

- provide for the protection and conservation of the State's unique coastal environments for future generations, including beaches, coastal wetlands, littoral rainforests, coastal lakes and lagoons and undeveloped headlands;

- deliver a comprehensive and strategic framework to manage community exposure to risk and liability due to coastal hazards;
- allow communities to better manage legacy issues from past settlement patterns by providing better support for local decision-making;
- establish a more sustainable approach to funding coastal management actions; and
- enshrine public access to beaches and foreshores.

A new *Coastal Management Act 2016* was assented to on 7 June 2016. When it comes into effect, it will provide a framework that ensures that the NSW coast remains healthy and coastal communities remain resilient to current and future coastal challenges. The Minister for Planning also announced an \$83.6 million funding package that will be used to support councils and communities in planning and managing the coast. In November 2015, the Department released an Explanation of Intended Effect for a new *State Environmental Planning Policy (SEPP) on Coastal Management*. The new SEPP will operationalise the planning aspects of the new Act by delivering an integrated regulatory framework for managing development in the coastal zone and managing land use planning issues that are unique to the State's coastal environment and communities. It will bring together relevant aspects of the existing coastal SEPPs, being:

- SEPP 14 – Coastal Wetlands;
- SEPP 26 – Littoral Rainforests;
- SEPP 71 – Coastal Protection; and
- relevant provisions from the *State Environmental Planning Policy (Infrastructure) 2007*.

The proposed Coastal Management SEPP will reduce complexity in the planning system and make provision for more strategic and contemporary development controls. The SEPP will include controls to protect sensitive coastal environments, manage risks from coastal hazards, support continued and appropriate urban development, and maintain and improve public access to public beaches and foreshores.

For the first time, the SEPP will be accompanied by digital maps that identify the relevant coastal areas under the SEPP. These digital maps represent a significant step forward for NSW environmental planning instruments such as SEPPs, as they will be available through the Planning Portal in a fine-scale GIS format. This will make the process of searching for planning controls that may apply to an area or single property much clearer.

The coastal reforms package also includes a Coastal Management Manual to provide technical guidance to councils and coastal communities for developing long-term coastal management programs that identify feasible, technically viable and affordable strategies for managing key coastal issues relevant to their region, such as coastal erosion.

Assessment of renewable energy projects

Increased number of applications for large-scale solar energy projects

The Department has seen a surge in the number of applications for large-scale solar energy projects.

In the first half of 2016 the Department assessed and approved under delegations, four large solar farms with a combined generation capacity of 175 megawatts. Together, these projects will generate enough renewable electricity to power up to 56,000 homes and save up to 342,000 tonnes of greenhouse gas emissions per year.

The development of these solar farms will also contribute to achieving the national Renewable Energy Target of at least two per cent of Australia's electricity derived from renewable energy by 2020, and the NSW Government's vision for a secure, reliable, affordable and clean energy future.

The Department developed a streamlined approach to the assessment of these projects and worked closely with other NSW Government agencies and other stakeholders to proactively address issues in the assessment process, without compromising on environmental standards or community engagement.

This allowed the proponents of these projects to meet the Australian Renewable Energy Agency's (ARENA) application deadline for funding under the Advancing Renewables Program.



The four ARENA projects were, on average, determined 110 days after the DA was lodged, against the benchmark for SSD of 180 days.

Wind energy

In 2015-16, two large-scale wind energy projects, Yass Valley and Crudine Ridge, were approved by the Planning Assessment Commission following comprehensive assessments undertaken by the Department.

The combined generation capacity of these projects is 420 megawatts. This represents enough renewable electricity to power up to 188,700 homes and save up to 1,384,500 tonnes of greenhouse gas emissions per year.

In assessing these projects, the Department simplified the conditions of consent by replacing a range of post-approval management plans with clear performance criteria that developers will be required to meet during the construction and operation of wind energy projects, including in regard to noise, water, micro-siting, biodiversity, road works, and rehabilitation and decommissioning.

The Department increased its engagement with local communities in the assessment of wind energy projects through additional site visits, public information sessions, and meetings with concerned groups and individuals.



A Sustainable Natural Environment

New wind energy policy framework

A new wind energy policy framework is being developed that will ensure that NSW has the right settings to attract investment in wind energy, while balancing the interests of the community. The new framework will drive better outcomes by encouraging early engagement by proponents with the community. The new policy framework will be finalised in the latter part of 2016.

The Department will continue to engage with the community, key environmental groups, industry, other states and the Australian National Wind Farm Commissioner.

The Department released draft policy documents for public exhibition and comment in August/September 2016.

In finalising the framework, the Department will carefully review feedback received from the community, key environmental groups and industry to ensure the policy settings provide greater certainty and consistency for the renewable energy industry and the community.

Government grants to public parks and open spaces

Environmental programs

The Metropolitan Greenspace Program (MGP) provides grants to Sydney councils, where councils contribute to the project, to improve open space for recreational purposes and contribute to the Green Grid.

In 2015-16, the Office of Strategic Lands distributed approximately \$1.3 million from the Metropolitan Greenspace Program to 14 Sydney councils.

MGP grant recipients	\$
Rockdale City Council	40,000
Burwood Council	85,366
Leichhardt Council	37,000
Holroyd City Council	35,000
Camden Council	455,000
Wyong Shire Council	203,708
Penrith City Council	50,000
Marrickville Council	20,000
Parramatta City Council	25,000
Gosford Council	58,200
Penrith City Council	73,855
Woollahra Municipal Council	22,693
Hornsby Council	76,567
Central Coast Council (2 grants)	75,000
Program costs	63,048
Total	\$1,320,437



People and Governance





People & Governance

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Introduction

The Department’s ability to deliver services and outcomes in line with NSW Government priorities and commitments relies on the capability of our people. One of the three corporate goals for the Department is to value and develop its people to achieve results.

In 2015-16, the Department introduced a new learning and development program for all staff called StepUp, provided targeted leadership training for executive staff, commenced a culture change project to develop a more collaborative and adaptable work

environment, and transitioned executives to the Public Service Senior Executive under the GSE Act.

During the year, the Department strengthened its governance framework and made significant progress to enhance compliance and improve performance monitoring and reporting. The Department revised its risk management framework and developed new tools and processes for increased compliance and greater efficiencies.

These and other achievements are detailed in this chapter.



Our People

2016 People Matter Employee Survey

The online NSW People Matter Employee Survey was open to all staff during May 2016.

The survey provided an important opportunity for employees to have a say about their workplace and to help make the public sector a better place to work. The survey asked employees about experiences with their own work and working with their team, managers and the Department.

The Department had a survey response rate of 100 per cent against a target of 75 per cent. The Department's engagement score (attitudes to the workplace) increased from 51 per cent to 57 per cent, which is a substantial improvement over the previous year and places the Department amongst the highest scoring NSW Government departments.

Staff training programs

The Department is committed to providing learning and development opportunities for its staff.

In 2015-16 the Department introduced a new learning and development program for all staff known as StepUp.

The StepUp program was launched in October 2015 to enhance people and capability management through a range of development activities to improve technical and leadership capabilities in the Department and prepare for future business needs.

Since its introduction, StepUp has delivered 85 courses and ten wellness events in the reporting period. Approximately 75 per cent of staff have attended some form of StepUp training in that time.

These include:

- Onboarding and Induction Program – the program combines a mix of workshops and eLearning activities which have been designed to build awareness, knowledge and skills from day one, through to completion of the probation period and beyond;

- Employee essentials – performance development for employees and managers;
- Business essentials – includes plain English writing, planning for non planners, finance for non finance managers, and complaints handling;
- Personal and team effectiveness;
- Project management;
- eLearning – courses on Privacy, conflicts of interest, workplace health and safety, code of conduct, gifts, benefits & hospitality; and
- Wellness series – monthly sessions for staff on a variety of topics designed to promote wellness and balance in the workplace.

Additionally, in 2015-16 the Department:

- trained nominated staff members in change management through a three-day certification program;
- progressed the management capability program through a leadership program which commenced in May 2016;
- delivered two leadership and development workshops and participated in all leadership and development programs run by the PSC;
- continued to promote PSC programs and obtained suitable Cluster nominations for the Executive Leadership Academy;
- refreshed the Corporate Induction program, which will integrate a range of activities over a three-month period to enhance new starter productivity and engagement;
- provided career planning workshops for approximately 110 Government Sector Employment (GSE) transitional employees; and
- implemented a NSW Ombudsman Complaints Handling training targeting frontline staff and aligned to safety culture and customer focus, to be rolled out between July and September 2016.



People & Governance

Strategies around workforce diversity and inclusion

The Department is committed to delivering a diverse and inclusive workforce that reflects the community it serves, particularly in relation to age, gender, cultural and linguistic background, Aboriginality and disability.

In 2015-16 the Department successfully developed six plans, two of which have been finalised, which aim to improve workforce diversity and inclusion:

- the Mature Workforce Plan;
- the Women's Employment Plan;
- the Young Professionals Plan;
- the Multicultural Plan (finalised);
- the Aboriginal Employment Strategy; and
- the Disability Inclusion Action Plan (finalised)

These documents align with NSW Government strategies such as:

- the Premier's Priorities, which seek to drive greater public service diversity;
- the NSW Ageing Strategy, which seeks to improve opportunities for workers in their middle years and increase workforce participation;
- the Women in NSW gender equity indicators, which measure performance in key areas for gender inclusion;
- the NSW Industrial Relations Young People at Work Initiative, which encourages greater participation by younger demographics;
- the Multicultural Planning Framework, which sets benchmarks for planning and evaluation, capacity building and resourcing, and programs and services for NSW Government departments;
- the NSW Public Sector Aboriginal Employment Strategy 2014-2017, which sets an aspirational target of 1.8 per cent of all salary bands being occupied by people from an Aboriginal and Torres Strait Islander background; and

- the NSW Disability Inclusion Plan, which seeks to promote a workforce that reflects the diversity of the wider community.

These goals and others relating to the employment of women and people from ethnic minorities are incorporated into the NSW Public Sector's Equal Employment Opportunity (EEO) benchmarks and targets, and the Premier's Priorities:

Diversity Group	Target
Women	50% of the workforce 50% of senior leadership roles by 2025
Aboriginal and Torres Strait Islanders	1.8% across all employment bands Double the number of Aboriginal and Torres Strait Islander peoples in senior leadership roles
People with a disability requiring workplace adjustment	New target under development
People whose first language is not English	19% of the workforce

The Department is working towards each of these benchmarks and targets and encourages staff to provide and maintain current diversity information so that it may monitor its ongoing performance.

Transition to GSE

The Government Sector Employment Act 2013 (GSE Act) replaced the *Public Sector Employment and Management Act 2002* on 24 February 2014. The GSE Act replaces Senior Executive Service (SES) and Senior Officers (SOs), PO4 and 5 with a single Public Service Senior Executive (PSSE).

The Department commenced transitioning executives in August 2014 with the appointment of the Chief Financial and Operating Officer.

The first phase was to appoint the Deputy Secretaries in Senior Executive Band 3 followed by the appointment of our Executive Directors in Senior Executive Band 2.

The majority of senior executives in Senior Executive Band 1 (SES 1-3, Senior Officers and Planning Officers 4-5) have completed the transition, with the remaining to be transitioned by December 2016.

Culture change program

The Department commenced a culture change program in mid-2016 which identified a set of capability, culture and leadership focus actions to be implemented in 2016-17. The program aims to continue the development of an adaptable and collaborative work environment where employees are supported to expand their capabilities so as to optimise the performance of the individual and team. Building on existing key competencies, Department staff will continue to focus on relationship-building, innovation, knowledge sharing and team work.

Governance

Effective governance makes a real difference to the performance of agencies and their capability to deliver the outcomes sought by government.

During the year, the Department strengthened and refined its approach to governance consistent with legislative and policy requirements. The approach consisted of three key elements:

- improving and streamlining the governance structure to promote a collaborative and inclusive approach;
- a strong focus on business process, deployment of new technology and performance reporting through developing and promoting a user friendly, secure and comprehensive reporting portal; and
- increased focus on compliance, managing risks and conflict of interest management.

New governance committees established

Early in 2016, the Secretary created a new governance committee structure for the Department. The structure consists of five subcommittees reporting to the Executive Leadership Committee.

The new structure is designed to improve the Department's governance, accountability, decision-making and transparency. The focus of the subcommittees is to ensure projects are properly prioritised, managed and delivered and to increase collaboration across the Department.

The subcommittees meet on a monthly basis and are supported by a newly-created Business Implementation Unit reporting directly to the Secretary. The Secretary also chairs four of the subcommittees.

The diagram (see page 89) outlines the new structure, including the five subcommittees and the standing business items they each address.

Business process improvements

New ICT shared service provider arrangements

In November 2015 the Department completed its transition to an internal Cluster Shared Services model, while maintaining full business continuity during the transition period. All ServiceFirst clients within the Planning and Environment Cluster were successfully moved to a new ICT platform supported by the Office of Environment and Heritage. The agencies moved to the new platform were:

- The Department including the Office of Strategic Lands;
- Office of Local Government;
- Western Sydney Parklands trust and Parramatta Park trust;
- Hunter Development Corporation; and
- Central Coast Regional Development Corporation.



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The transition has resulted in benefits including:

- quicker resolution of problems and issues;
- improvements in staff collaboration across the Cluster;
- greater capacity to prioritise our initiatives without external constraint; and
- immediate lower service delivery costs with the potential for further savings through internal optimisation.

As well as producing annual savings, the transition was delivered under-budget for both operating and capital expenditure.

IT system upgrade

In the final quarter of 2015-16, all staff at the Department were upgraded to the latest version of Microsoft Office, Office 365. The Office 365 suite of applications was rolled out to staff incrementally. Quick Start training guides were provided to help staff better understand the benefits and features of Office 365.

The upgrade also introduced access to Microsoft OneDrive, which is a collaboration tool that enables file sharing amongst staff.

Records management

The process of planning and managing the transition of information technology and physical records from 23-33 Bridge Street to 320 Pitt Street, Sydney commenced in May 2016.

Planning of upgrades to the Department's records management system (Objective) also commenced in late 2015-16.

A new program of face-to-face staff training in the use of the records management system was developed and is under implementation.

Enhancements and performance reporting

The Department developed and improved its governance processes and framework during 2015-16. This has enhanced the Department's capabilities to:

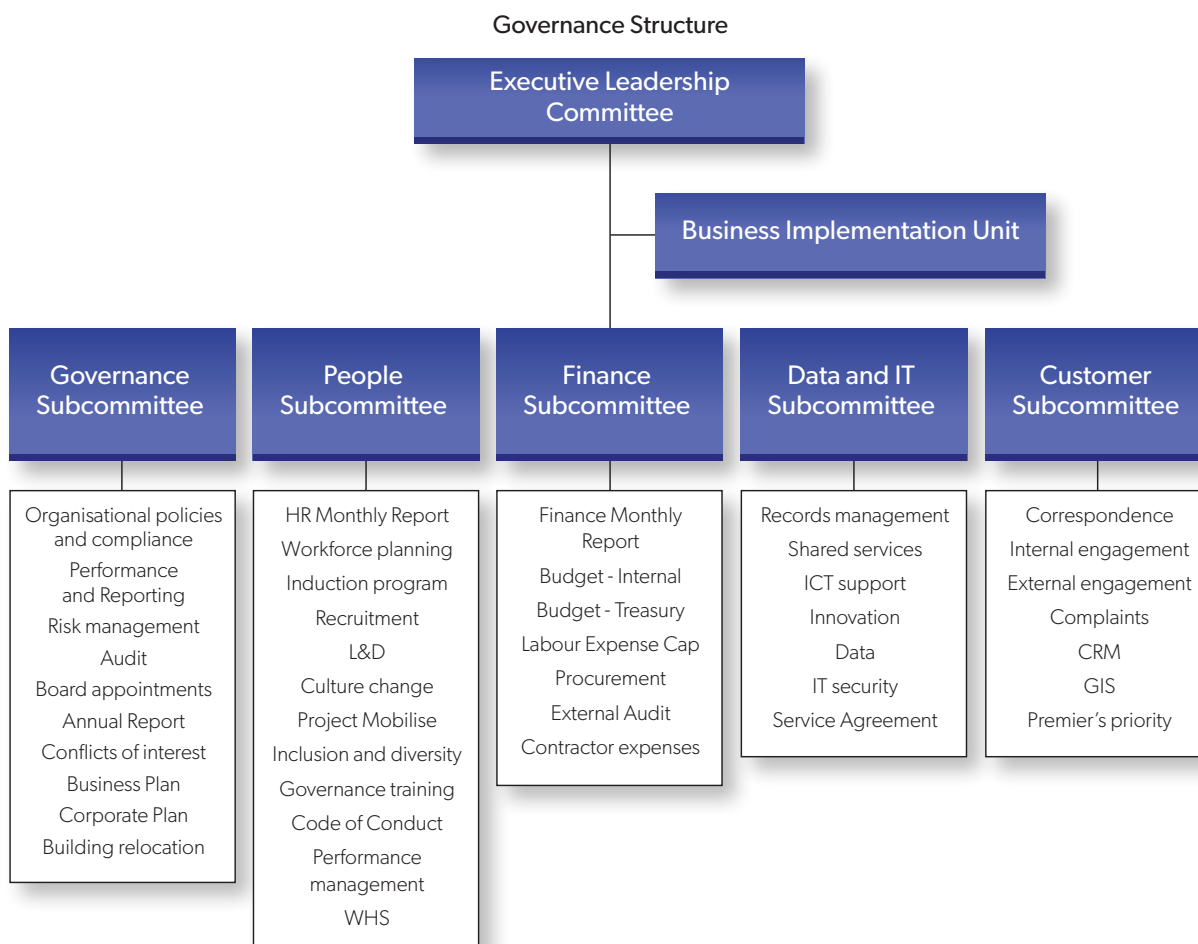
- provide timely, informative reporting to key stakeholders and meet performance targets and objectives through the development of a web-based Departmental reporting platform;
- meet its statutory and regulatory compliance requirements through development and implementation of easy to use workflow-supported eRegisters; and,
- effectively manage Departmental risks through education, review of frameworks and deployment of a risk eRegister.

Performance and reporting initiatives

The following key initiatives were undertaken in 2015-16:

- development of a Performance Assessment Reporting tool for Department-wide key performance indicators, delivering updates of performance against objectives;
- streamlined and improved on-time delivery of concise, useful and comprehensive reports to Audit and Risk Committee, including through use of the online Diligent Boards platform;
- delivered a web-based reporting system to measure and improve assessment timeframes;
- developed and implemented an effective system to record, track and monitor complaints handling;
- developed a new Business Plan to deliver on the Department's corporate goals and NSW Government priorities through a structured, integrated, consultative and collaborative process; and
- coordinated urgent and necessary remediation and refurbishment works within 23-33 Bridge Street.

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Governance and compliance initiatives

In 2015-16, governance and compliance capabilities in the Department were enhanced by:

- developing a new Enterprise-wide and Divisional Risk Register and a review of the Legal and Regulatory Compliance Register;
- improving risk management system including updating risk categories and descriptions, risk ratings, treatment actions and due dates;
- commencing the alignment of identifying risks with the business planning process;
- updating the Risk Management Committee's Charter to align with contemporary challenges to the Department;
- developing and/or refreshing key governance and corporate policies for the Department including new Enterprise Risk Management Policy, Gifts, Benefits and Hospitality Policy, Engaging with Lobbyists and Business Contacts Policy, Fraud and Corruption Control Policy, Legislative and Regulatory Compliance Policy;
- developing and implementing on-line registers to manage compliance with policies, e.g. Conflicts of Interest;



People & Governance

- providing in-house training on policy compliance – e.g. Engaging with Lobbyists and Business Contacts;
- Completing a tender process to engage a new internal audit provider; and
- updating the Audit and Risk Committee (ARC) Charter, Internal Audit Charter, Shared ARC Charter and Shared Arrangement Agreements in compliance with Treasury Policy TPP 15-03 Internal Audit and Risk Management for the NSW Public Sector.

Review of corporate policies

A project commenced in mid-2015 to review and update the Department's corporate policies as part of leadership's commitment to improve the Department's performance through policy innovation and introducing better practice to Departmental operations. The project aims to deliver a comprehensive suite of corporate policies that:

- promote better practice;
- are current and relevant to Departmental activity and delivery of services;
- are written to be easy to understand and apply; and
- are easy for staff to access.

The project covers 69 separate policies across areas as diverse as finance, human resources, governance and community engagement, and includes the development of new policies where gaps were identified in existing practice.

At the time of publication of this report, 42 policies were finalised and implemented.

Disclosing interests and managing conflicts of interest

A revised Disclosing Interests and Managing Conflicts of Interest Policy was adopted in early 2015 and provides a robust framework for declaring and managing conflicts of interest. The policy is part of a significant program of work which aims to clarify the roles and responsibilities of staff, particularly senior executive managers, concerning declaration of conflicts of interest.

During 2015-16, the Department developed and launched an online conflicts of interest declaration form and eRegister to enable more effective recordkeeping, monitoring and compliance with the policy. The Department has also launched an online conflicts of interests training module which is completed annually by all staff. As an additional control, the Department regularly reviews its compliance status through the system to ensure declarations are current and up to date.

The result of these efforts has been a significant increase in the number of staff completing declarations. At the time of publication of this report, the Department has achieved 100 per cent staff completion of Conflict of Interest Declarations.



Financials





Financials

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Department of Planning and Environment

Statement by the Secretary for the year ended 30 June 2016

Pursuant to section 45F of the *Public Finance and Audit Act 1983*, I state that:

- a) The accompanying financial statements have been prepared in accordance with:
 - applicable Australian Accounting Standards (which includes Australian Accounting Interpretations);
 - the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
 - the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.
- b) The statements and notes exhibit a true and fair view of the financial position and transactions of the agency; and
- c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Secretary
Department of Planning and Environment

Date: 19.9.16

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Department of Planning and Environment

Statement of comprehensive income for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	90,782	95,642	106,851
Other operating expenses	2(b)	70,851	63,716	55,710
Depreciation and amortisation	2(c)	2,926	4,168	2,928
Grants and subsidies	2(d)	1,428,036	1,153,731	1,060,892
Finance costs	2(e)	994	670	826
Total expenses excluding losses		1,593,589	1,317,927	1,227,207
Revenue				
Recurrent appropriation	3(a)	1,447,858	1,162,858	1,152,526
Capital appropriation	3(a)	11,839	23,022	11,735
Sale of goods and services	3(b)	55,309	42,690	46,052
Personnel services revenue	3(c)	4,430	4,621	29,338
Investment revenue	3(d)	2,346	801	1,066
Grants and contributions	3(e)	440	76,424	-
Acceptance by Crown Entity of employee benefits and other liabilities	3(f)	5,373	4,010	3,938
Other revenue	3(g)	120,009	8,254	102,663
Total revenue		1,647,604	1,322,680	1,347,318
Gain/(loss) on disposal	4	(2)	-	(3)
Other gains/(losses)	5	746	-	(2,642)
Net result		54,759	4,753	117,466
Other comprehensive income				
<i>Items that will not be reclassified to net result</i>				
Net increase/(decrease) in property, plant and equipment revaluation surplus	5	-	-	(73)
Actuarial gain/(loss) on defined benefit plans	22	-	-	(546)
Total other comprehensive income		-	-	(619)
TOTAL COMPREHENSIVE INCOME		54,759	4,753	116,847

The accompanying notes form part of these financial statements.



Financials

Department of Planning and Environment Statement of financial position as at 30 June 2016

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	7(a)	156,980	93,346	115,901
Receivables	8	25,129	21,967	33,105
Total current assets		182,109	115,313	149,006
Non-current assets				
Receivables	8	-	-	4,215
Property, plant and equipment	9			
• Land		6,573	8,828	5,828
• Plant and equipment		1,093	1,887	962
Total property, plant and equipment		7,666	10,715	6,790
Intangible assets	10	34,406	42,998	24,822
Total non-current assets		42,072	53,713	35,827
Total assets		224,181	169,026	184,833
LIABILITIES				
Current liabilities				
Payables	12	22,353	13,864	22,715
Provisions	13	9,449	9,603	15,698
Other		-	4,566	-
Borrowings	14	20,704	-	-
Total current liabilities		52,506	28,033	38,413
Non-current liabilities				
Payables	12	584	-	-
Provisions	13	681	691	10,225
Borrowings	14	-	20,391	20,544
Total non-current liabilities		1,265	21,082	30,769
Total liabilities		53,771	49,115	69,182
Net assets		170,410	119,911	115,651
EQUITY				
Reserves		-	-	-
Accumulated funds		170,410	119,911	115,651
Total equity		170,410	119,911	115,651

The accompanying notes form part of these financial statements.

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Department of Planning and Environment

Statement of changes in equity for the year ended 30 June 2016

	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance at 1 July 2015		115,651	-	115,651
Net result for the period		54,759	-	54,759
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment		-	-	-
Actuarial gain/(loss) on defined benefit plans		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		54,759	-	54,759
Balance at 30 June 2016		170,410	-	170,410
Balance at 1 July 2014		(1,269)	73	(1,196)
Net result for the year		117,466	-	117,466
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment		-	(73)	(73)
Actuarial gain/(loss) on defined benefit plans	22	(546)	-	(546)
Total other comprehensive income		(546)	(73)	(619)
Total comprehensive income for the year		116,920	(73)	116,847
Balance at 30 June 2015		115,651	-	115,651

The accompanying notes form part of these financial statements.



Financials

Department of Planning and Environment

Statement of cash flows for the year ended 30 June 2016

		Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
	Notes			
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(92,882)	(94,796)	(107,280)
Grants and subsidies		(1,416,094)	(1,114,341)	(1,042,490)
Finance costs		(832)	(670)	(833)
Liability to Consolidated Fund		-	-	(56,920)
Other		(73,778)	(64,222)	(57,986)
Total payments		(1,583,586)	(1,274,029)	(1,265,509)
Receipts				
Recurrent appropriation		1,447,858	1,162,858	1,152,526
Capital appropriation		11,839	23,022	11,735
Cash reimbursements from the Crown Entity		5,373	-	3,938
Sale of goods and services		66,444	45,147	68,990
Interest received		1,601	801	843
Grants and contributions		440	4,792	-
Other revenue		103,668	41,366	61,411
Total receipts		1,637,223	1,277,986	1,299,443
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	53,637	3,957	33,934
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment		(477)	(3,812)	(322)
Purchase of intangibles	10	(12,081)	(19,858)	(12,094)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(12,558)	(23,670)	(12,416)
CASH FLOWS FROM FINANCING ACTIVITIES				
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-	-
NET INCREASE/(DECREASE) IN CASH		41,079	(19,713)	21,518
Opening cash and cash equivalents		115,901	113,059	94,383
CLOSING CASH AND CASH EQUIVALENTS	7(a)	156,980	93,346	115,901

The accompanying notes form part of these financial statements.

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Department of Planning and Environment Supplementary Financial Statements Service group statements for the year ended 30 June 2016

	Growth, Design and Programs*		Policy and Strategy*		Planning Services*		Personnel services		Not attributable**		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
EXPENSES AND INCOME												
Expenses excluding losses												
Operating expenses	28,180	21,525	23,082	15,038	36,026	41,367	3,494	28,921	-	-	90,782	106,851
Employee related	17,620	19,398	10,503	10,636	42,621	25,297	107	379	-	-	70,851	55,710
Other operating expenses	36	208	2,352	2,283	538	437	-	-	-	-	2,926	2,928
Depreciation and amortisation	152,583	11,084	140	4,072	5,196	93,420	-	-	1,270,117	952,316	1,428,036	1,060,892
Grants and subsidies	994	826	-	-	-	-	-	-	-	-	994	826
Finance costs	199,413	53,041	36,077	32,029	84,381	160,521	3,601	29,300	1,270,117	952,316	1,593,589	1,227,207
Total expenses excluding losses												
Revenue												
Recurrent appropriation	-	-	-	-	-	-	-	-	1,447,858	1,152,526	1,447,858	1,152,526
Capital appropriation	-	-	-	-	-	-	-	-	11,839	11,735	11,839	11,735
Acceptance by the Crown Entity of employee benefits and other liabilities	3,344	937	932	822	906	1,754	191	425	-	-	5,373	3,938
Sale of goods and services	4,276	8,125	8,230	10,214	42,803	27,713	-	-	-	-	55,309	46,052
Personnel services revenue	-	-	-	-	1,020	-	3,410	29,338	-	-	4,430	29,338
Investment revenue	2,346	261	-	224	-	581	-	-	-	-	2,346	1,066
Grants and contributions	-	-	-	-	-	-	-	-	440	-	440	-
Other revenue	116,618	15,222	449	10,202	2,942	77,232	-	7	-	-	120,009	102,663
Total revenue	126,584	24,545	9,611	21,462	47,671	107,280	3,601	29,770	1,460,137	1,164,261	1,647,604	1,347,318
Gain/(loss) on disposal of non-current assets	(2)	(1)	-	(1)	-	(1)	-	-	-	-	(2)	(3)
Other gains/(losses)	746	(647)	-	(555)	-	(1,440)	-	-	-	-	746	(2,642)
Net result	(72,085)	(29,144)	(26,466)	(11,123)	(36,710)	(54,682)	-	470	190,020	211,945	54,759	117,466
Other comprehensive income												
Increase/(decrease) in Revaluation surplus	-	-	-	(73)	-	-	-	(546)	-	-	-	(73)
Actuarial gain/(loss) on defined benefits plans	-	-	-	-	-	-	-	(546)	-	-	-	(546)
Total other comprehensive income	-	-	-	(73)	-	-	-	(546)	-	-	-	(619)
TOTAL COMPREHENSIVE INCOME	(72,085)	(29,144)	(26,466)	(11,196)	(36,710)	(54,682)	-	(76)	190,020	211,945	54,759	116,847

* The names and purposes of each service group are summarised in Note 6.

** Confund appropriations are allocated to the Department and not to individual service groups. They are therefore included in the 'Not Attributable' column.



Financials

Department of Planning and Environment
Supplementary Financial Statements
Service group statements as at 30 June 2016

	Growth, Design and Programs*		Policy and Strategy*		Planning Services*		Personnel services		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
ASSETS AND LIABILITIES										
Current assets										
Cash and cash equivalents	39,783	28,386	35,495	24,363	81,702	63,152	-	-	156,980	115,901
Receivables	6,291	4,010	5,613	3,442	12,922	8,920	303	16,733	25,129	33,105
Total current assets	46,074	32,396	41,108	27,805	94,624	72,072	303	16,733	182,109	149,006
Non-current assets										
Receivables	-	-	-	-	-	4,215	-	-	-	4,215
Property, plant and equipment	277	236	6,820	6,030	569	524	-	-	7,666	6,790
• Land	-	-	6,573	5,828	-	-	-	-	6,573	5,828
• Plant and equipment	277	236	247	202	569	524	-	-	1,093	962
Intangibles	8,719	6,079	7,780	5,218	17,907	13,525	-	-	34,406	24,822
Total non-current assets	8,996	6,315	14,600	11,248	18,476	18,264	-	-	42,072	35,827
TOTAL ASSETS	55,070	38,711	55,708	39,053	113,100	90,336	303	16,733	224,181	184,833
Current liabilities										
Payables	5,665	5,497	5,054	4,717	11,634	12,229	-	272	22,353	22,715
Provisions	2,319	2,258	2,069	1,938	4,761	5,023	300	6,479	9,449	15,698
Other	-	-	-	-	-	-	-	-	-	-
Borrowings	20,704	-	-	-	-	-	-	-	20,704	-
Total current liabilities	28,688	7,755	7,123	6,655	16,395	17,252	300	6,751	52,506	38,413
Non-current liabilities										
Payables	148	-	132	-	304	-	-	-	584	-
Borrowings	-	20,544	-	-	-	-	-	-	-	20,544
Provisions	172	60	153	51	353	132	3	9,982	681	10,225
Total non-current liabilities	320	20,604	285	51	657	132	3	9,982	1,265	30,769
TOTAL LIABILITIES	29,008	28,359	7,408	6,706	17,052	17,384	303	16,733	53,771	69,182
NET ASSETS	26,062	10,352	48,300	32,347	96,048	72,952	-	-	170,410	115,651

* The names and purposes of each service group are summarised in Note 6.

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Department of Planning and Environment Supplementary Financial Statements Summary of compliance with financial directives

	2016				2015			
	Recurrent appropriation	Expenditure/ net claim on Consolidated Fund	Capital appropriation	Expenditure/ net claim on Consolidated Fund	Recurrent appropriation	Expenditure/ net claim on Consolidated Fund	Capital appropriation	Expenditure/ net claim on Consolidated Fund
ORIGINAL BUDGET APPROPRIATION/EXPENDITURE								
• Appropriation Act	1,162,858	1,447,858	23,022	11,839	1,162,858	1,102,526	23,022	11,735
	1,162,858	1,447,858	23,022	11,839	1,162,858	1,102,526	23,022	11,735
OTHER APPROPRIATIONS/EXPENDITURE								
• Treasurer's Supplementation	-	-	-	-	50,000	50,000	-	-
• Transfers from/to another entity (s33 of the Appropriation Act)	358,500	-	-	-	(5,034)	-	-	-
	358,500	-	-	-	44,966	50,000	-	-
Total appropriations/net claim on Consolidated Fund (includes transfer payments)	1,521,358	1,447,858	23,022	11,839	1,207,824	1,152,526	23,022	11,735
Amount drawn down against appropriation	-	1,447,858	-	11,839	-	1,152,526	-	11,735
Liability to Consolidated Fund	-	-	-	-	-	-	-	-

Notes:

1. The summary of compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).
2. Liability to the Consolidated Fund represents the difference between the 'Amount drawn down against Appropriation' and the 'Expenditure / Net Claim on Consolidated Fund'.



Financials

Department of Planning and Environment

Notes to the financial statements

1 Summary of significant accounting policies

(a) Reporting entity

The Department of Planning and Environment is a NSW government agency. The Department is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Department of Planning and Environment as a reporting entity also includes the operating costs for the Planning Assessment Commission.

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Secretary on 19 September 2016.

(b) Basis of preparation

(i) The Department's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

(ii) The financial statements are prepared on a going concern basis.

(iii) All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector entities.

(e) Insurance

The Department's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claims experience.

(f) Accounting for the goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- amount of GST incurred by the Department as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- receivables and payables are stated with GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary appropriations and contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are recognised as revenue when the Department obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

Appropriations are not recognised as revenue in the following circumstances:

- 'Equity appropriations' to fund payments to adjust a for-profit entity's capital structure are recognised as equity injections (i.e. contributions by owners) on receipt and equity withdrawals on payment to a for-profit entity. The reconciliation between the statement of comprehensive income, statement of summary of compliance with financial directives and the total appropriations is disclosed in Note 3(a).
- Unspent appropriations are recognised as liabilities rather than revenue, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

Department of Planning and Environment

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(g) Income recognition (continued)

(ii) Sale of goods

Revenue from the sale of goods is recognised as revenue when the Department transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(v) Developers' contributions - Voluntary Planning Agreements (VPAs)

As part of its normal operations, as provided under Division 6 of the *Environmental Planning and Assessment Act 1979*, the Department enters into voluntary planning agreements with developers and associated parties, which provide for monetary contributions for public works. These contributions are generally recognised when assessed and invoiced, due to the possibility that individual development approvals may not be acted upon by the applicant.

The Department also enters into Works-in-kind agreements with developers, whereby developers undertake infrastructure development. Works-in-kind completed during the year are treated as revenue and as a grant expense when the asset is transferred to the relevant authorities.

(vi) Special Infrastructure Contributions (SIC)

The Department is responsible for the collection of Special Infrastructure Contributions within the States Growth Centre Precincts. The Special Infrastructure Contributions refers to the levy paid by developers on lands to be developed within these precincts.

The Department recognises these contributions as revenue when received, and as grants expense when they are paid out. Monies are held within the Department's dedicated bank account, and recognised as an asset until paid out.

The Department also enters into Works-in-Kind agreements with developers, whereby developers undertake infrastructure development and receive Special Infrastructure Contributions credit offsets. Works-In-Kind completed during the year are treated as revenue and as a grant expense when the asset is transferred to the relevant authorities.

When the value of Works-in-kind is greater than the original assessment, a liability is recognised accordingly for the Department because the developer earns a credit, which can be used to offset levies that may be payable on future development projects.

(vii) Other revenue

The Department recognises recovery of personnel services from Corporation Sole, 'Minister Administering the Environmental Planning and Assessment Act 1979' as revenue based on salaries and employment benefits incurred on staff members allocated to the entity.

The Department also recognises recovery of actual costs associated with precincts planning from developers as revenue when they fall due.

(viii) Personnel services revenue

The Department provide personnel services to Hunter Development Corporation, Central Coast Regional Development Corporation and Greater Sydney Commission to assist those agencies perform their daily functions. The Department recovers personnel services costs from these agencies on the cost recovery basis. Refer to Note 1(i)(iii)(b).

(h) Assets

(i) Acquisitions of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer - Note 1(l)).

Fair value is the price that would be received from a sale of an asset in an orderly transaction between market participants at measurement date.

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 (GST exclusive) and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.



Financials

Department of Planning and Environment

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(h) Assets (continued)

(iii) Revaluation of property, plant and equipment (continued)

Fair value of property, plant and equipment is based on a market participant's perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Notes 9 and 11 for further information regarding fair value.

The Department revalues each class of property, plant and equipment at least every three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. On 31 March 2016, the Department engaged an independent professional Valuer (CBRE Valuations Pty Ltd) to provide a comprehensive valuation of land assets for annual financial reporting purposes.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The Department has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result. Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise. Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment are carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Department.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Category	Depreciation rate
Computers	25%
Furniture	10%
Plant and motor vehicles	20%
Make-good and fit-out	Based on useful lives
Land	Not a depreciable asset

(vi) Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(vii) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(viii) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(ix) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and benefits.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Department of Planning and Environment**Notes to the financial statements****1 Summary of significant accounting policies (continued)****(h) Assets (continued)****(x) Intangible assets**

The Department recognises intangible assets only if it is probable that future economic benefits will flow to the Department and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Department's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

The Department's intangible assets are amortised using the straight line method over periods appropriate to the future economic benefit and range between 2 to 10 years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(xi) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method, less any allowance for impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial.

(xii) Impairment of financial assets

All of the Department's financial assets, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Department will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xiii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Department transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the Department has not transferred substantially all the risks and rewards, if the Department has not retained control.

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

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(xiv) Restricted assets

Restricted assets are assets whose use by the Department is limited by externally imposed restrictions.

(xv) Trust funds

The Department receives monies in a trustee capacity from developers as set out in Note 21. As the Department performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Department's own objectives, these funds are not recognised in the financial statements.

(xvi) Other assets

Other assets are recognised on a historical cost basis.

(i) Liabilities**(i) Payables**

These amounts represent liabilities for goods and services provided to the Department and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

In relation to Works-in-kind, a developer will earn a credit if the value of the actual works completed is in excess of the original assessment fee value. The developer can then apply the credit to offset levy that may be payable on future developments. The Department recognises these credits as Works-in-kind received in advance in Note 12.



Financials

Department of Planning and Environment

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(i) Liabilities (continued)

(ii) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using effective interest rate method. Gains or losses are recognised in the net result for the year on de-recognition.

(iii) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9 per cent of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Department has assessed the actuarial advice based on the Department's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(b) Personnel services

The Department provides personnel services to the following agencies:

- Hunter Development Corporation;
- Central Coast Regional Development Corporation;
- Greater Sydney Commission;

The Department provided personnel services to the following agencies until 30 June 2015:

- Building Professionals Board (transferred to Department of Finance, Services and Innovation on 1 July 2015); and
- Sydney Harbour Foreshore Authority (transferred to Department of Finance, Services and Innovation on 1 July 2015).

The Department recognises all relevant employee related benefits as expenses and revenue in the Statement of comprehensive income and as liabilities and receivables in the Statement of financial position.

(c) Long service leave and superannuation

The Department's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Department accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW TC 15/09) to employees with 5 or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae as specified in Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(d) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, worker's compensation insurance premiums and fringe benefits tax.

(e) Other provisions

Other provisions exist when the Department has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when the Department has a detailed formal plan and the Department has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

The Department is in the opinion that the time value of money is immaterial and hence other provisions are not discounted.

Department of Planning and Environment

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(j) Fair value hierarchy

A number of the Department's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Department categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets/liabilities that the Department can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

The Department recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer to Notes 11 and 19 for further disclosures regarding fair value measurements of financial and non-financial assets.

(k) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Department's policy on the revaluation of property, plant and equipment as discussed in note 1(h)(iii).

(ii) Accumulated funds

The category 'Accumulated Funds' includes all current and prior retained funds.

(iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus and foreign currency translation reserve).

(l) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 *Contributions* and Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government agencies are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most cases this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the Department recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Department does not recognise that asset.

(m) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 20.

(n) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

(o) Grants and subsidies expenses

Grants and subsidies are generally comprised of cash contributions to state government agencies, local government authorities and non-government organisations. These are expensed when the Department transfers control of the relevant assets.

(p) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective. NSW Treasury TC 16-02 mandates agencies not to early adopt any of the following accounting pronouncements:

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1057 and AASB 2015-9 *Application of Australian Accounting Standards*
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-6 regarding extending related party disclosures to not-for-profit public sector entities
- AASB 2015-7 regarding fair value disclosures of not-for-profit public sector entities

The Department does not anticipate any material financial impact in its financial statements when these accounting pronouncements become effective and are applied.



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Department of Planning and Environment Notes to the financial statements

2(a) Employee related expenses

	2016 \$'000	2015 \$'000
Salaries and wages (including annual leave)	71,358	86,529
Superannuation - defined benefit plans	717	1,377
Superannuation - defined contribution plans	5,370	6,847
Long service leave	4,483	3,168
Workers' compensation insurance	249	61
Payroll tax and fringe benefits tax	4,521	5,407
Redundancies	4,084	3,462
	<u>90,782</u>	<u>106,851</u>

An amount of \$1.259 million (2015: \$2.720 million) has been capitalised to intangible assets and is therefore excluded from the above.

Employee related expense of \$1.604 million (2015: \$1.480 million) relates to the Planning Assessment Commission.

2(b) Other operating expenses

	2016 \$'000	2015 \$'000
Auditor's remuneration - audit of the financial statements	131	110
Internal auditor's remuneration	310	78
Advertising/public relations	1,639	1,447
Contractor expenses	12,354	10,071
Computer costs	2,806	864
Consultancy costs	538	4,088
Committee members	2,823	2,783
Doubtful debts	99	29
Equipment maintenance/consumables	25	24
Fees for services rendered	23,733	14,288
Legal fees	1,423	1,877
Motor vehicle and plant hire expenses	21	114
Motor vehicle leasing costs	306	237
Minor equipment purchases	26	87
Operating lease rental expense - minimum lease payments	7,102	6,873
Maintenance	1,248	634
Insurance - public liability	507	374
Memberships and subscriptions - organisational fees	500	294
Printing	855	762
Telephones	651	673
Stores/stationery/materials	224	148
Training	863	609
Travel	785	705
Corporate services (Cluster Shared Service Provider)	10,867	6,656
Other	1,015	1,885
	<u>70,851</u>	<u>55,710</u>

Other operating expenses of \$2.556 million (2015: \$2.762 million) relates to the Planning Assessment Commission.

2(c) Depreciation and amortisation expense

	2016 \$'000	2015 \$'000
Depreciation:		
Plant and equipment	430	813
Amortisation:		
Intangible assets	2,496	2,115
	<u>2,926</u>	<u>2,928</u>

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Department of Planning and Environment

Notes to the financial statements

2(d) Grants and subsidies

	2016 \$'000	2015 \$'000
Cluster grants funded from Consolidated Fund:		
Office of Environment and Heritage	507,231	471,609
Office of Local Government (Note 20)	477,606	110,296
NSW Environment Protection Authority	123,424	108,412
Environment Trust	53,647	80,964
Royal Botanic Gardens and Domain Trust	35,943	26,778
Hunter Development Corporation	36,994	73,162
Historic Houses Trust of New South Wales	22,198	19,039
Western Sydney Parkland Trust	4,096	4,144
UrbanGrowth NSW Development Corporation	4,700	4,571
Centennial Park and Moore Park Trust	4,278	5,896
Sydney Harbour Foreshore Authority	-	43,245
UrbanGrowth NSW	-	4,200
Greater Sydney Commission (Note 20)	4,639	-
	<u>1,274,756</u>	<u>952,316</u>
Other grants funded from Consolidated Fund:		
Local Infrastructure Growth Scheme (formerly Priority Infrastructure Fund) and Comprehensive Housing Strategy Fund grants to councils	107,573	34,943
Priority Growth Areas and Precincts Scheme (former Urban Activation Precincts Support Scheme)	-	6,364
	<u>107,573</u>	<u>41,307</u>
SIC/VPA grants:		
Special Infrastructure Contributions grants - Works-in-kind	24,470	43,711
Special Infrastructure Contributions grants - Cash	9,090	-
Voluntary Planning Agreements grants - Works-in-kind	-	7,208
Infrastructure Funding Agreement for Liz Kernohan Drive, Spring Farm	7,500	8,552
Biodiversity Certificate Offset program	3,851	1,913
	<u>44,911</u>	<u>61,384</u>
Department funded grants:		
Planning Reform Fund grants to councils	556	1,101
Contributions to Building Professionals Board	-	2,900
Sharing Sydney Harbour Access grants to councils	130	944
Other	110	940
	<u>796</u>	<u>5,885</u>
	<u>1,428,036</u>	<u>1,060,892</u>

2(e) Finance costs

	2016 \$'000	2015 \$'000
Interest expense on T'Corp borrowings	994	826
	<u>994</u>	<u>826</u>

3(a) Appropriations

	2016 \$'000	2015 \$'000
Recurrent appropriation		
Total recurrent drawdowns from NSW Treasury (per summary of compliance)	1,447,858	1,152,526
	<u>1,447,858</u>	<u>1,152,526</u>
Comprising:		
Recurrent appropriations (per statement of comprehensive income)	1,447,858	1,152,526
	<u>1,447,858</u>	<u>1,152,526</u>
Capital appropriation		
Total capital drawdowns from NSW Treasury (per summary of compliance)	11,839	11,735
	<u>11,839</u>	<u>11,735</u>
Comprising:		
Capital appropriations (per statement of comprehensive income)	11,839	11,735
	<u>11,839</u>	<u>11,735</u>



Financials

Department of Planning and Environment Notes to the financial statements

3(b) Sale of goods and services

	2016 \$'000	2015 \$'000
Planning Reform Fund contributions	33,615	28,117
Fees for services	5,423	5,020
Development Application fees for planning projects	13,133	9,288
Other*	3,138	3,627
	<u>55,309</u>	<u>46,052</u>

*The other revenue includes recovery of seconded officer costs and costs of statutory and advisory services to Roads and Maritime Services.

3(c) Personnel services revenue

	2016 \$'000	2015 \$'000
Employee expenses recoveries	4,430	29,338
	<u>4,430</u>	<u>29,338</u>

3(d) Investment revenue

	2016 \$'000	2015 \$'000
Interest - bank	2,346	1,066
	<u>2,346</u>	<u>1,066</u>

3(e) Grants and contributions

	2016 \$'000	2015 \$'000
Contributions received from:		
• NSW Government agencies	440	-
	<u>440</u>	<u>-</u>

3(f) Acceptance by the Crown Entity of employee benefits and other liabilities

	2016 \$'000	2015 \$'000
The following liabilities and expenses have been assumed by the Crown Entity:		
• Superannuation - defined benefits	708	1,048
• Long service leave	4,619	2,833
• Payroll tax	46	57
	<u>5,373</u>	<u>3,938</u>

3(g) Other revenue

	2016 \$'000	2015 \$'000
Special Infrastructure Contributions (SIC):		
• Cash	70,809	42,901
• Works-in-kind	30,463	37,139
Developer Contributions - Voluntary Planning Agreements		
• Cash	13,069	7,970
• Works-in-kind	-	8,009
Administrative fee recovered from NSW government agencies	2,404	2,567
Other revenue	3,264	4,077
	<u>120,009</u>	<u>102,663</u>

4 Gain/(loss) on disposal

	2016 \$'000	2015 \$'000
Plant and equipment:		
Gross carrying amount written off	(14)	(151)
Less: accumulated depreciation	12	148
	<u>(2)</u>	<u>(3)</u>

5 Other gains/(losses)

	Note	2016 \$'000	2015 \$'000
Revaluation gain/(loss) on land assets	9	746	(2,714)
Amount offset against Assets revaluation reserve		-	73
		<u>746</u>	<u>(2,641)</u>

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Notes to the financial statements

6 Service groups of the Department

Service Groups Service description

Growth Design and Programs	This service group covers the delivery of strategic zoned (and where applicable, serviced) land for housing and employment, including strategic planning and coordination of infrastructure provision into land supply and land release programs. It prepares, monitors and updates the Metropolitan Plan, subregional and regional strategies to ensure housing and employment targets are met. This service group also conducts research and prepares demographic and population projections across the state.
Policy and Strategy	This service group is responsible for identifying and setting strategic planning policies. This includes setting of industry, resource, affordable housing and state-wide planning policies. It involves regulating and managing development and building controls to ensure ongoing reform and best practice.
Planning Services	This service group covers timely and efficient delivery of assessment and decision making for development and infrastructure projects of State significance, including whole-of-government leadership in the administration of environmental impact assessment and development approvals. It is also responsible for the ongoing administration of the Joint Regional Planning Panels.
Personnel Services	This service group covers personnel services that are provided to the Hunter Development Corporation, Central Coast Regional Development Corporation and Greater Sydney Commission. The <i>Administrative Arrangements (Administrative Changes—Public Service Agencies) Order (No. 2) 2015</i> transfers employees of the Sydney Harbour Foreshore Authority to the Department of Finance, Services and Innovation with effect from 1 July 2015.
Cluster Grant Funding	This service group covers the provision of grant funding to all agencies within the Planning and Environment cluster.

7(a) Current assets - cash and cash equivalents

	2016 \$'000	2015 \$'000
Cash at bank and on hand	156,980	115,901
For the purpose of the Statement of Cash Flows, cash includes cash on hand, cash at bank and short-term deposits at call.		
Cash and cash equivalent assets recognised in the Statement of financial position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:		
Cash and cash equivalents (per Statement of Financial Position)	156,980	115,901
Closing cash and cash equivalents (per Statement of Cash Flows)	156,980	115,901
Details regarding credit risk, liquidity risk and market risk are disclosed at Note 19.		

7(b) Restricted cash assets

	2016 \$'000	2015 \$'000
Special Infrastructure Contributions fund	107,368	55,691
Interim Land Release Levy fund	1,702	9,094
Voluntary Planning Agreements fund	39,761	27,077
	148,831	91,862

These amounts represent balance funds/cash held from contributions received from developers during the development process to contribute to State infrastructure projects, such as roads, regional open space, land for education, and planning costs.

8 Current/non-current assets - receivables

	2016 \$'000	2015 \$'000
Sale of goods and services	3,848	7,929
Less: allowance for impairment	(100)	(29)
	3,748	7,900
Personnel services revenue receivable	303	16,733
GST receivable	11,212	3,861
Developer Contributions - Voluntary Planning Agreements	4,271	-
Sundry debtors	5,545	4,458
Prepayments	50	153
	25,129	33,105
Non-current		
Developer Contributions - Voluntary Planning Agreements	-	4,215
	-	4,215
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	29	-
Increase/(decrease) in allowance recognised in profit and loss	71	29
Balance at end of the year	100	29

Details regarding credit risk, liquidity risk and market risk including financial assets that are either past due or impaired are disclosed at Note 19.



Financials

Department of Planning and Environment

Notes to the financial statements

9 Non-current assets - property, plant and equipment

	Land (under Coastal protection scheme) \$'000	Plant and equipment \$'000	Total \$'000
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At 1 July 2015 - fair value

Gross carrying amount	5,828	3,610	9,438
Accumulated depreciation	-	(2,648)	(2,648)
Net carrying amount	5,828	962	6,790

At 30 June 2016 - fair value

Gross carrying amount	6,573	4,074	10,647
Accumulated depreciation	-	(2,981)	(2,981)
Net carrying amount	6,573	1,093	7,666

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Note	Land (under Coastal protection scheme) \$'000	Plant and equipment \$'000	Total \$'000
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Year ended 30 June 2016

Net carrying amount at the beginning of the year		5,828	962	6,790
Additions		-	563	563
Written down value of assets disposed	4	-	(2)	(2)
Net revaluation increment/(decrement)*	5	746	-	746
Depreciation		-	(430)	(430)
Net carrying amount at end of the year		6,573	1,093	7,666

* A comprehensive revaluation of land assets was undertaken by CBRE Valuations Pty Ltd an independent and professionally qualified Valuer on 31 March 2016. Following the consideration of market evidence CBRE Valuations Pty Ltd advised that there has not been any material change in the period 31 March to 30 June 2016.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 11.

	Note	Land (under Coastal protection scheme) \$'000	Plant and equipment \$'000	Total \$'000
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At 1 July 2014 - fair value

Gross carrying amount		8,542	2,972	11,514
Accumulated depreciation		-	(1,983)	(1,983)
Net carrying amount		8,542	989	9,531

At 30 June 2015 - fair value

Gross carrying amount		5,828	3,610	9,438
Accumulated depreciation		-	(2,648)	(2,648)
Net carrying amount		5,828	962	6,790

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below:

	Note	Land (under Coastal protection scheme) \$'000	Plant and equipment \$'000	Total \$'000
--	------	--	-------------------------------	-----------------

Year ended 30 June 2015

Net carrying amount at the beginning of the year		8,542	989	9,531
Additions		-	789	789
Written down value of assets disposed	4	-	(3)	(3)
Net revaluation increment/(decrement)		(2,714)	-	(2,714)
Depreciation		-	(813)	(813)
Net carrying amount at end of the year		5,828	962	6,790

* A revaluation of land assets as at 30 June 2015 was undertaken by Land and Property Information, an independent and professionally qualified Valuer.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 11.

Department of Planning and Environment

Notes to the financial statements

10 Non-current assets - intangible assets

	Work in progress \$'000	Software \$'000	Total \$'000
At 1 July 2015			
Gross carrying amount	11,998	17,500	29,498
Accumulated amortisation	-	(4,676)	(4,676)
Net carrying amount	11,998	12,824	24,822

At 30 June 2016			
Gross carrying amount	2,095	39,484	41,579
Accumulated amortisation	-	(7,173)	(7,173)
Net carrying amount	2,095	32,311	34,406

Reconciliation

A reconciliation of the carrying amount of the intangible assets at the beginning and end of the current reporting period is set out below:

	Work in progress \$'000	Software \$'000	Total \$'000
Year ended 30 June 2016			
Net carrying amount at the beginning of the year	11,998	12,824	24,822
Assets transferred from Work in progress to Software	(21,929)	21,929	-
Additions	12,026	55	12,081
Amortisation	-	(2,496)	(2,496)
Net carrying amount at end of the year	2,095	32,311	34,406

	Work in progress \$'000	Software \$'000	Total \$'000
At 1 July 2014			
Gross carrying amount	12,352	4,566	16,918
Accumulated amortisation	-	(2,561)	(2,561)
Net carrying amount	12,352	2,005	14,357

At 30 June 2015			
Gross carrying amount	11,998	17,500	29,498
Accumulated amortisation	-	(4,676)	(4,676)
Net carrying amount	11,998	12,824	24,822

Reconciliation

A reconciliation of the carrying amount of the intangible assets at the beginning and end of the prior year reporting period is set out below:

	Work in progress \$'000	Software \$'000	Total \$'000
Year ended 30 June 2015			
Net carrying amount at the beginning of the year	12,352	2,005	14,357
Assets transferred from Work in progress to Software	(12,352)	12,352	-
Additions	11,998	582	12,580
Amortisation	-	(2,115)	(2,115)
Net carrying amount at end of the year	11,998	12,824	24,822



Financials

Department of Planning and Environment

Notes to the financial statements

11 Fair value measurement of non-financial assets

(a) Fair value hierarchy

As at 30 June 2016		Level 1	Level 2	Level 3	Total fair value
Property, plant and equipment	Note	\$'000	\$'000	\$'000	\$'000
Land	9	-	6,573	-	6,573
		-	6,573	-	6,573

As at 30 June 2015		Level 1	Level 2	Level 3	Total fair value
Property, plant and equipment	Note	\$'000	\$'000	\$'000	\$'000
Land	9	-	5,828	-	5,828
		-	5,828	-	5,828

There were no transfers between Level 1 or 2 during the period.

(b) Valuation techniques, inputs and processes

In 2016, The Department engaged CBRE Pty Ltd to provide a comprehensive independent valuation advice on the coastal land assets. The valuation is in compliance with relevant requirements as set out in Treasury Policy TPP 14-01 and Australian Accounting Standard AASB 13. The fair value hierarchy for coastal land is considered to be at level 2.

Method of valuation – market approach

CBRE adopted the Direct Comparison method (market approach).

This valuation method applies to land assets only based on existing use.

Comparable sales evidence has been sourced from Corelogic RP Data.

Plant and equipment

These assets are not included in the table above because they are measured at depreciated historical cost as an approximation of fair value.

12 Current/non-current liabilities - payables

	2016 \$'000	2015 \$'000
Payables - current liabilities		
Accrued salaries, wages and on-costs	397	3,022
Creditors	6,246	6,061
Accrued expenses	8,010	1,493
Works-in-kind received in advance	6,200	12,139
Other payables	1,500	-
	22,353	22,715
Payables - non current liabilities		
Refundable Bond	584	-
	584	-

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 19

Department of Planning and Environment

Notes to the financial statements

13 Current/non-current liabilities - provisions

	2016 \$'000	2015 \$'000
Provisions - current liabilities		
Employee benefits and related on-costs	2,819	6,428
Annual leave	6,455	8,743
Leasehold obligations	175	527
	<u>9,449</u>	<u>15,698</u>
Provisions - non current liabilities		
Employee benefits and related on-costs	106	10,075
Leasehold obligations	575	150
	<u>681</u>	<u>10,225</u>
Provisions		
Employee benefits and related on-costs	2,925	16,503
Annual leave	6,455	8,743
	<u>9,380</u>	<u>25,246</u>
Other provisions		
Leasehold obligations	750	677
Total provisions	<u>10,130</u>	<u>25,923</u>
Employee benefits expected to be settled within 12 months from reporting date		
Annual leave	5,421	5,696
Employee benefits and related on-costs	1,064	1,764
	<u>6,485</u>	<u>7,460</u>
Employee benefits expected to be settled after 12 months from reporting date		
Annual leave	1,034	3,047
Employee benefits and related on-costs	1,861	14,739
	<u>2,895</u>	<u>17,786</u>
<u>Aggregate employee benefits and related on-costs</u>		
Provisions - current	9,274	15,171
Provisions - non-current	106	10,075
Accrued salaries, wages and on-costs (Note 12)	397	3,022
	<u>9,777</u>	<u>28,268</u>

Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	2016 \$'000	2015 \$'000
Leasehold obligations		
Carrying amount at the beginning of the year	677	322
Additional provisions recognised	73	355
Carrying amount at end of the year	<u>750</u>	<u>677</u>

The above amounts relate to leasehold obligations for various properties leased by the Department. The amount of obligation is based on an estimated make good cost of \$150 per square metre. The settlement date is based on the expiry date of the various leases.

14 Current/Non-current liabilities - borrowings

	2016 \$'000	2015 \$'000
T'Corp borrowings - Current		
Face value of loans	20,811	-
Loan premium/(unamortised discount) on face value of loans	(107)	-
Balance at the end of the year	<u>20,704</u>	<u>-</u>
T'Corp borrowings - Non Current		
Face value of loans	-	20,811
Loan premium/(unamortised discount) on face value of loans	-	(267)
Balance at the end of the year	<u>-</u>	<u>20,544</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 19.



Financials

Department of Planning and Environment

Notes to the financial statements

15 Increase/(decrease) in net assets from equity transfers

	2016 \$'000	2015 \$'000
Receivables (a) & (b)	(16,676)	-
Total assets	(16,676)	-
Payables	781	-
Provisions - current	5,882	-
Provisions - Non current	10,013	-
Total liabilities	16,676	-
Increase/(decrease) in net assets from equity transfers	-	-

(a) The Sydney Harbour Foreshore Authority and Building Professional Board employees were transferred out of the Department on 1 July 2015 under the *Administrative Arrangements (Administrative Changes—Public Service Agencies) Order (No. 2) 2015*. At the time of transfer, there was no impact on the Department's equity due to the relevant employment condition.

(b) Transfer in of the employee of Government Architect Office - strategic advisory unit to the Department from 15 January 2016.

16 Commitments for expenditure

	2016 \$'000	2015 \$'000
Operating lease commitments		
Aggregate operating lease commitments for office accommodation and motor vehicles contracted for at balance date but not provided for:		
Not later than 1 year	3,594	6,544
Later than 1 year but not later than 5 years	3,811	2,859
Later than 5 years	-	-
Total (including GST)	7,405	9,403

The total commitments above includes input tax credits of \$673,182 (2015: \$854,818) that are expected to be recoverable from the Australian Taxation Office.

17 Contingent liabilities

The Department is currently involved in eight legal cases (2015: one case) related to planning matters where costs are not determined yet. The Department is also involved in one other case (2015: three cases) which is covered by the Treasury Managed Fund.

18 Reconciliation of cash flows from operating activities to net result

	2016 \$'000	2015 \$'000
Net cash flows from operating activities	53,637	33,934
Depreciation and amortisation	(2,926)	(2,928)
Net (loss)/gain on disposal of non-current assets	(2)	(3)
Net gain/(loss) on land revaluation	746	(2,642)
Decrease/(increase) in provisions	15,879	(827)
Non-cash actuarial adjustment	-	546
(Decrease)/increase in other assets	(12,191)	2,358
(Increase)/decrease in creditors and other liabilities	(384)	87,028
Net result	54,759	117,466

19 Financial instruments

The Department's principal financial instruments are outlined below. These financial instruments arise directly from the Department's operations or are required to finance the Department's operations. The Department does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Department's main risks arising from financial instruments are outlined below, together with the Department's objectives, policies and processes for measuring and managing risk. Further qualitative disclosures are included throughout these financial statements.

The Secretary has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Department, to set risk limits and controls and to monitor risks.

Department of Planning and Environment

Notes to the financial statements

19 Financial instruments (continued)

(a) Financial instrument categories

Class	Notes	Category	Carrying amount 2016 \$'000	Carrying amount 2015 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	7	N/A	156,980	115,901
Receivables ¹	8	Loans and receivables (at amortised cost)	13,967	33,337
<i>Financial liabilities</i>				
Payables ²	12	Financial liabilities measured at amortised cost	16,693	10,552
Borrowings	14	Financial liabilities measured at amortised cost	20,704	20,544

Notes

- Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
- Excludes statutory payables, unearned revenue and non-cash works-in-kind received in advance (i.e. not within scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations, resulting in a financial loss to the Department. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment). Credit risk arises from the financial assets of the Department, including cash and receivables. No collateral is held by the Department. The Department has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily restricted cash bank balances at the monthly average NSW Treasury Corporation 11 am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables – trade debtors

All trade and other debtors are recognised as amounts receivable at balance date. Collectability of all debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts, which are known to be uncollectable, are written off. An allowance for impairment is raised when there is objective evidence that the Department will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are generally made on 30 day settlement terms.

The Department is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2016: \$2,584,000; 2015: \$6,613,000) and less than three months past due (2016:\$1,230,000; 2015:\$1,299,000) are not considered impaired. Together, these represent 100 per cent of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

	Total ^{1,2}	Past due but not impaired ^{1,2} \$'000	Considered impaired ^{1,2} \$'000
2016			
<3 months overdue	1,107	1,107	-
3 months - 6 months overdue	-	-	-
>6 months overdue	123	123	-
2015			
<3 months overdue	1,214	1,214	-
3 months - 6 months overdue	6	6	-
>6 months overdue	79	79	-

Notes

- Each column in the table reports 'gross receivables'.
- The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the Statement of financial position.



Financials

Department of Planning and Environment

Notes to the financial statements

19 Financial instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Department will be unable to meet its payment obligations when they fall due. The Department continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and the flexibility through the use of overdrafts, loans and other advances.

	2016 \$'000	2015 \$'000
T'Corp debt facility	29,000	29,000
Sums drawn	20,704	20,544
Unused facility	<u>8,296</u>	<u>8,456</u>

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The Department's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Secretary (or a person appointed by the Secretary) may automatically pay the supplier simple interest. The rate of interest applied during the year was 10.28% (2015: 10.36%).

The table below summarises the maturity profile of the Department's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective int. rate	Nominal amount	Interest rate exposure \$'000			Maturity dates \$'000		
			Fixed interest rate	Variable interest rate	Non- interest bearing	<1 year	1-5 years	>5 years
2016								
Payables	N/A	16,693	-	-	16,693	16,693	-	-
T'Corp borrowings	4.82	21,644	21,644	-	-	21,644	-	-
		38,337	21,644	-	16,693	38,337	-	-
2015								
Payables	N/A	10,552	-	-	10,552	10,552	-	-
T'Corp borrowings	4.82	20,811	20,811	-	-	-	20,811	-
		31,363	20,811	-	10,552	10,552	20,811	-

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the Statement of financial position.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Department's exposure to market risk are primarily through interest rate risk on the Department's borrowings. The Department has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Department operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2015. The analysis assumes that all other variables remain constant. Other price risk is immaterial.

(e) Interest rate risk

Exposure to interest rate risk arises through the Department's interest bearing liabilities. This risk is minimised by undertaking fixed rate borrowings with NSW T'Corp. The Department does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1 per cent is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Department's exposure to interest rate risk is set out below.

	Carrying amount \$'000	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
2016					
<i>Financial assets</i>					
Cash and cash equivalents	156,980	(1,570)	(1,570)	1,570	1,570
2015					
<i>Financial assets</i>					
Cash and cash equivalents	115,901	(1,159)	(1,159)	1,159	1,159

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Department of Planning and Environment

Notes to the financial statements

19 Financial instruments (continued)

(f) Fair value measurement

All of the Department's financial assets and financial liabilities are of a short-term nature. They are recognised in the Statement of financial position at amortised cost.

The Department has not disclosed the fair values for financial instruments such as short-term payables and cash and cash equivalents, because of their short-term nature, their carrying amounts are a reasonable approximation of fair values.

The Department undertakes borrowings with NSW T'Corp. The borrowings are on fixed term loans at a fixed interest rate to minimise exposure to interest rate fluctuation. The loans are initially recognised in the Statement of financial position at their fair values plus transaction costs and subsequently at amortised cost. The fair values of the borrowings is estimated for disclosure purposes and are considered to be level 2.

	2016 Carrying amount \$'000	2016 Fair value \$'000	2015 Carrying amount \$'000	2015 Fair value \$'000
<i>Financial liabilities</i>				
Borrowings	20,704	21,398	20,544	21,718
	20,704	21,398	20,544	21,718

There were no transfers between level 1 or 2 during the periods.

20 Budget review

Net result

The actual net result is a profit of \$54.8 million compared to a budget profit of \$4.8 million, resulting in a favourable variance of \$50 million. This consists of favourable revenue of \$325.6 million, offset by unfavourable expenses of \$275.7 million.

Expenses

Employee related expenses are \$4.9 million favourable to budget primarily due to underspending of \$4 million on vacant positions and carry forward of \$4 million for projects approved by Expenditure Review Committee (ERC) to future years and offset by unbudgeted redundancy costs of \$4 million.

Other operating expenses are \$7.1 million unfavourable to budget due to higher than budgeted contractor expenses of \$8.1 million (this temporary situation is due to the Department finalising its establishment and recruitment of full time positions), increased operating expenses of \$2.7 million for the projects approved by ERC utilising budget brought from 2014-15 year, offset by reclassification of the Greater Sydney Commission (Note 2(d)) operating costs of \$3.7 million as grant expenses.

Depreciation and amortisation expense is \$1.2 million favourable to budget as a consequence of the actual timing of ePlanning software capitalisation.

Grants and subsidies expenses are \$274.3 million unfavourable to due to special allocation of \$355 million to Office of Local Government for the Fit for the Future reform in 15-16 year, reallocation of \$4.7 million the Greater Sydney Commission operating and employee costs as grants, higher than budgeted Local Infrastructure Grant Scheme (LIGS) grants payment of \$30 million and offset by no claim of the Priority Precinct Grants claim of \$46 million, reduced grants allocation to cluster agencies of \$45.7 million as a result of Treasury cash management reform and lower Special Infrastructure Contribution cash and works-in-kind grants expense of \$22 million. Refer to Note 2(d) for actual grants payments.

Revenue

Recurrent appropriation favourable to budget by \$285 million due to special allocation of \$355 million to Office of Local Government for the Fit for the Future reform in 15-16 year and addition claims of \$30 million for LIGS grants offset by no claim of the Priority Precinct Grants claim of \$46 million, under claim for cluster agencies of \$45.7 million and \$8.7 million carry forward requests for ERC approved projects to future years.

Capital appropriations unfavourable to budget by \$11.2 million due to slower than budgeted progress of ePlanning development and no acquisition of coast land as budgeted.

Sale of goods and services revenue is \$12.6 million favourable to budget primarily due to higher Planning Reform Fund contributions of \$4.6 million, Development Application fees of \$6.8 million and Basix revenue of \$2.3 million as a result of a surge in development activity during the year.

Personnel services revenue is \$0.2 million unfavourable to budget due to lower than budgeted recoveries of \$1.2 million as a result of lower corresponding employee costs and offset by the recovery of \$1 million from Greater Sydney Commission. The budget for Greater Sydney Commission was embedded in Department's budget during the budget setting.

Investment revenue is favourable to budget by \$1.5 million from bank interest as a result of higher than budgeted average restricted cash holdings during the year as a result of higher than budgeted revenue and lower expenditure.

Grants and contributions revenues are \$76 million unfavourable to budget as the actual Special Infrastructure Contributions revenue and Voluntary planning agreement revenue are included under other revenue.

Other revenue is \$111.8 million favourable to budget primarily due to recognition of \$101.3 million Special Infrastructure Contributions and \$12.9 million Voluntary Planning Agreement contributions revenue under this line item although the budget relating these items are disclosed under Grants and contributions revenue of \$76 million. The favourable Special Infrastructure Contributions revenue is due to higher than budgeted contributions received from developers due to strong growth in housing projects.



Financials

Department of Planning and Environment

Notes to the financial statements

20 Budget review (continued)

Assets and liabilities

Assets

Cash and cash equivalents are \$63.6 million favourable to budget due to higher than budgeted receipts from Special Infrastructure Contributions and Voluntary Planning Agreement revenue.

Current receivables are \$3.1 million favourable to budget due to seasonable higher GST receivable from ATO as a result of the grants provided in June 2016.

Property, plant and equipment are \$3 million unfavourable to budget primarily due to no acquisition of coastal land.

Intangible assets are \$8.6 million unfavourable to budget due to slower than budgeted progress of ePlanning projects.

Liabilities

Payables are \$8.5 million unfavourable to budget primarily due to \$6.2 million in Special Infrastructure Contributions Works-in-Kind received in advance liability being recognised in this line while the budget is allocated in other line and \$2.5 million of fluctuation of the creditors movements from year to year.

Other

The Special Infrastructure Contributions works-in-kind budget is allocated in this line while the actual is reported as payables.

Borrowings are reclassified from non-current to current due to maturity in 2017.

Cash Flows

Operating activities

Payments

Employee related payments favourable to budget due to savings from vacant positions not being promptly filled.

Grants and subsidies payments are \$301.8 million favourable to budget primarily due to special allocation of \$355 million to Office of Local Government and offset by no payment of the Priority Precinct Grants of \$46 million and various grants paid out lower by \$7 million due to grants profile and cash management reform.

Other payments are unfavourable to budget by \$9.6 million primarily due to higher than budgeted costs incurred on contractors and engagement of professional services for the Department's activities as a result of backfill of vacant positions and development of new initiatives approved by the ERC such as the Greater Sydney Commission, A plan for Growing Sydney and Reforming major development assessment and compliance.

Receipts

Receipts from Recurrent appropriations are \$285 million favourable to budget due to special allocation of \$355 million claimed for Office of Local Government (Note 2(d)) and offset by no claim of the Priority Precinct Grants of \$46 million and lower claims for cluster grants.

Receipts from Capital appropriations are \$11.2 million unfavourable to budget due to slower than budgeted progress on ePlanning software development and no acquisition of coastal land.

Cash reimbursements from the Crown Entity are \$5.4 million favourable to budget due to receipts of employee leave entitlements not being included in the budget.

Receipts from sale of goods and services is \$21.3 million favourable to budget primarily due to higher receipts from planning reform fund, development application fees and BASIX revenues.

Grants and contributions are \$4.4 million unfavourable to budget primarily due to no grants received from other state government agencies as budgeted.

Other receipts are \$62.3 million favourable to budget primarily due to higher than budgeted revenue of \$43.7 million from Special Infrastructure Contributions, \$2.9 million from Voluntary Planning Agreement Contributions and \$16 million from ATO and all other revenue sources.

Investing activities

Cash outflows on purchase of intangibles are \$7.8 million lower than budget due to slower than budgeted progress on the ePlanning project and no acquisition of coastal land assets of \$3 million.

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Department of Planning and Environment Notes to the financial statements

21 Trust Funds

	2016 \$'000	2015 \$'000
City West Housing Pty Ltd	1,530	273
	1,530	273

The Department holds money which is used for developments in Ultimo-Pyrmont and Green Square under State Environmental Planning Policy Number 70 Affordable Housing (Revised Schemes). These monies are excluded from the financial statements as the Department cannot use them for the achievement of its objectives.

The following is a summary of the transactions during the year:

	2016 \$'000	2015 \$'000
Cash Balance at the beginning of the year	273	10,590
Add: Receipts	23,123	25,525
Less: Payments	21,866	35,842
Cash balance at the end of the year	1,530	273

22 Superannuation

This note is provided for prior year comparative purposes only.

The liability for the defined benefit schemes related to the Sydney Harbour Foreshore Authority and was transferred from the former Land and Property Management Authority to the Department on 1 April 2011. The superannuation schemes are:

- State Authorities Superannuation Scheme (SASS);
- State Superannuation Scheme (SSS); and
- State Authorities Non-contributory Superannuation Scheme (SANCS).

The above superannuation schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the schemes are closed to new members. The assessed liability as at 30 June 2015 and the funds held at the reserve account at Pillar Administration are:

As at 30 June 2015	SASS	SANCS	SSS	Total
Number of members				
Contributors	-	-	-	-
Deferred benefits	-	-	2	2
Pensioners	-	-	19	19
Pensions fully commuted	-	-	1	1
Total	-	-	22	22
Financial year to 30 June 2015	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Superannuation position				
Accrued Liability*	(2)	(41)	18,012	17,969
Estimated reserve account balance	(9)	(231)	(8,025)	(8,265)
<i>Net liability/(asset) recognised in Statement of financial position at end of year</i>	(11)	(272)	9,987	9,704

*The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

Nature of the benefits provided by the fund

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS);
- State Superannuation Scheme (SSS); and
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the schemes are closed to new members.



Financials

Department of Planning and Environment

Notes to the financial statements

22 Superannuation (continued)

Description of the regulatory framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation and their associated regulations:

- *Superannuation Act 1916*;
- *State Authorities Superannuation Act 1987*;
- *Police Regulation (Superannuation) Act 1906*;
- *State Authorities Non-Contributory Superannuation Scheme Act 1987* and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth *Superannuation Industry (Supervision) Act 1993* (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012. The actuarial investigation was done at 30 June 2015 and the report was expected to be released by the end of 2015.

Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- **Investment risk** - the risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- **Longevity risk** - the risk that pensioners live longer than assumed, increasing future pensions.
- **Pension indexation risk** - The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- **Salary growth risk** - the risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- **Legislative risk** - the risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

Reconciliation of the net defined benefit liability/(asset)

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Financial year to 30 June 2015				
Net defined benefit liability/(asset) at start of year	70	(479)	9,251	8,842
Current service cost	-	-	-	-
Net interest on the net defined benefit liability/(asset)	1	(13)	328	316
Actual return on fund assets less interest income	(1)	(15)	(614)	(630)
Actuarial (gains)/losses arising from changes in financial assumptions	-	-	1,313	1,313
Actuarial (gains)/losses arising from liability experience	(10)	28	(155)	(137)
Employer contributions	(71)	207	(136)	-
Net defined benefit liability/(asset) at end of year	(11)	(272)	9,987	9,704

Reconciliation of the fair value of Fund assets/(liabilities)

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Financial year to 30 June 2015				
Fair value of fund assets/(liabilities) at beginning of year	(59)	406	7,662	8,009
Interest income	(1)	11	262	272
Actual return on Fund assets less interest income	1	15	614	630
Employer contributions	71	(207)	136	-
Benefits paid	-	-	(743)	(743)
Taxes, premiums and expenses paid	(2)	5	95	98
Fair value of fund assets/(liabilities) at end of year	10	230	8,026	8,266

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Department of Planning and Environment

Notes to the financial statements

22 Superannuation (continued)

Reconciliation of the defined benefit obligation

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Financial year to 30 June 2015				
Present value of defined benefit obligations at beginning of year	10	(72)	16,913	16,851
Interest cost	-	(2)	590	588
Actuarial losses arising from changes in financial assumptions	-	-	1,313	1,313
Actuarial gains arising from liability experience	(10)	28	(155)	(137)
Benefits paid	-	-	(743)	(743)
Taxes, premiums and expenses paid	(2)	5	95	98
Present value of defined benefit obligations at end of year	(2)	(41)	18,013	17,970

Reconciliation of the effect of the asset ceiling

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Financial year to 30 June 2015				
Adjustment for effect of asset ceiling at beginning of year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of year	-	-	-	-

The adjustment for the effect of asset ceiling has been determined based on the maximum economic benefit available to the entity in the form of reductions in future employer contributions.

Fair value of fund assets as at 30 June 2015

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

Asset category	Level 1 \$'M	Level 2 \$'M	Level 3 \$'M	Total \$'M
Short-term securities	95	2,546	-	2,641
Australian fixed interest	1	2,639	17	2,657
International fixed interest	-	1,004	-	1,004
Australian equities	9,899	504	4	10,407
International equities	9,963	2,585	563	13,111
Property	949	718	1,786	3,453
Alternatives	622	3,020	3,528	7,170
Total*	21,529	13,016	5,898	40,443

The percentage invested in each asset class at the reporting date:

	2016 %	2015 %
Short-term securities	N/A	6.5
Australian fixed interest	N/A	6.6
International fixed interest	N/A	2.5
Australian equities	N/A	25.7
International equities	N/A	32.4
Property	N/A	8.6
Alternatives	N/A	17.7
Total	-	100.0

*Additional to the assets disclosed above, at 30 June 2015 the Pooled Fund has provisions for receivables/(payables) estimated to be around \$1.74 billion, giving estimated assets totalling around \$42.2 billion

The following hierarchies are applicable to asset categories of the Fund:

- Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels are listed shares; listed uni trusts.
- Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities
- Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cash flows management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.



Financials

Department of Planning and Environment

Notes to the financial statements

22 Superannuation (continued)

Significant actuarial assumptions as at 30 June 2015

Discount rate	3.03% pa
Salary increase rate (excluding promotional increases)	2.50% 2015-2016 to 2018-2019; 3.50% 2019-2020; 3.00% pa 2021-2022 to 2024- 2025; 3.50% pa thereafter
Rate of CPI increase	2.50% 2015-2016; 2.75% 2016-2017 & 2017-2018; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2012 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

Sensitivity analysis

The entity's total defined benefit obligation as at 30 June 2015 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2015.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base case	Scenario A -1% discount rate	Scenario B +1% discount rate
Discount rate	3.03%	2.03%	4.03%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (\$'000)	17,970	20,629	15,781

	Base case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates plus 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (\$'000)	17,970	19,251	16,797

	Base case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates plus 0.5% pa
Defined benefit obligation (\$'000)	17,970	17,970	17,970

	Base case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (\$'000)	17,970	17,720	18,235

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury. The next triennial review as at 30 June 2015, the report is expected to be released by the end of 2015. Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Surplus/deficit

The following is a summary of the 30 June 2015 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans" :

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Department of Planning and Environment

Notes to the financial statements

22 Superannuation (continued)

Financial year to 30 June 2015	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Accrued benefits*	-	-	9,539	9,539
Net market value of Fund assets	(10)	(231)	(8,025)	(8,266)
Net (surplus)/deficit	(10)	(231)	1,514	1,273

*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AAS 25. Allowance for contributions tax is made when setting the contribution rates.

Contribution recommendations

Recommended contribution rates for the Department are:

	SASS	SANCS	SSS
Multiple of member contributions	N/A	-	N/A
% Member salary	-	N/A	-

Economic assumptions

The economic assumptions adopted for the 30 June 2012 actuarial review of the Pooled Fund are:

Weighted-average assumptions

Expected rate of return on Fund assets backing current pension liabilities	8.3%
Expected rate of return on Fund assets backing other liabilities	7.3%
Expected salary increase rate (excluding promotional salary increases)	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4% pa thereafter
Expected rate of CPI increase	2.5% pa

Expected contributions

Financial year to 30 June 2015	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Expected employer contributions to be paid in the next reporting period	51	12	11	74

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 12.8 years.

Additional information

Profit and loss impact 2015	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Net interest	1	(13)	328	316
Profit or loss component of the Defined benefit cost	1	(13)	328	316
Other comprehensive income 2015	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actuarial (gains)/losses on liabilities	(10)	28	1,158	1,176
Actual return on Fund assets less interest income	(1)	(15)	(614)	(630)
Total remeasurement in other comprehensive income	(11)	13	544	546

23 Events after the reporting period

The Department is not aware of any after balance date event which would have a material impact on these financial statements.

End of audited financial statements



Financials

Audit Statement



INDEPENDENT AUDITOR'S REPORT

Department of Planning and Environment

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Department of Planning and Environment (the Department), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, service group statements and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Department as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Department in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

The Secretary's Responsibility for the Financial Statements

The Secretary is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary must assess the Department's ability to continue as a going concern unless the Department's operations will cease as a result of an administrative restructure. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting'.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Department carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Margaret Crawford
Auditor-General of NSW

19 September 2016
SYDNEY



Financials

Corporation Sole Financial Statements

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act* 1979'

Statement by Secretary
for the year ended 30 June 2016

Under section 41C of the *Public Finance and Audit Act 1983* :

- I certify that the financial statements for Corporation Sole have been prepared in compliance with the *Public Finance and Audit Act 1983*, Treasurer's Directions and the *Public Finance and Audit Regulation 2015* and in compliance with Australian Accounting Standards.
- in my opinion, the financial statements exhibit a true and fair view of the financial performance and position of the Corporation Sole.
- at the date of signing these financial statements, I am not aware of any circumstances that would render particulars included in the financial statements to be misleading or inaccurate.

Carolyn McNally

Secretary of the Department of Planning and Environment

Dated: 19.9.16

ANNUAL REPORT 2015-16 ○

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979*'
Statement of comprehensive income for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	2,404	3,475	2,525
Other operating expenses	2(b)	11,495	11,331	11,219
Depreciation and amortisation	2(c)	255	-	22
Grants and subsidies	2(d)	39,642	74,160	36,528
Finance costs	2(e)	11,062	13,484	14,770
Total expenses excluding losses		64,858	102,450	65,064
Revenue				
Investment revenue	3(a)	3,054	2,921	3,603
Grants and contributions	3(b)	7,980	8,074	7,785
Sale of goods and services	3(c)	7,498	7,519	7,569
Other revenue	3(d)	3,679	1,800	5,977
Total revenue		22,211	20,314	24,934
Gain on disposal	4	22,404	18,427	52,903
Other gains/(losses)	5, 10	(268)	-	(16,406)
Net result		(20,511)	(63,709)	(3,633)
Other comprehensive income				
<i>Items that will not be reclassified to net result</i>				
Net increase/(decrease) in property, plant and equipment revaluation surplus	11	(297,966)	-	97,351
Total other comprehensive income		(297,966)	-	97,351
TOTAL COMPREHENSIVE INCOME		(318,477)	(63,709)	93,718

The accompanying notes form part of these financial statements.



Financials

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Statement of financial position as at 30 June 2016

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	6	33,306	25,947	25,016
Receivables	7	1,983	1,599	1,599
Financial assets at fair value	8	-	-	604
Other financial assets	9(a)	105,935	104,799	104,622
		141,224	132,345	131,841
Non-current assets held for sale	10	23,159	24,000	21,185
Total current assets		164,383	156,345	153,026
Non-current assets				
Property, plant and equipment				
• Land and buildings	11	1,209,010	1,385,767	1,538,950
• Plant and equipment	11	1,244	20	19
Total property, plant and equipment		1,210,254	1,385,787	1,538,969
Intangible assets	12	189	188	189
Total non-current assets		1,210,443	1,385,975	1,539,158
Total assets		1,374,826	1,542,320	1,692,184
LIABILITIES				
Current liabilities				
Payables	14	14,593	12,772	12,308
Borrowings	15	31,156	38,109	25,888
Total current liabilities		45,749	50,881	38,196
Non-current liabilities				
Borrowings	15	183,998	201,824	191,913
Provisions	16	72	72	72
Total non-current liabilities		184,070	201,896	191,985
Total liabilities		229,819	252,777	230,181
Net assets		1,145,007	1,289,543	1,462,003
EQUITY				
Reserves		817,527	1,065,850	1,164,087
Accumulated funds		315,308	223,693	294,619
Amounts recognised in equity related to assets held for sale		12,172	-	3,297
Total equity		1,145,007	1,289,543	1,462,003

The accompanying notes form part of these financial statements.

ANNUAL REPORT 2015-16

Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Statement of changes in equity for the year ended 30 June 2016

	Note	Accumulated fund \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance at 1 July 2015		294,619	1,167,384	1,462,003
Net result for the year		(20,511)	-	(20,511)
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment	11	-	(297,966)	(297,966)
Total other comprehensive income		-	(297,966)	(297,966)
Total comprehensive income for the year		(20,511)	(297,966)	(318,477)
Transfers to accumulated funds		39,719	(39,719)	-
Transactions with owners in their capacity as owners				
Increase in assets from equity transfers	17(a)	1,481	-	1,481
Balance at 30 June 2016		315,308	829,699	1,145,007
Balance at 1 July 2014		137,264	1,085,850	1,223,114
Net result for the year		(3,633)	-	(3,633)
Other comprehensive income:				
Net increase in property, plant and equipment	11	-	97,351	97,351
Total other comprehensive income		-	97,351	97,351
Total comprehensive income for the year		(3,633)	97,351	93,718
Transfers to accumulated funds		15,817	(15,817)	-
Transactions with owners in their capacity as owners				
(Decrease) in net assets from equity transfers	17(a)	(50,845)	-	(50,845)
Decrease in debt from equity transfers	17(b)	196,016	-	196,016
Balance at 30 June 2015		294,619	1,167,384	1,462,003

The accompanying notes form part of these financial statements.



Financials

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Statement of cash flows for the year ended 30 June 2016

		Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
	Notes			
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services		(2,404)	(3,475)	(2,525)
Grants and subsidies		(9,214)	(17,160)	(31,033)
Finance costs		(11,030)	(13,484)	(18,178)
Other payments		(19,262)	(15,331)	(16,249)
Total payments		(41,910)	(49,450)	(67,985)
Receipts				
Grants and contributions		7,980	8,074	7,785
Sales of goods and services		7,498	7,519	7,569
Interest received		3,292	2,921	3,280
Other receipts		11,470	5,800	14,319
Total receipts		30,240	24,314	32,953
NET CASH FLOWS FROM OPERATING ACTIVITIES	21	(11,670)	(25,136)	(35,032)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of land and buildings, and plant and equipment		35,923	49,927	90,000
Purchases of land and buildings, and plant and equipment		(12,607)	(25,000)	(23,415)
Redemption of investments	8	604	-	-
Purchases of investments	9	(1,313)	(2,000)	(54,382)
NET CASH FLOWS FROM INVESTING ACTIVITIES		22,607	22,927	12,203
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings and advances		-	-	508
Repayment of borrowings and advances		(2,647)	-	(16,640)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(2,647)	-	(16,132)
NET INCREASE/(DECREASE) IN CASH		8,290	(2,209)	(38,961)
Opening cash and cash equivalents		25,016	28,156	63,977
CLOSING CASH AND CASH EQUIVALENTS	6	33,306	25,947	25,016

The accompanying notes form part of these financial statements.

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Notes to the financial statements

1 Summary of significant accounting policies

(a) Reporting entity

The Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*' (the Corporation), incorporating the Sydney Region Development Fund operates under the provisions of the *Environmental Planning and Assessment Act 1979* to acquire and develop lands required for planning purposes within the Sydney Region. The Corporation is a separate reporting entity. There are no other entities under its control.

The Corporation is a NSW government statutory body. The Corporation is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Secretary on 19 September 2016.

(b) Basis of preparation

The Corporation's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment and assets (or disposal groups) held for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's mandate to not-for-profit general government sector agencies.

(e) Insurance

The Corporation's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claims experience.

(f) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.



Financials

Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Contributions

Contributions from other bodies (including grants and donations) are recognised as revenue when the Corporation obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

Contributions from local councils within the Sydney Regional Development Fund are invoiced in July every year and the income is spread over the relevant financial year.

(ii) Sale of goods

Revenue from the sale of goods is recognised as revenue when the Corporation transfers the significant risks and rewards of ownership of the assets. In relation to sale of land assets, the Corporation recognises revenue when the relevant sales contract reaches settlement.

(iii) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(iv) Rental and royalty revenue

Rental revenue from operating leases is recognised in accordance with AASB 117 *Leases* on a straight-line basis over the lease term. Royalty revenue is recognised in accordance with AASB 118 *Revenue* on an accrual basis in accordance with the substance of the relevant agreement.

(h) Grants and subsidies expenses

Grants and subsidies are generally comprised of contributions to local government authorities and non-government organisations. These are expensed when the Corporation transfers control of the relevant assets.

(i) Assets

(i) Acquisitions of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Refer to Note 1(i)(xvii) for more details.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted over the period of credit.

(ii) Capitalisation threshold

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(i) Assets (continued)

(iii) Revaluation of property, plant and equipment (continued)

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Notes 11 and 13 for further information regarding fair value.

The Corporation revalues each class of property, plant and equipment at least every three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last comprehensive revaluation was completed on 31 March 2016 for the following asset classes on the dates noted and was based on an independent assessment:

- Core land: corridor,
- Core land: open space,
- Non-core land: surplus land (marketable),
- Non-core land: surplus Land (non-marketable),
- Plant, and
- Buildings.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The Corporation has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(v) Land under care, control and management

The Corporation holds some land assets that are under care, control and management (CCM) arrangement with local councils. Although the relevant councils are responsible for the daily management of the land, these arrangements are determined at the discretion of the Corporation, which is the only party to the arrangement that has the ability to enforce its rights against the council. The Gazettal action to enact CCM severely limits council's development powers. Furthermore, councils require land owner consent to lodge Development Applications and are unable to enter leases and licences without Corporation approval. Also, any Plan of Management prepared for the CCM land under *Local Government Act 1993* must be referred to the Corporation for comment and concurrence. The Corporation is able to revoke the CCM arrangements at any time and remains the legal owner of the CCM lands. Thus overall, the Corporation retains accounting control over these assets. These assets are recognised in the Statement of financial position at fair value. Also refer to Note 1(i)(xvii) for more details.

(vi) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Corporation.

All material separately identifiable components of assets are depreciated over their shorter useful lives. Land is not a depreciable asset. The following are the depreciation rates:

- Computers 25%
- Plant & Equipment 4%
- Buildings 2%



Financials

Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(i) Assets (continued)

(vii) Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(viii) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(ix) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(x) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits. Operating lease payments are charged to the Statement of comprehensive income on a straight line basis over the lease term.

(xi) Intangible assets

The Corporation recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

The useful lives of intangible assets are assessed to be finite, except for legal intangibles such as permanent easements.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Corporation's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

The Corporation's intangible assets are amortised using the straight line method. In-house software has an effective life of 4 years. For easements, only temporary easements are amortised, and they are amortised for the term of easement.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(xii) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(i) Assets (continued)

(xiii) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The Corporation determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

The Corporation subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.

The Hour-Glass Investment Facilities are designated at fair value through profit or loss using the second leg of the fair value option under AASB 139.9(b)(ii); i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management agreement, and information about these assets is provided internally on that basis to the entity's key management personnel.

The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date the Corporation commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of financial position date.

(xiv) Impairment of financial assets

All financial assets, except those measured at fair value through profit or loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Corporation will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

When a financial asset available for sale is impaired, the cumulative loss amount is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xv) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Corporation transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the entity has not transferred substantially all the risks and rewards, if the entity has not retained control.

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

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.



Financials

Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(i) Assets (continued)

(xvi) Non-current assets (or disposal groups) held for sale

The Corporation has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets are recognised at the lower of carrying amount and fair value less costs of disposal. Impairment losses are recognised immediately as expenses in the net result. They are not depreciated while they are classified as held for sale.

(xvii) Land transfers

Land acquired for road purposes may be transferred, as required for construction, to Roads and Maritime Services without charge.

Land acquired for regional open space land may be similarly transferred to local councils without charge. This often occurs for lands that were under a CCM arrangement and would happen when it is decided which government entity would better manage the land in perpetuity. Transfer of land is generally required to be classified as community land under the *Local Government Act 1993* which enables councils to develop, use and manage the land in accordance with a Plan of Management.

(j) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Corporation and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Borrowings

Loans are not held for trading and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on derecognition.

(iii) Financial guarantees

The Corporation has reviewed its financial guarantees and determined that there is no liability to be recognised for financial guarantee contracts as at 30 June 2016 and at 30 June 2015. Refer to Note 19 regarding disclosures on contingent liabilities.

(iv) Personnel services

The Corporation does not have any employees. Human resources are provided by Department of Planning and Environment on a fee for services rendered basis. This fee includes all employee related costs including salaries, superannuation, leave entitlements, payroll tax and workers' compensation insurance. Accordingly, the Corporation does not have liability for employee entitlements.

(v) Other provisions

Other provisions exist when the Corporation has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when the Corporation has a detailed formal plan and it has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions will be discounted, which will be a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The Corporation does not provide discount on its provisions because the discount is considered immaterial.

(k) Fair value hierarchy

A number of the Corporation's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Corporation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets/liabilities that the Department can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

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Notes to the financial statements

1 Summary of significant accounting policies (continued)

(k) Fair value hierarchy (cont'd)

The Corporation recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer to Notes 13 and 22 for further disclosures regarding fair value measurements of financial and non-financial assets.

(l) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Corporation's policy on the revaluation of property, plant and equipment as discussed in Note 1(i)(iii).

(ii) Accumulated funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

(m) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as a contribution by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 *Contributions* and Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure between not-for-profit government entities are recognised at the amount at which the asset will be recognised by the transferee immediately following the restructure. In most instances this will approximate fair value.

All other equity transfers are recognised at fair value.

(n) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 20.

(o) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

(p) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective. NSW Treasury TC 16/02 mandates agencies not to early adopt any of the following accounting pronouncements:

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers
- AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards
- AASB 16 regarding leases
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 and AASB 2015-10 regarding sale or contribution of assets between and investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities

The Corporation does not anticipate any material financial impact in its financial statements when these accounting pronouncements become effective and are applied.



Financials

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Notes to the financial statements

	2016 \$'000	2015 \$'000
2 Expenses excluding losses		
(a) Personnel services		
Salaries and wages (including recreation leave)	2,093	2,141
Superannuation	177	214
Long service leave	-	8
Workers' compensation insurance	6	14
Payroll tax and fringe benefits tax	128	148
	2,404	2,525
(b) Other operating expenses		
Auditor's remuneration - audit of financial statements	121	121
Internal audit	-	18
Consultants	10	13
Contractors	226	-
Operating lease rental expense		
• minimum lease payments	238	243
• related outgoings	15	11
Maintenance - property	4,791	5,441
Property settlement expenses	2,381	331
Development expenses	2,642	3,739
Land management expenses	8	-
Bad debts	1	1
Insurance	20	7
General administration	987	1,248
Write-off of assets	55	46
	11,495	11,219
(c) Depreciation and amortisation expense		
Depreciation		
• Plant and equipment	39	-
• Buildings	197	-
• Leased assets office space	19	22
	255	22
(d) Grants and subsidies		
Open space improvement and restoration - government agencies		
• Metropolitan Greenspace Program	1,320	2,838
Other - government agencies		
• State government - Land sales agreements	7,894	27,422
• Local government		
- Land transfers	30,428	5,495
- Other	-	773
	39,642	36,528
(e) Finance costs		
Interest expense on borrowings	11,062	14,770
	11,062	14,770

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Corporation Sole
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Notes to the financial statements

	2016 \$'000	2015 \$'000
3 Revenue		
(a) Investment revenue		
Bank interest	2,958	3,498
TCorp Hour-Glass cash facilities designated at fair value through profit or loss	96	105
	<u>3,054</u>	<u>3,603</u>
(b) Grants and contributions - Local government - Sydney Regional Development Fund ¹	<u>7,980</u>	<u>7,785</u>
	<u>7,980</u>	<u>7,785</u>
¹ Local councils as defined within the Sydney Regional Development Fund are levied for contributions to meet interest expenses on and repayment of debt in accordance of Section 143 of the <i>Environmental Planning and Assessment Act 1979</i> .		
(c) Sale of goods and services		
Rents	3,246	3,267
Royalties	4,252	4,302
	<u>7,498</u>	<u>7,569</u>
(d) Other revenue		
Contract and license receipts	1,997	5,301
Land received free of charge	1,662	-
Other miscellaneous	20	676
	<u>3,679</u>	<u>5,977</u>
4 Gain on disposal		
Proceeds from disposal	35,923	90,000
Written down value of assets disposed		
• Non-current assets held for sale (Note 10)	(9,375)	(33,217)
• Property, plant and equipment ¹ (Note 11)	(4,144)	(3,880)
	<u>22,404</u>	<u>52,903</u>
5 Other gains / (losses)		
Loss on transfer of borrowings at fair value	-	(14,945)
Impairment of assets held for sale (Note 10)	(268)	(1,461)
	<u>(268)</u>	<u>(16,406)</u>



Financials

Corporation Sole
'Minister Administering the Environmental Planning and Assessment Act 1979'
Notes to the financial statements

	2016 \$'000	2015 \$'000
6 Current assets - cash and cash equivalents		
Cash at bank and on hand	28,629	20,017
Short-term deposits	-	-
TCorp Hour-Glass cash facilities	4,677	4,999
	<u>33,306</u>	<u>25,016</u>
For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and term deposits invested for less than 90 days.		
Cash and cash equivalent assets recognised in the Statement of financial position are reconciled at the end of the financial period to the Statement of cash flows as follows:		
Cash and cash equivalents (per Statement of financial position)	33,306	25,016
Financial assets at fair value (per Statement of financial position)	-	-
Closing cash and cash equivalents (per Statement of cash flows)	<u>33,306</u>	<u>25,016</u>
Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.		
7 Current receivables		
Rental debtors	1,156	540
Sundry debtors	827	1,059
	<u>1,983</u>	<u>1,599</u>
Refer to Note 22 for details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired.		
8 Current assets - financial assets at fair value		
TCorp Hour-Glass strategic cash facilities	-	604
	<u>-</u>	<u>604</u>
Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.		
9 Current assets - other financial assets		
(a) Other financial assets		
Investments - Term Deposits	105,935	104,622
	<u>105,935</u>	<u>104,622</u>
Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.		
(b) Restricted - Other financial assets		
Investments - Term Deposits - Penrith Lakes ¹	3,892	-
Investments - Term Deposits - Shepherd Estate ²	621	-
	<u>4,513</u>	<u>-</u>

¹This represents the cash received from the Penrith Lakes Development Corporation for the discharge of its obligations to provide certain facilities at the Penrith Lakes Scheme. The Corporation will hold these funds until such time the Government appoints a relevant authority which will be responsible for these facilities.

²This represents the cash set aside per the Land Acquisition (Just Terms Compensation) Act 1991 for the compensation of the compulsory acquisition of property from the Shepherd Estate. It is awaiting the identification of legal claimants to this compensation.

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Corporation Sole 'Minister Administering the Environmental Planning and Assessment Act 1979'

Notes to the financial statements

	2016 \$'000	2015 \$'000
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10 Current assets - non-current assets held for sale

Balance at 1 July	21,185	47,799
Less:		
• Land sold or disposed	(9,375)	(33,217)
• Impairment losses	(268)	(1,461)
Add:		
• Net transfers from Property, plant and equipment	11,617	8,064
Balance at 30 June	23,159	21,185

Amounts recognised in other comprehensive income relating to assets held for sale

Property, plant and equipment asset revaluation increments/(decrements)	-	(1,193)
	-	(1,193)

These are land assets which have been identified as surplus land and are expected to be included in the disposal process within the next financial year.

11 Non-current assets - property, plant and equipment

	Plant & Equipment \$'000	Buildings \$'000	Core land \$'000	Non-core land \$'000	Leased asset office space \$'000	Total \$'000
At 1 July 2015 - fair value						
Gross carrying amount	-	8,013	1,322,839	211,350	72	1,542,274
Accumulated depreciation	-	(3,252)	-	-	(53)	(3,305)
Net carrying amount	-	4,761	1,322,839	211,350	19	1,538,969
At 30 June 2016 - fair value						
Gross carrying amount	3,574	7,538	655,465	548,132	72	1,214,781
Accumulated depreciation	(2,330)	(2,125)	-	-	(72)	(4,527)
Net carrying amount	1,244	5,413	655,465	548,132	-	1,210,254

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Plant & Equipment \$'000	Buildings \$'000	Core land \$'000	Non-core land \$'000	Leased asset office space \$'000	Total \$'000
Year ended 30 June 2016						
Net carrying amount at beginning of year	-	4,761	1,322,839	211,350	19	1,538,969
Additions	-	-	14,269	-	-	14,269
Disposals (Note 2(d))	-	-	-	-	-	-
• Land transfers to Local Councils	-	-	(28,149)	(2,279)	-	(30,428)
• Other transfers	-	-	(1,835)	(2,309)	-	(4,144)
Net asset transfers through equity (Note 17(a))	-	-	(494)	1,975	-	1,481
Net revaluation ¹	(280)	2,412	(650,413)	350,315	-	(297,966)
Transfers from/(to) assets held for sale (Note 10)	-	-	588	(12,205)	-	(11,617)
Transfers between classes ²	1,564	(1,564)	(1,285)	1,285	-	-
Write off of assets (Note 2(b))	-	-	(55)	-	-	(55)
Depreciation (Note 2(c))	(40)	(196)	-	-	(19)	(255)
Net carrying amount at end of year	1,244	5,413	655,465	548,132	-	1,210,254

¹A full comprehensive revaluation was conducted by CBRE as at 31 March 2016 across all land assets and Penrith Whitewater Stadium Buildings and Plant & Equipment. CBRE is an independent and qualified valuer. Following consideration of market evidence, CBRE advised that there has not been any material change in the period from 31 March 2016 to 30 June 2016. Also refer to Note 13(b).

Residential buildings were recognised at \$1.2 million based on a Net Present Value calculation.

²In March 2016, Pumping Equipment and Conveyor Tracks at Penrith Whitewater Stadium was reclassified from Buildings to Plant & Equipment to better reflect the nature and life of these assets.



Financials

Corporation Sole 'Minister Administering the Environmental Planning and Assessment Act 1979'

Notes to the financial statements

11 Non-current assets - property, plant and equipment (continued)

	Buildings \$'000	Core land \$'000	Non-core land \$'000	Leased asset office space \$'000	Total \$'000
At 1 July 2014 - fair value					
Gross carrying amount	-	1,288,835	197,678	72	1,486,585
Accumulated depreciation	-	-	-	(31)	(31)
Net carrying amount	-	1,288,835	197,678	41	1,486,554
At 30 June 2015 - fair value					
Gross carrying amount	8,013	1,322,839	211,350	72	1,542,274
Accumulated depreciation	(3,252)	-	-	(53)	(3,305)
Net carrying amount	4,761	1,322,839	211,350	19	1,538,969

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior year reporting period is set out below:

	Buildings \$'000	Core land \$'000	Non-core land \$'000	Leased asset office space \$'000	Total \$'000
Year ended 30 June 2015					
Net carrying amount at beginning of year	-	1,288,835	197,678	41	1,486,554
Additions	-	23,416	-	-	23,416
Disposals (Note 2(d))	-	(5,495)	-	-	(5,495)
• Land transfers to Local Councils	-	(522)	(3,358)	-	(3,880)
• Other transfers	-	(50,845)	-	-	(50,845)
Net asset transfers through equity (Note 17)	-	(50,845)	-	-	(50,845)
Net revaluation	4,761	79,374	13,216	-	97,351
Transfers from/(to) assets held for sale (Note 10)	-	7,048	(15,112)	-	(8,064)
Transfers between classes	-	(18,926)	18,926	-	-
Write off of assets (Note 2(b))	-	(46)	-	-	(46)
Depreciation (Note 2(c))	-	-	-	(22)	(22)
Net carrying amount at end of year	4,761	1,322,839	211,350	19	1,538,969

12 Non-current assets - intangible assets

	Property interests \$'000	Software \$'000	Total \$'000
At 1 July 2015 - fair value			
Gross carrying amount	189	405	594
Accumulated amortisation	-	(405)	(405)
Net carrying amount	189	-	189
At 30 June 2016 - fair value			
Gross carrying amount	189	405	594
Accumulated amortisation	-	(405)	(405)
Net carrying amount	189	-	189

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Notes to the financial statements

12 Non-current assets - intangible assets (continued)

Reconciliation

A reconciliation of the carrying amount of the intangible assets at the beginning and end of the current reporting period is set out below:

	Property interests \$'000	Software \$'000	Total \$'000
Year ended 30 June 2016			
Net carrying amount at beginning of year	189	-	189
Additions	-	-	-
Disposals	-	-	-
Net carrying amount at end of year	189	-	189
At 1 July 2014 - fair value			
Gross carrying amount	189	405	594
Accumulated amortisation	-	(405)	(405)
Net carrying amount	189	-	189
At 30 June 2015 - fair value			
Gross carrying amount	189	405	594
Accumulated amortisation	-	(405)	(405)
Net carrying amount	189	-	189

Reconciliation

A reconciliation of the carrying amount of the intangible assets at the beginning and end of the prior year reporting period is set out below:

	Property interests \$'000	Software \$'000	Total \$'000
Year ended 30 June 2015			
Net carrying amount at beginning of year	189	-	189
Additions	-	-	-
Disposals	-	-	-
Net carrying amount at end of year	189	-	189



Financials

Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*' Notes to the financial statements

13 Fair value measurement of non-financial assets

(a) Fair value hierarchy

2016

	Level 1	Level 2	Level 3	2016 Total
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment (Note 11)				
Land	-	1,203,597	-	1,203,597
Buildings	-	5,413	-	5,413
Plant & Equipment	-	1,244	-	1,244
Non-current assets held for sale (Note 10)	-	23,159	-	23,159
	-	1,233,413	-	1,233,413

There were no transfers between Level 1 or 2 during the year.

2015

	Level 1	Level 2	Level 3	2015 Total
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment (Note 11)				
Land	-	1,534,189	-	1,534,189
Buildings	-	4,761	-	4,761
Non-current assets held for sale (Note 10)	-	21,185	-	21,185
	-	1,560,135	-	1,560,135

There were no transfers between Level 1 or 2 during the year.

(b) Valuation techniques, inputs and processes

The Corporation has the following land assets:

- corridor land (part of core land)
- open space land (part of core land)
- land assets held for sale
- surplus and non-marketable land, and
- surplus land (non-core land).

The Corporation also has significant building and plant assets at the Penrith Whitewater Stadium.

The Corporation engaged CBRE to provide independent valuation advice for all the above assets. The valuation assignments are in compliance with relevant requirements as set out in Treasury Policy TPP 14-01 and AASB 13.

Fair value hierarchy

The fair value hierarchy for all the above assets are considered to be at Level 2.

Method of valuation – Land assets – market approach

The valuers have assessed the relative merits of the subject property and analysed and compared, having regard to matters such as location, aspect, topography, size of land, shape of land, size and quality of the improvements, features and condition of the improvements and current market sentiment.

In addition, when conducting the valuation, the following factors were considered by the valuers:

- local knowledge,
- enquiries with local real estate agents,
- statistical information,
- physical inspections, and
- market reports.

Also, the methodology adopted for land valuations this financial year introduces the concept of 3 bands which are defined based on the size of land parcel. Band 1 is land up to 1 hectare, Band 2 is land between 1 hectare up to 5 hectares and Band 3 is land larger than 5 hectares.

Method of valuation – building and plant assets at Penrith Whitewater Stadium – replacement cost approach

The valuers have assessed the relative merits of the subject building and plant assets, including their actual inspection and application of Rawlinsons Construction Handbook.

Leased asset office space is not included in the table above because it is measured at depreciated historical cost as an approximation of fair value.

Method of valuation – residential buildings – net present value of future cash flows

Residential buildings were recognised using the income approach. The value was based on a net present value of future cash flows.

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Notes to the financial statements

	2016 \$'000	2015 \$'000
14 Current liabilities - payables		
Creditors*	4,782	7,687
Unearned revenue	401	504
GST payable	1,579	869
Accrued interest*	3,116	3,084
Security and contract deposits	202	164
Other liabilities	4,513	-
	14,593	12,308

*Refer to Note 22 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables.

15 Current/non-current liabilities - borrowings

CURRENT

TCorp borrowings*	31,156	25,888
	31,156	25,888

NON-CURRENT

TCorp borrowings*	183,998	191,913
	183,998	191,913

Total borrowings

	215,154	217,801
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*Refer to Note 22 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings.

Note that all TCorp borrowings are unsecured, but are guaranteed by the NSW State Government.

16 Non-current liabilities - provision

Restoration costs	72	72
	72	72

Movements in provision (other than employee benefits)

Movements in provision for restoration costs during the financial year are set out below:

Carrying amount at start of year	72
Additional provision recognised	-
Amount used	-
Unused amount reversed	-
Carrying amount at end of year	72

The above amount relates to leasehold obligations allocated by the Department of Planning and Environment for the Parramatta office occupied by the Corporation. The amount of obligation is based on an estimated make good cost of \$120 per square metre. The settlement date is based on the expiry date of the lease.

17 Transactions with owners in their capacity as owners

(a) Increase/(decrease) in assets from equity transfers		2016 \$'000	2015 \$'000
Land description	Receiving/contributing authority		
• North West Rail Link	Transport for NSW	-	(46,149)
• South West Rail Link	Transport for NSW	(2)	(1,489)
• Park lands	Western Sydney Parklands Trust	-	(3,070)
• General lands	Office of Environment and Heritage	-	(137)
• General lands	Government Property NSW	(492)	-
• General lands	Roads and Maritime Services	1,975	-
		1,481	(50,845)



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	2016 \$'000	2015 \$'000
17 Transactions with owners in their capacity as owners (cont'd)		
(b) Decrease in debt from equity transfers		
<u>Debt description</u>	<u>Receiving/contributing authority</u>	
• North West Rail Link and South West Rail Link	Crown Finance Entity	
	-	196,016
	-	196,016

On 29 October 2014, the Treasurer approved of the equity transfer of \$181.07 million of debt to the Crown Finance Entity. This debt transfer occurred on 31 October 2014. The total equity transfer includes a loss of \$14.95 million due to re-measurement of these borrowings to fair value.

18 Commitments for expenditure

(a) Capital commitments		
Aggregate capital expenditure for the acquisition of Land, and plant and equipment contracted for at balance date and not provided for:		
Not later than one year	6,700	380
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	6,700	380
(b) Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	9	57
Later than one year and not later than five years	-	9
Later than five years	-	-
Total	9	66

The Corporation has entered into operating lease agreements with third parties for provision of office accommodation for the corporation's purposes.

The total commitments above include input tax credits of \$861 (2015: \$40,573) that are expected to be recovered from the Australian Taxation Office.

19 Contingent liabilities and contingent assets

A contingent liability is a possible liability that arises 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 Corporation. A contingent asset is the opposite of a contingent liability.

The Corporation is unable to quantify the effect in financial terms for the following contingent assets and liabilities unless otherwise stated.

(a) Contingent liabilities

Landcom Participation Agreement - exit put option

The Corporation and Landcom (now UrbanGrowth NSW) have entered into a contract in February 2004 with regards to the Landcom Participation Agreement – Rouse Hill Regional Centre. Either party to the agreement can exercise the exit put option. If either the Minister or Landcom exercises the exit put option set out in the agreement but the other party does not, then the other party will have the right to pay to the exiting party the same amount that it would have received from the Developer, and the remaining party will take 100% of future project revenue. As at reporting date, neither party has exercised the exit put option. The Corporation is unable to quantify the effect in financial terms as the exact circumstances of exercising the option are unknown due to regularly changing legal position and circumstances. In certain circumstances, this can be a contingent asset.

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Notes to the financial statements

19 Contingent liabilities and contingent assets (cont'd)

(a) Contingent liabilities (cont'd)

Legal action against the State of NSW

A plaintiff has commenced legal action in the Supreme Court seeking damages for breaches of the Fair Trading Act and Trade Practices Act against the Corporation and Roads and Maritime Services. The parties have just completed the provision of documents to form the basis of evidence.

(b) Contingent assets

Nil

20 Budget review

Net result

The actual net result was a loss of \$20.5 million compared to a budget loss of \$63.7 million, resulting in a favourable variance of \$43.2 million. This consists of expenses which are \$37.3 million favourable and revenue which is \$5.9 million favourable.

Expenses

Expenses (including other gains/(losses)) were \$37.3 million lower than budget due to: grants to local government were \$31.1 million favourable due to timing of the transfer of lands to local councils, finance costs were \$2.4 million favourable due to debt repayment and lower debt interest rates and grants to government agencies were \$1.8 million favourable mainly due to the carry forward of the Huntingwood East sale into the next financial year.

Revenue

Revenue (including gain on disposal) was \$5.9 million higher than budget primarily due to: gains on disposals being \$4.0 million favourable as in terms of the properties that were sold, their proceeds were higher than expected due to a strong property market. In addition, other revenue was \$1.9 million favourable due to the receipt of land free of charge relating to Penrith Lakes.

Assets and liabilities

Total current assets were higher than budget by \$8.0 million due to several factors. Cash balances were \$7.4 million favourable due to \$4.5 million favourability on grants to local councils for remediation and maintenance costs, which resulted from the timing of land transfers to local councils. Furthermore, finance costs were \$2.4 million lower than budget due to lower debt balances.

Total non-current assets were lower by \$175.5 million than the budget. This is primarily because of movements to the asset revaluation reserve during the year. In particular, the comprehensive valuation of the entire land portfolio performed in March 2016 led to a net revaluation decrement of \$300.1 million. As at 31 March, 2016 there was a decrement in value relating to core land. Core Land is land held by the Corporation Sole in fulfilling its legislative responsibilities to hold land that has been acquired for designated open space. This land will be transferred to Local Government and relevant State agencies to contribute to the Green Grid. All the valuation movements have been offset by \$26.6 million fewer land transfers to local councils and lower written-down value of lands disposed of \$22.1 million.

Total current liabilities were \$5.1 million lower than budget primarily due to lower borrowings resulting from debt repayment.

Cash flows

Net cash flows from operating activities were \$13.5 million favourable primarily due to grant expenses by \$7.9 million due to carry forward of Huntingwood East sale into the next financial year. Another contributing factor was lower finance costs by \$2.5 million which resulted from lower interest rates and borrowings balance.

Net cash flows from investing activities were \$0.3 million lower than budget mainly due to \$14.0 million lower sale proceeds resulting from the carry forward of the Huntingwood East sale. This has been partly offset by lower capital expenditure on land acquisition by \$12.4 million.

Net cash flows from financing activities were \$2.6 million lower than budget as the repayment of debt was not budgeted.



Financials

Corporation Sole
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Notes to the financial statements

	2016 \$'000	2015 \$'000
21 Reconciliation of cash flows from operating activities to net result		
Net cash flows from operating activities	(11,670)	(35,032)
Depreciation and amortisation	(255)	(22)
Increase in receivables	384	3
(Decrease) in other assets	(28,766)	(5,496)
(Decrease)/increase in payables	(2,285)	463
Write-off of assets	(55)	(46)
Loss on revaluation decrement	(268)	(1,461)
Loss on fair value borrowings	-	(14,945)
Net gain on disposal of land	22,404	52,903
Net result	<u>(20,511)</u>	<u>(3,633)</u>

22 Financial instruments

The Corporation's principal financial instruments are outlined below. These financial instruments arise directly from the Corporation's operations or are required to finance its operations. The Corporation does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporation's main risks arising from financial instruments are outlined below, together with its objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Secretary (as delegated by the Minister) has overall responsibility for the establishment and oversight of risk management and reviews, and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls to monitor risks.

(a) Financial instruments categories

			Carrying amount 2016 \$'000	Carrying amount 2015 \$'000
Financial assets	Notes	Category		
<u>Class:</u>				
Cash and cash equivalents	6	N/A	33,306	25,016
Receivables ¹	7	Loans and receivables (at amortised cost)	1,983	1,599
Financial assets at fair value	8	At fair value through profit or loss – designated as such upon initial recognition	-	604
Other financial assets	9	Loans and receivables (at amortised cost)	110,448	104,622

Corporation Sole
'Minister Administering the Environmental Planning and Assessment Act 1979'

Notes to the financial statements

22 Financial instruments (continued)

(a) *Financial instruments categories (continued)*

Financial liabilities	Notes	Category	Carrying amount 2016 \$'000	Carrying amount 2015 \$'000
<i>Class:</i>				
Payables ²	14	Financial liabilities measured at amortised cost	12,411	10,771
Borrowings	15	Financial liabilities measured at amortised cost	215,154	217,801

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

2. Excludes statutory payables and unearned revenue (not within scope of AASB 7).

(b) *Credit risk*

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Corporation, including cash, receivables, and short-term deposits. No collateral is held by the Corporation. Also, the Corporation has not granted any financial guarantees.

Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand, bank balances within the NSW Treasury Banking System and term deposits invested for less than 90 days. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11.00am unofficial cash rate, adjusted for a management fee to NSW Treasury. Term deposit interest is agreed at time of investment and received upon maturity of the term deposit.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of all debtors are reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts, which are known to be uncollectible, are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and the debtor's credit ratings. No interest is earned on trade debtors. Sales are generally made on 30 day terms.

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are past due more than three months are considered impaired. There are no debtors which are currently past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are rental and sundry debtors in the "Current assets - Receivables" category of the Statement of financial position.



Financials

Corporation Sole
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Notes to the financial statements

22 Financial instruments (continued)

(b) Credit risk

Receivables - trade debtors - cont'd

	Total \$'000	Past due but not impaired \$'000	Considered impaired \$'000
2016			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2015			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

- Each column in the table reports 'gross receivables'.
- The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the Statement of financial position.

Authority deposits

The Corporation has placed funds on deposit with TCorp, which has been rated "AAA" by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 2.48% (2015: 2.73%) on a weighted average balance during the year of \$4.7 million (2015: \$5.6 million). None of these assets are past due or impaired.

(c) Liquidity risk

Liquidity risk is the risk the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

	2016 \$'000	2015 \$'000
TCorp debt facility	230,000	230,000
Sums drawn	215,154	217,801
Unused facility	<u>14,846</u>	<u>12,199</u>

During the current and prior years, there were no defaults on any loan payable. No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Secretary (or a person appointed by the Secretary) may automatically pay the supplier simple interest. The rate of interest applied during the year was 10.28% (2015: 10.36%).

Corporation Sole
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Notes to the financial statements

22 Financial instruments (continued)

(c) *Liquidity risk - contd.*

The tables below summarises the maturity profile of the Corporation's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective interest rate %	Interest rate exposure				Maturity dates		
		Nominal amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000	< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2016								
<i>Payables</i>	N/A	12,411	-	-	12,411	12,411	-	-
<i>Borrowings:</i>								
TCorp borrowings								
• Loan: Rail Link	5.26	111,371	111,371	-	-	13,588	49,128	48,655
• Loan: Corporation	5.31	110,593	110,593	-	-	13,804	50,987	45,802
• Loan: Erskine Park	3.88	39,064	39,064	-	-	14,343	11,936	12,785
		<u>273,439</u>	<u>261,028</u>	<u>-</u>	<u>12,411</u>	<u>54,146</u>	<u>112,051</u>	<u>107,242</u>
2015								
<i>Payables</i>	N/A	10,771	-	2,790	7,981	7,981	2,790	-
<i>Borrowings:</i>								
TCorp borrowings								
• Loan: Rail Link	4.65	112,630	112,630	-	-	18,146	48,963	45,521
• Loan: Corporation	5.20	114,918	114,918	-	-	11,620	63,055	40,243
• Loan: Erskine Park	3.56	40,314	40,314	-	-	6,902	13,526	19,886
		<u>278,633</u>	<u>267,862</u>	<u>2,790</u>	<u>7,981</u>	<u>44,649</u>	<u>128,334</u>	<u>105,650</u>

Notes

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

(d) *Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposure to market risk are primarily through interest rate risk on the Corporation's borrowing and other price risks associated with the movement in the unit price of the Hour-Glass investment facilities. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of financial position date. The analysis is performed on the same basis as for 2015. The analysis assumes that all other variables remain constant.



Financials

Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Notes to the financial statements

22 Financial instruments (continued)

(d) Market risk - contd.

Interest rate risk

Exposure to interest rate risk arises primarily through the Corporation's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Corporation does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Corporation's exposure to interest rate risk is set out below.

	Carrying amount \$'000	+1% Profit \$'000	Equity \$'000	-1% Profit \$'000	Equity \$'000
2016					
<i>Financial assets</i>					
Cash and cash equivalents	33,306	333	333	(333)	(333)
Financial assets at fair value	-	-	-	-	-
<i>Financial liabilities</i>					
Payables	12,411	(124)	(124)	124	124
2015					
<i>Financial assets</i>					
Cash and cash equivalents	25,016	250	250	(250)	(250)
Financial assets at fair value	604	6	6	(6)	(6)
<i>Financial liabilities</i>					
Payables	10,771	(108)	(108)	108	108

Other price risk – TCorp Hour-Glass investment facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass investment facilities, which are held for strategic rather than trading purposes. The Corporation has no direct equity investments. The Corporation holds units in the following Hour-Glass investment trusts:

Facility	Investment sector	Investment horizon	2016 \$'000	2015 \$'000
Cash	Cash and money market instruments	Up to 1.5 years	4,677	4,999
Strategic cash	Cash and money market instruments	1.5 years to 3 years	-	604

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp is trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the Corporation's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the investment facilities, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

Corporation Sole
'Minister Administering the Environmental Planning and Assessment Act 1979'
Notes to the financial statements

22 Financial instruments (continued)

(d) *Market risk - cont'd.*

Other price risk – TCorp Hour-Glass investment facilities

	Change in unit price \$'000	Impact on profit/loss	
		2016 \$'000	2015 \$'000
Hour-Glass investments			
Cash facility	+/- 1%	47	50
Strategic cash facility	+/- 1%	-	6

The effect of changes in unit prices on other components of equity is nil.

(e) *Fair value compared to carrying amount*

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. Except where specified below, the amortised cost of financial instruments recognised in the Statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

	2016 Carrying Amount \$'000	2016 Fair Value \$'000	2015 Carrying Amount \$'000	2015 Fair Value \$'000
Financial assets at fair value				
TCorp Hour-Glass Investment - Strategic cash facility	-	-	604	604
Financial liabilities				
Borrowings	215,154	239,536	217,801	237,795

(f) *Fair value recognised in the Statement of financial position*

The Corporation uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Derived from quoted prices in active markets for identical assets/liabilities;
- Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly;
- Level 3 - Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2016 Total \$'000
Financial assets at fair value				
TCorp Hour-Glass Investment Facility	-	4,677	-	4,677
	-	4,677	-	4,677
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2015 Total \$'000
Financial assets at fair value				
TCorp Hour-Glass Investment Facility	-	5,603	-	5,603
	-	5,603	-	5,603

The tables above include only financial assets, as no financial liabilities were measured at fair value in the statement of financial position.

The fair value of borrowings is disclosed only and is considered to reside in level 2 of the fair value hierarchy.

There were no transfers between Level 1 and 2 during the periods.

The value of the Hour-Glass Investments is based on the entity's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.



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Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Notes to the financial statements

23 Joint arrangements

The Corporation is involved in two joint arrangements.

The first joint operation is named the Bunya project. It operates in accordance with a Project Development Agreement (PDA) with UrbanGrowth NSW (UGNSW). UGNSW has a financial interest in the operation as a development partner. This project is now completed and all financial distributions have occurred. There are some remaining open space holdings that are required to be transferred to Blacktown Council and/or the Western Sydney Parklands Trust.

In the Bunya project, there is no split ownership as there is no separate vehicle, but there is a share of revenues and expenses. The Corporation's share is based on the value of land contributed to the project. In terms of voting rights, voting is for a joint management committee, with a 50/50 split with an independent chair.

The second joint operation is named the Rouse Hill Town Centre project. The Corporation and UGNSW are both in a PDA with Lend Lease GPT (Rouse Hill) Pty Ltd. UGNSW's participation in the PDA is as a Business Service Provider and has a financial interest in the operation.

In the Rouse Hill Town Centre project, there is no split ownership as there is no separate vehicle, but there is a share of revenues and expenses. The Corporation's share is based on the value of land contributed to the project. In terms of voting rights, the Corporation and UGNSW vote as a single voting block (UGNSW is a business services provider to the Corporation and has partnered voting rights with the Corporation) within the joint management committee. As a result, the voting is a 50/50 split with an independent chair.

Both operations are not structured as separate vehicles.

For both joint operations, the principal place of business is in Parramatta, NSW.

The Corporation's share of assets and liabilities are as follows:

	Rouse Hill \$'000	Bunya \$'000	Total \$'000
2016			
Assets	27,341	3,866	31,207
Liabilities	-	-	-
Revenue	46,435	-	46,435
Expenses	36,220	-	36,220
2015			
Assets	21,884	9,414	31,298
Liabilities	-	-	-
Revenue	17,876	35,741	53,617
Expenses	13,944	20,193	34,137

24 Events after the reporting period

The Corporation is not aware of any after balance date events which would have a material impact on these financial statements.

End of audited financial statements

Corporation Sole Audit Statement



INDEPENDENT AUDITOR'S REPORT

Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*'

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*' (the Corporation), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Corporation in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).



Financials

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

The Secretary's Responsibility for the Financial Statements

The Secretary is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary must assess the Corporation's ability to continue as a going concern unless the Corporation will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Weini Liao
Director, Financial Audit Services

19 September 2016
SYDNEY



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Appendix I HR





Appendix I HR

Human Resources

Employee profile by employment basis

Year		Permanent		Temporary		Trainee	Senior executives [†]	Total
		Full-time	Part-time	Full-time	Part-time			
2012-13	Men	240	11	18	7	0	9	285
	Women	199	66	30	11	0	2	308
	Total	439	77	48	18	0	11	593
2013-14	Men	209	8	37	4	0	21	279
	Women	176	39	51	7	0	9	282
	Total	385	47	88	11	0	30	561
2014-15	Men	217	11	28	2	0	18	276
	Women	182	77	46	7	0	9	321
	Total	399	88	74	9	0	27	597
2015-16	Men	213	12	28	1	0	36	290
	Women	201	82	28	4	0	31	346
	Total	414	94	56	5	0	67*	636

[†] The number of senior executive contracts is not comparable, prior to 2015-16, to the table on the next page due to the transition to GSE.

* Please refer to 'Transition to GSE' on this page for information on the change of definition for senior executives

Exceptional movements in salaries and wages 2015-16

There were no exceptional movements in salaries and wages for the reporting period.

Industrial relations policies and practices 2015-16

The Department maintained a constructive relationship with the PSA through consultations and information exchange during 2015-16.

Department policies and practices 2015-16

The Department provides information to staff about human resources policies and practices via the Department's intranet. Staff can also access information about pay, entitlements and workplace conditions.

Transition to GSE

The *Government Sector Employment Act 2013 (GSE Act)* replaced the *Public Sector Employment and Management Act 2002* on 24 February 2014. The GSE Act replaces Senior Executive Service (SES) and Senior

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Officers (SOs), PO4 and PO5 with a single Public Service Senior Executive (PSSE).

The Department commenced transitioning executives in August 2014. The first phase was to appoint the Deputy Secretaries in Senior Executive Band 3 followed by the appointment of our Executive Directors in Senior Executive Band 2.

The majority of senior executives in Senior Executive Band 1 (SES 1-3, Senior Officers and Planning Officers 4-5) have been transitioned with the remaining to be finalised by December 2016.

Management and Senior Executives

Senior executive contracts

	2013 -2014		2014 -2015		2015 -2016	
Senior Executive Bands	Male	Female	Male	Female	Male	Female
Band 4	0	1	0	1	0	1
Band 3	2	2	2	2	4	2
Band 2	8	3	7	4	11	6
Band 1	54	37	44	33	21	22
Total†	64	43	53	40	36	31

† The number of senior executive contracts is not comparable, prior to 2015-16, to the table on the previous page due to the transition to GSE.

Senior executive remuneration

	2014-2015 \$	Average \$	2015-2016 \$	Average \$
Band 4	430,451 – 497,300	497,300	441,201 – 509,750	509,733
Band 3	305,401 – 430,450	350,000	313,052 – 441,200	365,625
Band 2	242,801 – 305,400	255,550	248,851 – 313,050	269,737
Band 1	170,250 – 242,800	191,853	174,500 – 248,850	205,998

Senior officers' qualifications

Name	Role	Qualification
Carolyn McNally	Secretary	Bachelor of Arts Graduate, Australian Institute of Company Directors
Liz Develin	Deputy Secretary	Doctor of Business Administration Master of Public Health Bachelor of Human Movement
Brendan Nelson	Deputy Secretary	Bachelor of Environmental Science Graduate Diploma of Urban and Regional Planning (with Distinction)
Alison Frame	Deputy Secretary	Bachelor of Speech Pathology Bachelor of Arts
Marcus Ray	Deputy Secretary	Master of Laws Bachelor of Laws (Hons) Bachelor of Arts (Hons)
Simon Officer	Chief Financial and Operating Officer	Bachelor of Business Chartered Accountant
James Hebron	General Counsel	Bachelor of Laws Bachelor of Arts (Politics) Graduate Diploma (Project Finance and Resource Law) Graduate Certificate (Business Administration)
Oona Nielssen	Executive Director, Media, Community & Stakeholder Engagement	Master of Arts (Organisational Communication) Bachelor of Arts
Gary White	Chief Planner	Graduate Diploma Business Administration Bachelor, Regional and Town Planning



Appendix I HR

Senior executive employee related expenditure

At 30 June 2016 15.73 per cent of employee related expenditure was attributed to senior executives and equivalent officers, compared to 16.34 per cent in 2014-15.

Requirements arising from employment arrangements

The Department provided employee services to the following agencies:

- Central Coast Regional Development Corporation;
- Greater Sydney Commission;
- Planning Assessment Commission; and
- Hunter Development Corporation.

Workforce diversity

The Department values the principles of equity and diversity and is committed to building a workplace culture that values and understands the benefits of a diverse workforce that is reflective of the wider community.

Disability

The Department is committed to reducing barriers for people with disabilities to access services and facilities, obtain and maintain employment, and engage, work and participate with the Department.

The Department in 2015-16:

- promoted the United Nations sanctioned International Day of People with Disability;
- launched the Disability Inclusion Action Plan (DIAP) in conjunction with the Harmony Day 2016 event; and
- encouraged staff to update their diversity information, recognising that a person's disability status can change over time.

Trends in the distribution of workforce diversity groups

Workforce diversity group	Target	2013-14	2014-15	2015-16
Women	50.0%	52.5%	53.3%	54.4%
Aboriginal and Torres Strait Islanders	2.6%	0.0%	0.0%	0.2%
People whose first language spoken as a child was not English	19.0%	24.7%	24.7%	22.0%
People with a disability	N/A*	4.5%	4.7%	3.7%
People with a disability requiring work-related adjustment	1.5%	1.1%	1.2%	0.8%
Workforce diversity group	Target	2013-14	2014-15	2015-16
Women	100	95	94	96
Aboriginal and Torres Strait Islanders	100	-	-	†
People whose first language spoken as a child was not English	100	94	95	96
People with a disability	100	97	95	96
People with a disability requiring work-related adjustment	100	-	-	†

* There is currently no target for NSW public sector agencies. The Department is committed to developing its own target in 2016-17.

† The Distribution Index is not calculated where workforce diversity group numbers are less than 20, as sample size is too small to be statistically meaningful and to protect the privacy of people who have identified as being part of those diversity groups.

Note 1: A Distribution Index of 100 indicates that the centre of the distribution of the Workforce Diversity group across salary levels is equivalent to that of other staff. Values less than 100 mean that the Workforce Diversity group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the workforce diversity group is less concentrated at lower salary levels.

Note 2: Figures prior to 2015-16 differ from those reported in the previous annual report. This is due to the exclusion of the Corporation Sole and the Building Professionals Board.

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Young professionals

The Department undertook a range of initiatives to support young people throughout the year. Some of these included:

- continued support of the Young Professionals Network;
- employing young workers under the student planner and graduate programs; and
- partnering with the Public Service Commission and other government agencies to develop a new graduate program that was launched in 2016.

Indigenous employees

The Department in 2015-16:

- Developed the Aboriginal Employment Strategy for the Department and worked towards implementation of the NSW Public Sector Aboriginal Employment Strategy and its aspirational targets;
- encouraged staff to register their interest to receive information on Aboriginal employment matters;
- participated in Cluster network discussions around various issues and created synergies in the network; and
- promoted the Public Service Commission's Aboriginal Workforce Network.

Employees from a multicultural background

The Department in 2015-16:

- participated in Harmony Day events;
- continued to promote staff members who possess second language skills and agreed to use these skills where possible to assist with Departmental business;
- continued to promote Multicultural NSW's interpreter and translator services; and
- included information on diversity in leadership, recruitment and development programs.

Women

The Department in 2015-16:

- continued to support the Women in Planning Group, broadening the scope and refocusing the group in to a Women's Professional Network;
- had staff attend the United Nations Women's Day breakfast;
- promoted the report Advancing Women: Increasing the participation of women in senior roles in the NSW Public Sector; and
- called for nominations for the 2016 Minister's Awards for Women in Local Government.

Diversity data

The Department regularly collects workforce diversity data for the NSW Public Service Commission as part of the annual Workforce Profile Collection. The Profile measures performance in meeting NSW Government benchmarks for employing staff from diverse groups. It informs the planning and development of diversity initiatives.

Workforce diversity data incorporates the Department, the Hunter Development Corporation and the Central Coast Regional Development Corporation.

The Department also worked with the University of Sydney on a gender equity project to fuel the talent pipeline.

Work health and safety

The Department recognises its responsibility to provide a safe and healthy work environment for staff and has continued to make Work Health Safety (WHS) a priority within the Department. A number of programs were utilised to support WHS. These included:

- an online WHS eLearning module;
- inter-agency collaboration on WHS management;
- reviewing WHS procedures;
- an internal self-auditing program;



Appendix I HR

- increased frequency and scope of reporting to the Executive Leadership Committee of WHS matters; and
- an online incident reporting system.

During 2015-16, the Department followed up a number of workplace incidents with its insurer. There were no prosecutions under the *Work Health and Safety Act 2011*. The Department continues to encourage employees to report all incidents. Work health and safety information relates to the Department, the Hunter Development Corporation, the Central Coast Regional Development Corporation and the Corporation Sole.

Disability plans

The NSW Parliament passed the *Disability Inclusion Act 2014* (the Act) in August 2014. The Act provides a legislative framework for the development and implementation of the NSW Disability Inclusion Plan (the Plan) which was launched in February 2015. The Plan is the NSW Government's commitment to identifying and breaking down barriers which prevent those with a disability from enjoying the same opportunities and choices as the rest of the community.

Following the launch of the Plan, the Department began working with the Department of Family and Community Services and other peak bodies on the development of its Disability Inclusion Action Plan (DIAP). This is a significant step in demonstrating the Department's commitment to the principles of disability inclusion.

In addition to DIAP, the Department undertook a number of programs to support disability inclusion including:

- maintaining the Department's website – www.planning.nsw.gov.au – to comply with Web Content Accessibility Guidelines (WCAG) 2.0 and achieve level AA compliance;
- ensuring that the BASIX website – www.basix.nsw.gov.au – remained WCAG 2.0 compliant; and
- ensuring the SEPP 65 guide meets WCAG 2.0 compliance.

Multicultural policies and services

The Department is committed to developing and maintaining a culture that supports equity and diversity, and the multicultural principles as outlined in the Multicultural NSW Act 2000. The Department undertook a number of activities to advance its commitment to multiculturalism during 2015-16. These included:

- promoting the translating and interpreting service on the Department's website and in publications;
- understanding the NSW population via the Department's Centre for Demography, Economics and Research;
- producing the 'My Sydney' campaign with the culturally and linguistically diverse community in mind. The campaign included an online questionnaire designed to gain feedback on community values across Sydney to inform district plans and was available in ten languages;
- promoting the Community Language Allowance Scheme on the Department intranet; and
- liaising with multicultural communities to ensure that planning controls reflect the demand for interfaith schools and cultural facilities, especially in greenfield developments in north west and south west Sydney.

Aboriginal employment policy

The Department is committed to growing and developing a talented and versatile Aboriginal workforce. To support this outcome, the Department has developed its Aboriginal Employment Strategy. This strategy supports the NSW Public Sector Aboriginal Employment Strategy 2014-2017 and will include key considerations for workforce diversity planning, including:

- attracting Aboriginal staff;
- retaining Aboriginal staff;
- supporting career development and progression;
- improving Aboriginal cultural competency in the workplace; and
- the Department understanding its Aboriginal workforce and planning for results.

eLearning

The Department has established an eLearning program to deliver eight training modules targeting key areas of staff responsibility and accountability. It implements an accessible, flexible and consistent approach to delivering training for all staff.

Three mandatory compliance modules – Privacy, Conflict of Interest, and Work Health and Safety, and five additional modules have been finalised – Code of Conduct, Workplace Bullying and Harassment, Public Access to Government Information, Fraud and Corruption Awareness, and Corporate Induction.



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Appendix II ***Legal & Risk***





Appendix II Legal & Risk

Legal Change

Summary of significant judicial decisions

Ocean Shores Community Association Inc v Byron Shire Council (No 3) [2015] NSWLEC 171

These proceedings were a judicial review challenge brought by the Community Association challenging the making of a Gateway Determination by a delegate of the Minister in relation to a planning proposal reclassifying land owned by Council at Ocean Shores from community to operational land. The reclassification would enable Council to sell the land for residential development.

There were two grounds of review. The first ground concerned the interpretation of the instrument of delegation that enabled the Gateway Determination to be made by the Minister's delegate. The instrument of delegation referred to "Deputy Director-General". However, the title of this position had been changed to "Deputy Secretary" when the Gateway Determination was issued. The second ground of review was that the land the subject of the planning proposal was not community land at the time of the Gateway Determination. Neither ground of review was successful.

The result was that the Gateway Determination remains valid and the planning proposal can progress in the usual way.

Hoxton Park Residents Action Group Inc v Liverpool City Council (No 2) [2015] NSWLEC 125

These proceedings were a judicial review challenge brought by the Residents Action Group against the grant of development consent by the Joint Regional Planning Panel (JRPP) for a school at Hoxton Park. The Residents Action Group had previously been successful in a judicial review challenge against a development consent granted by Council for the same school.

Numerous grounds of review were argued, though none were successful. The Residents Action Group challenged the jurisdiction of the JRPP to determine the application and whether the development consent purported to approve building work that had already been carried out pursuant to the previous development consent. They also raised concerns with the qualification of two members

of the JRPP and asserted that there was an apprehension of bias as a result of those members being appointed without the necessary qualifications.

The result was that the proceedings were dismissed and the development consent for the school remains valid.

Darkinjung Local Aboriginal Land Council v Minister for Planning and Infrastructure & Anor; Australian Walkabout Wildlife Park Pty Limited (ACN 115 219 791) as Trustee for the Gerald and Catherine Barnard Family Trust v Minister for Planning and Infrastructure & Anor [2015] NSWLEC 1465

These were two merit appeals brought against the grant of project approval by the PAC (as delegate of the Minister) for the expansion of a sand quarry at Calga. The appeals were brought by a neighbouring landowner and by Darkinjung Local Aboriginal Land Council.

Initially there were numerous issues raised in the appeals, but all issues were resolved before the hearing except for concerns about Aboriginal cultural heritage issues. A significant women's site (evidenced by rock engravings) is located within the land on which the quarry extension was proposed. The rock engravings were not proposed to be disturbed by the development. However, the Court found that the extent and significance of the cultural landscape was not fully understood at the present time. Further, due to inadequacies in the environmental assessment, it could not be sure that no further items of significance would not be found within the disturbance area. Therefore, the Court concluded that the project could not be approved at this time until further investigations and consultation were carried out in relation to Aboriginal cultural heritage impacts on the site.

The result was that the Court refused to grant project approval for the quarry expansion.

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Upper Mooki Landcare Inc v Minister for Planning and Shenhua [2016] NSWLEC 6

This was a judicial appeal by a community group challenging the PAC's project approval, as delegate of the Minister for Planning, for the Shenhua Watermark Coal Project located three kilometres west of the village of Breeza and 25 kilometres south-east of Gunnedah on the Liverpool Plains. The approval allowed a new open cut coal development including three pits, to be mined sequentially over a 30-year period and associated supporting infrastructure.

The issues on appeal involved the adequacy of the assessment of the potential effect on koalas.

The Court dismissed the appeal. The Court held that the action group had not established any of its grounds of challenge, rather the PAC did consider the relevant matters concerning the impacts of the project on koalas and did consider the principles of ecologically sustainable development.

Changes in Acts and subordinate legislation***Environmental Planning and Assessment Act 1979 changes***

Commencement of provisions of the Environmental Planning and Assessment Amendment Act 2014 No. 79 (31 July 2015)

Environmental Planning and Assessment Act 1979 – Instrument of Delegation (Minister's delegation relating to development contributions and planning agreements) (Gazetted 3 June 2016)

Environmental Planning and Assessment Act 1979 - Instrument of Delegation (Secretary's delegation of plan making, approval and concurrence functions) (22 April 2016)

Environmental Planning and Assessment Act 1979 - Instrument of Delegation (Secretary's delegation relating to development contributions and planning agreements) (Gazetted 3 June 2016)

Greater Sydney Commission Act 2015

Commencement Proclamation - Greater Sydney Commission Act 2015 No. 57 (8 January 2016)

Environmental Planning and Assessment Regulation 2000 changes

Environmental Planning & Assessment Act 1979 - Instrument of Delegation to Council of the City of Sydney (Gazetted 21 August 2015)

Environmental Planning & Assessment Amendment (Notification of Neighbours) Regulation 2015 (28 October 2015)

Environmental Planning & Assessment Amendment (Transitional Part 3A Approvals) Regulation 2015 (21 August 2015)

Environmental Planning and Assessment Act 1979 - Declaration under clause 276 of the Environmental Planning and Assessment Regulation 2000 for Lowes Creek and Marylands Part Precinct Release (Gazetted 9 October 2015)

Environmental Planning and Assessment Act 1979 - Order Under Section 110A - Electricity Network Assets (Authorised Transactions) Act 2015 (Gazetted 23 November 2015)

Environmental Planning and Assessment Act 1979 (Sydney Cove) Savings and Transitional Regulation 1999 Instrument of Delegation (Gazetted 11 March 2016)

Environmental Planning and Assessment Amendment (Fire Safety Reports) Regulation 2015 (2 October 2015)

Environmental Planning and Assessment Amendment (Historical Documents) Regulation 2016 (26 February 2016)

Environmental Planning and Assessment Amendment (Loose-fill Asbestos Insulation) Regulation 2016 (16 June 2016)

Environmental Planning and Assessment Amendment (Offences and Enforcement) Regulation 2015 (31 July 2015)

Environmental Planning and Assessment Amendment (Proceedings) Regulation 2015 (4 December 2015)



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Environmental Planning and Assessment Amendment (Public Authorities) Regulation 2015 (24 July 2015)

Environmental Planning and Assessment Amendment (Savings and Transitional) Regulation 2015 (8 January 2016)

Environmental Planning and Assessment Amendment (Sydney Metro City and Southwest Project) Order 2015 (18 December 2015)

Environmental Planning and Assessment Amendment (Transitional) Regulation 2016 (3 June 2016)

Environmental Planning and Assessment Amendment (WestConnex) Order 2015 (25 November 2015)

Order - Environmental Planning & Assessment Act 1979 - Declaration under Section 89C(3) (Gazetted 20 November 2015)

Standard Instrument (Local Environmental Plans) Amendment (Observatory and Defence Facility) 2016 (10 June 2016)

State Environmental Planning Policy (Integration and Repeals) 2016 (10 June 2016)

Guidelines

Dark Sky Planning Guidelines (10 June 2016)

Environmental Planning Instruments

For details of new and amended NSW Environmental Planning Instruments (LEPs, SILEPs, SEPPs) made 1 July 2015 - 1 July 2016, see:

<http://www.legislation.nsw.gov.au/#/table/asMadeEPis/20150701/20160701?sort=alpha>

Risk Management and Insurance

Risk management

The Department has established and maintains a risk management framework to ensure that risk is effectively identified, measured, and mitigated in accordance with NSW Treasury requirements as set out in Treasury Policy and Guidelines Paper TPP 15-03 Internal Audit and Risk Management Policy for the NSW Public Sector (TPP 15-03).

Key initiatives undertaken in 2015-16 are outlined in the People and Governance chapter of this report.

Audit and Risk Committee

The objective of the Audit and Risk Committee (ARC) is to provide independent assistance to the Secretary by monitoring, reviewing and providing advice about the Department's governance processes, risk management and control frameworks, and its external accountability obligations.

Shared arrangements

Consistent with Treasury Policy and Guidelines Paper TPP 12-04, *Guidance on Shared Arrangements and Subcommittees for Audit and Risk Committees* (TPP 12-04), the Department has a Treasury-approved Principal Department-led Shared Arrangement (Shared Arrangement) for the sharing of its ARC, ARC Secretariat, Chief Audit Executive and internal audit function with the following agencies:

- Central Coast Regional Development Corporation;
- Lord Howe Island Board;
- Office of Local Government;
- Corporation Sole 'Minister administering the *Environmental Planning and Assessment Act 1979*; and
- Greater Sydney Commission (GSC's formal inclusion in the Shared Arrangement is subject to approval by NSW Treasury, with approval anticipated early in 2016-17).

Internal audit function

The purpose of an internal audit function is to provide independent assurance to management and to the ARC in relation to the effectiveness of the Department's approach to risk management, internal controls and procedures.

In compliance with the requirements TPP 15-03, the Department has established and maintains an internal audit function that is:

- consistent with International Standards for the Professional Practice of Internal Auditing; and
- governed by a current Internal Audit Charter, approved by the Department's ARC and the Secretary, that is aligned with the content of the 'model charter' in TPP 15-03.

Internal auditor

The Department's internal auditor is externally-sourced, with services provided by Ernst and Young (EY). EY commenced their work in 2015-16 following a competitive tender process.

Internal audit plan

The Department has developed a three-year internal audit plan which has been reviewed and endorsed by the ARC and approved by the Secretary. The internal audit plan was informed by a strategic assessment of business risks, including those identified in the 2015-16 Business Plan.

Internal audit plans are prepared in collaboration with the Chief Audit Executive. These draft plans are tabled at ARC meetings for review and feedback.

All internal audit reports are tabled at ARC meetings for the Committee's review. The internal auditor is an invitee to the ARC meetings and provides commentary on these reports. The Committee also meets once a year with the internal auditor, without management present.

Chief Audit Executive

In compliance with TPP 15-03, the Secretary appointed a Chief Audit Executive (Arvind Tyagi) who is an employee of the Department to head the internal audit function.

The Chief Audit Executive reports administratively to the Secretary, and functionally to the Chair of the Department's ARC, as required by TPP 15-03 and as documented in the Department's Internal Audit Charter.

Insurance

Department

The Department participates in the NSW Treasury Managed Fund, a NSW Government self-insurance arrangement that provides workers' compensation, comprehensive motor vehicle, property, public liability and miscellaneous cover.

Corporation Sole 'Minister administering the Environmental Planning and Assessment Act 1979'

The Corporation Sole participates in the NSW Treasury Managed Fund, as a government self-insurance arrangement that provides comprehensive motor vehicle, property, heritage buildings, public liability and miscellaneous cover.

The Corporation Sole also insures the forest at the Erskine Park Biodiversity Corridor through AON Risk Services Australia Limited.

The Corporation Sole places a high priority on the implementation of sound risk management practices. This is expressed through links between risk management, monitoring and claims management.

The Department provided its Audit and Risk Committee (ARC), ARC secretariat, Chief Audit Executive and internal audit services to the Corporation Sole during 2015-16.



Appendix II Legal & Risk

Internal Audit and Risk Management Attestation Statement for the 2015-16 Financial Year for the Department of Planning and Environment

I, Carolyn McNally am of the opinion that the Department of Planning and Environment has internal audit and risk management processes in operation that are, compliant with the eight (8) core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:

Risk Management Framework

- | | |
|--|-----------|
| 1.1 The agency head is ultimately responsible and accountable for risk management in the agency | Compliant |
| 1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009 | Compliant |

Internal Audit Function

- | | |
|--|-----------|
| 2.1 An internal audit function has been established and maintained | Compliant |
| 2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing | Compliant |
| 2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter' | Compliant |

Audit and Risk Committee

- | | |
|---|-----------|
| 3.1 An independent Audit and Risk Committee with appropriate expertise had been established | Compliant |
| 3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance process, risk management and control frameworks, and its external accountability obligations | Compliant |
| 3.3 The Audit and Risk Committee has a charter that is consistent with the content of the 'model charter' | Compliant |

Membership

The chair and members of the Audit and Risk Committee are:

Role	Name	Start term date	Finish term date
Independent Chair	Brian Blood	1 December 2013	30 November 2017
Independent Member	Alan Zammit	27 February 2012	26 February 2018*
Independent Member	Elizabeth Crouch	21 October 2013	20 October 2019*

* Includes reappointment for a second term.

Note: Brett Whitworth was appointed as a non-independent member of the Audit and Risk Committee from 27 January 2012 until 26 January 2016. Following the new requirement under TPP 15-03 that the committee only be comprised of independent members, Mr Whitworth's term was concluded on 25 November 2015.

(signed)

Carolyn McNally

Secretary

Department of Planning and Environment

Date: 26 October 2016

(signed)

Arvind Tyagi

Chief Audit Executive

Department of Planning and Environment

Date: 26 October 2016



Appendix II Legal & Risk

Digital Information Security Attestation – Corporation Sole

Digital Information Security Annual Attestation & Evidence of Certification Statement for the 2015-2016 Financial Year for the Corporation Sole 'Minister Administering the Environmental Planning and Assessment Act 1979'

I, Carolyn McNally, am of the opinion that Corporation Sole 'Minister Administering the Environmental Planning and Assessment Act 1979', had an Information Security Management System in place during the 2015-2016 financial year that is consistent with the Core Requirements set out in the NSW Government Digital Information Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of the Office of Environment & Heritage are adequate.

Furthermore, Planning and Environment Shared Services (through the Office of Environment and Heritage) has obtained certified compliance with ISO/IEC 27001:2013 - Information Security Management – Certificate IS 645082 through an accredited third party. Certification was undertaken during the 2015-2016 financial year and was completed in August 2016.

(signed)

Carolyn McNally
Secretary
Department of Planning and Environment
Date: 14 October 2016

Digital Information Security Attestation – Department of Planning and Environment

Digital Information Security Annual Attestation & Evidence of Certification Statement for the 2015-2016 Financial Year for the Department of Planning and Environment.

I, Carolyn McNally, am of the opinion that the Department of Planning and Environment had an Information Security Management System in place during the 2015-2016 financial year that is consistent with the Core Requirements set out in the NSW Government Digital Information Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of the Office of Environment & Heritage are adequate.

There is no agency under the control of the Department of Planning and Environment which is required to develop an independent ISMS in accordance with the NSW Government Digital Information Security Policy.

Furthermore, Planning and Environment Shared Services (through the Office of Environment and Heritage) has obtained certified compliance with ISO/IEC 27001:2013 - Information Security Management – Certificate IS 645082 through an accredited third party. Certification was undertaken during the 2015-2016 financial year and was completed in August 2016.

(signed)

Carolyn McNally
Secretary
Department of Planning and Environment
Date: 14 October 2016



Appendix III

Finance





Appendix III Finance

General Matters

After balance date events

The Department and the Corporation Sole are not aware of any events which took place after the close of the 2015-16 financial year, but before the report was submitted to the Minister that may have a significant effect on the operations of the Department or the Corporation Sole for the succeeding reporting period.

Economic or other factors

The Department and the Corporation Sole are not aware of any economic or other factors affecting the achievement of operational objectives for 2015-16.

Disclosure of controlled entities and subsidiaries

Controlled entities

The Department and the Corporation Sole do not have any controlled entities.

Subsidiaries

The Department and the Corporation Sole do not have any subsidiaries.

Land disposal

The Corporation Sole disposed of three properties valued over \$5 million during 2015-16.

Two properties with a land value of \$5.43 million and \$12.85 million were transferred to Hornsby Council at nil cost to the Council for use as public open space.

One property valued at \$5.54 million was sold to Roads and Maritime Services for public purposes. The proceeds of this sale were returned to the Sydney Region Development Fund for the acquisition of regional open space.

Access to documents relating to the disposals can be obtained under the *Government Information (Public Access) Act 2009*.

Credit card certification

The Department's corporate credit card policies are in accordance with guidelines from NSW Treasury and The Audit Office of NSW. The Department's corporate credit card policies, procedures and use satisfy the requirements of the Treasurer's Directions. Corporate credit card expenditure was monitored for compliance and usage was considered to comply with best practice guidelines.

Funds granted to non-government community organisations

During 2015-16, there were no funds granted by the Department or the Corporation Sole to non-government community organisations.

Payment of Accounts

Account payment performance

There were no instances where interest has become payable as a result of late payment by the Department for goods and services supplied to the Department.

Department of Planning and Environment – aged analysis by quarter*

Quarter	Current (i.e. within due date) \$	Less than 30 days overdue \$	Between 31 and 60 days overdue \$	Between 61 and 90 days Overdue \$	More than 90 days Overdue \$
All suppliers					
September	688,159	488,899	1,725,645	-5,124	104,617
December	377,883	1,348,898	41,389	87,345	126,562
March	541,001	51,007	2,977	4,128	129,533
June	5,796,251	362,127	40,533	35,973	11,092
Small business suppliers**					
September	nil	nil	nil	nil	nil
December	nil	nil	nil	nil	nil
March	nil	nil	nil	nil	nil
June	nil	nil	nil	nil	nil

* Calculations for the aged analysis table above are based on the date of receipt of a correctly rendered invoice by the Planning and Environment Cluster Shared Services.

** Small business suppliers are paid within due dates and there are no overdue balances.



Appendix III Finance

Corporation Sole – aged analysis by quarter*

Quarter	Current (i.e. within due date) \$	Less than 30 days overdue \$	Between 31 and 60 days overdue \$	Between 61 and 90 days Overdue \$	More than 90 days Overdue \$
All suppliers					
September	668,398	0	140	0	0
December	10,812	217,520	0	0	0
March	277,928	9,553	0	0	0
June	0	0	0	0	0
Small business suppliers**					
September	nil	nil	nil	nil	nil
December	nil	nil	nil	nil	nil
March	nil	nil	nil	nil	nil
June	nil	nil	nil	nil	nil

* Calculations for the aged analysis table above are based on the date of receipt of a correctly rendered invoice by the Planning and Environment Cluster Shared Services.

** Small business suppliers are paid within due dates and there are no overdue balances.

Department of Planning and Environment – accounts due or paid within each quarter

Measure	Sep 2015	Dec 2015	Mar 2016	Jun 2016
All Suppliers				
Number of accounts due for payment	3,367	3,101	2,995	4,075
Number of accounts paid on time	2,810	2,446	2,834	3,835
Actual percentage of accounts paid on time (based on number of accounts)	83.5%	78.9%	94.6%	94.1%
Dollar amount of accounts due for payment	17,424,456	18,866,624	18,485,533	26,737,765
Dollar amount of accounts paid on time	12,912,769	11,997,089	18,014,996	22,862,881
Actual percentage of accounts paid on time (based on \$)	74.1%	63.6%	97.5%	85.5%
Number of payments for interest on overdue accounts	nil	nil	nil	nil
Interest paid on overdue accounts	nil	nil	nil	nil

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Department of Planning and Environment – accounts due or paid within each quarter - continued

Measure	Sep 2015	Dec 2015	Mar 2016	Jun 2016
Small business suppliers				
Number of accounts due for payment to small businesses	2	1	3	1
Number of accounts due to small businesses paid on time	2	1	3	1
Actual percentage of small business accounts paid on time (based on number of accounts)	100.0%	100.0%	100.0%	100.0%
Dollar amount of accounts due for payment to small businesses	8,970	16,170	16,135	4,602
Dollar amount of accounts due to small businesses paid on time	8,970	16,170	16,135	4,602
Actual percentage of small business accounts paid on time (based on \$)	100.0%	100.0%	100.0%	100.0%
Number of payments to small business for interest on overdue accounts	nil	nil	nil	nil
Interest paid to small businesses on overdue accounts	nil	nil	nil	nil

Corporation Sole – accounts due or paid within each quarter

Measure	Sep 2015	Dec 2015	Mar 2016	Jun 2016
All Suppliers				
Number of accounts due for payment	412	308	285	335
Number of accounts paid on time	381	273	273	275
Actual percentage of accounts paid on time (based on number of accounts)	92.5%	88.6%	95.8%	82.1%
Dollar amount of accounts due for payment	2,985,326	2,787,443	3,979,911	3,048,558
Dollar amount of accounts paid on time	2,528,308	2,322,001	3,851,658	2,987,784
Actual percentage of accounts paid on time (based on \$)	84.7%	83.3%	96.8%	98.0%
Number of payments for interest on overdue accounts	nil	nil	nil	nil
Interest paid on overdue accounts	nil	nil	nil	nil



Appendix III Finance

Corporation Sole – accounts due or paid within each quarter - continued

Measure	Sep 2015	Dec 2015	Mar 2016	Jun 2016
Small Business Suppliers				
Number of accounts due for payment to small businesses	2	4	1	3
Number of accounts due to small businesses paid on time	2	4	1	3
Actual percentage of small business accounts paid on time (based on number of accounts)	100.0%	100.0%	100.0%	100.0%
Dollar amount of accounts due for payment to small businesses	2,200	7,260	1,100	6,435
Dollar amount of accounts due to small businesses paid on time	2,200	7,260	1,100	6,435
Actual percentage of small business accounts paid on time (based on \$)	100.0%	100.0%	100.0%	100.0%
Number of payments to small business for interest on overdue accounts	nil	nil	nil	nil
Interest paid to small businesses on overdue accounts	nil	nil	nil	nil

Implementation of Price Determination

The Department was not subject to any price determinations or recommendations during 2015-16.

Consultants

Department of Planning and Environment

Consultancies of value less than \$50,000

Number of consultancy engagements less than \$50,000: **6**

Total value of consultancy engagements less than \$50,000: **\$127,199**. These costs related to: Planning Support \$86,587; Legal \$8,625; Management Services \$23,622; and Training \$8,365.

Consultancies of value equal to or more than \$50,000

Name of consultant	Title of project	Amount \$
Finance and accounting/tax		
Nil		
Legal		
Nil		
Information technology		
Index Consultants Pty Ltd	eBusiness services	83,739
Management services		
Altura Partners Pty Ltd	Business Planning 2016-17	63,188
Planning Support		
Price Waterhouse Coopers Securities	Infrastructure Housing & Employment advice	67,840
Price Waterhouse Coopers Securities	Process mapping & reform development	136,400
Environmental		
Nil		
Engineering		
Nil		
Organisational review		
The Boston Consulting Group Pty Ltd	Streamlining options paper	60,000
Training		
Nil		
Total		411,167

Corporation Sole

Consultancies of value less than \$50,000

Category of consultant	Number of engagements	Amount \$
Finance and accounting Ernst & Young	Accounting guidance on recognition of assets	10,000
Total	1	10,000

Consultancies of value equal to or more than \$50,000

There were no consultants used of value equal or more than \$50,000.



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Appendix IV

Governance & Other





Appendix IV Governance & Other

Public Interest Disclosures

Under section 31 of the *Public Interest Disclosures Act 1994* (the PID Act), each public authority is required to prepare an Annual Report on the public authority's obligations under the PID Act. The information to be provided in the Annual Report is outlined in section 4 of the *Public Interest Disclosures Regulation 2011*.

In accordance with the regulation, the following information is disclosed on the Department's public interest disclosures.

No.	Category	Total number
1.	Number of public officials who made a public interest disclosure to the Department	2*
2.	Total number of public interest disclosures relating to possible or alleged:	0
	a. Corrupt conduct	0
	b. Maladministration	0
	c. Serious and substantial waste of public or local government money	0
	d. Government information contraventions	0
	e. Local government pecuniary interest contraventions	0
3.	Total number of public interest disclosures received	2
4.	Number of public interest disclosures that have been finalised	2

This information covers the Department and the Office of Strategic Lands. The Department confirms it has an internal reporting policy in place for reporting public interest disclosures.

* PIDs were investigated and found to be without substance. Neither PID fitted the categories listed in 2(a) to 2(e).

In 2015-16, the following actions were taken to ensure staff awareness responsibilities under section 6E(1)(b) of the PID Act have been met:

- select staff attended training provided by the NSW Ombudsman;
- training was provided to new staff as part of induction procedures;
- a link to the Public Interest Disclosures Policy was made available to all staff on the Department's intranet site; and
- the Department's Public Interest Disclosures Policy was updated to ensure currency.

Privacy and Personal Information Protection

Under the *Privacy and Personal Information Protection Act 1998* (the PPIP Act), in the 2015–16 reporting period:

- there were no requests for access to documents;
- there were no complaints relating to breaches of privacy; and
- one complaint relating to an alleged breach of privacy was carried forward from the 2014-15 year into the 2015-16 reporting period.

The breach alleged by the complaint was that the Department forwarded copies of applications for membership to a community consultative committee to the Chairperson of that committee. The Departmental review found that the Department was not in breach of the information protection principles of the PPIP Act.

Nevertheless, as a result of the review, the Department refined its procedures to ensure further clarity in the process of appointment of members to a consultative committee. The process now requires:

- a notice to be included in all advertisements for Expressions of Interest for membership in Community Consultative Committees to the effect that members will be appointed following such consultation as the Secretary considers appropriate; that information in applications for membership submitted to the Department may be circulated to other parties during the process; and

- that after the appointment of members of a Community Consultative Committee, all communications with the Committee are to be made in accordance with the community consultative committee guidelines.

The Department has an online eLearning privacy module which all Departmental staff must complete when they join the Department and annually thereafter. The module helps staff members understand their legal obligations when collecting, using, disclosing and storing any type of personal information.

The Department is committed to protecting the privacy of its staff and clients and has a designated privacy officer. There is a privacy page on the Department's website and an internal site on the Department's intranet, containing privacy guidelines for staff. The Department has a Privacy Management Plan as required under section 33 of the PPIP Act. Advice is regularly sought from and provided by the designated privacy officer.

The Privacy Officer can be contacted at:

Level 22, 320 Pitt Street
Sydney NSW 2000
Phone: 1300 305 695

Public Access to Government Information (GIPA Act)

Review of proactive release program

The Department's proactive release program for the coming year is compiled under the Department's review, under section 7 of the *Government Information (Public Access) Act 2009* (the GIPA Act), of its program for the previous year.

The Department's review of its proactive release program involved communication with every branch of the Department to obtain a detailed report on the past year's

proactive release program and to build a new program for the coming year.

Each branch provided a description of information that it had proactively released in 2015-16, and listed the information it intended to release proactively in the coming year.

The lists of information intended for release were compiled to become the Department's proactive disclosure program for the coming year.



Appendix IV Governance & Other

As a result of the review, a number of documents were proactively released under section 7 of the GIPA Act. These were comprised of policies, plans, submissions, reports, newsletters, guidelines, correspondence, research papers, market analyses, Explanations of Intended Effect, information sheets, frequently asked questions and related documents.

Access applications received by the Department during the reporting year

The Department received 109 access applications during the reporting year.

This number included:

- eight withdrawn applications;
- two applications which were invalid when initially received and did not become valid; and
- three transferred applications.

Ten applications were brought forward from 2014-15 (eight decided, two withdrawn) and four applications were carried forward into the 2016-17 year. In the 2015-

16 year, 110 access applications were decided (see Tables A and B for breakdown).

Access applications received during the reporting year that the Department refused because the application was for the disclosure of information referred to in Schedule 1 to the GIPA Act

Nine applications were partially refused (nil in full, nine in part) because they requested Schedule 1 information (that is, information for which there is a conclusive presumption of overriding public interest against disclosure (see GIPA Regulation Clause 7(c)). A breakdown of these is provided in Table D below.

Information relating to the access applications (if any) made to the Department during the reporting year (Schedule 2 Tables)

Departmental note: These tables include information about applications brought forward from the 2014-15 year.

Table A: Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny whether information is held	Application withdrawn
Media	3	0	0	0	0	1	0	1
Members of Parliament	5	1	0	1	0	0	0	1
Private sector business	24	2	1	3	1	0	0	5
Not for profit organisations or community groups	9	2	0	0	1	0	0	2
Members of the public (application by legal representative)	7	7	0	2	0	0	0	0
Members of the public (other)	15	4	2	7	1	0	0	2
Total	63	16	3	13	3	1	0	11

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

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Table B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm /deny whether information is held	Application withdrawn
Personal information applications	0	0	1	0	0	0	0	0
Access applications (other than personal information applications)	63	16	2	13	3	1	0	11
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0
Total	63	16	3	13	3	1	0	11

Table C: Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	2
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	2
Invalid applications that subsequently became valid applications	0



Appendix IV Governance & Other

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to GIPA Act

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	2
Executive Council information	1
Contempt	0
Legal professional privilege	8
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of GIPA Act

	Number of occasions when application not successful
Responsible and effective government	5
Law enforcement and security	0
Individual rights, judicial processes and natural justice	9
Business interests of agencies and other persons	4
Environment, culture, economy and general matters	1
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	101
Decided after 35 days (by agreement with applicant)	9
Not decided within time (deemed refusal):	0
Total	110

Table G: Number of applications reviewed under Part 5 of the GIPA Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	3	3
Review by Information Commissioner*	1	1	2
Internal review following recommendation under section 93 of Act	0	0	0
Review by NCAT	1	0	1
Total	2	4	6

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Departmental note: This table only lists the number of applications with reviews decided.

Table H: Applications for review under Part 5 of the GIPA Act (by type of applicant)*

	*Number of applications for review
Applications by access applicants	2
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	4

* Departmental note: This table only lists the review applications decided.

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the GIPA Act (by type of transfer)

	Number of applications transferred
Agency-initiated transfers	3
Applicant-initiated transfers	0



Appendix IV Governance & Other

The above statistical information includes the Department and the following agencies, which are subsidiary agencies as referred to in Schedule 3 of the GIPA Regulation:

- Central Coast Regional Development Corporation;
- Greater Sydney Commission;
- Hunter and Central Coast Joint Regional Planning Panel;
- Hunter Development Corporation;
- Northern Region Joint Planning Panel;
- Southern Region Joint Planning Panel;
- Sydney East Joint Planning Panel;
- Sydney West Joint Planning Panel;
- Western Region Joint Planning Panel;
- Planning administrator appointed under section 118 of the Environmental Planning and Assessment Act 1979; and
- Planning assessment panel appointed under section 118 of the Environmental Planning and Assessment Act 1979.

Consumer Response (including Complaints and Complaints Handling)

In 2015-16, the Department developed a new complaints tracking system which became operational in December 2015. Prior to the new system being introduced, complaints were recorded manually.

For the period July to end November 2015, eight complaints were recorded. For the period December to end June 2016, 24 complaints about the Department were registered. Some of the issues raised in complaints included poor customer service, inappropriate action, wrongful planning practices and perceived bias. At the end of the reporting period, two complaints remained unresolved pending ongoing engagement with the complainants.

Information from complaints helps the Department to review and improve compliance practices and informs the delivery of services for our clients.

A dedicated Complaints Manager role was established during 2015-16, to ensure that there is a high level of customer focus to managing complaints, an appropriate level of internal and external engagement is achieved including the provision of relevant reporting to identify trends and to improve Department service quality. To support this, an updated Complaints Policy was finalised in March and a Complaints Register implemented in May 2016.

Research and Development

The Department's Demography and Economics Branch conducts research and development to inform planning policy analysis and decision-making within the Department, across Government and to inform the community.

Housing

The Branch conducted research into the number, type and location of new housing being built across New South Wales. For Greater Sydney, this data is published regularly on the Department's website as part of the Metropolitan Housing Monitor (<http://www.planning.nsw.gov.au/Research-and-Demography/Research/Housing-Monitor-Reports>). The Branch also conducted research and development into techniques for forecasting future housing supply, including through the use of the Department's Urban Feasibility Model.

Employment

The Branch carries out research and development into patterns of employment across NSW and the availability of land to support job creation. Results from this research are published in annual Employment Lands Development Program reports (<http://www.planning.nsw.gov.au/Research-and-Demography/Research/Employment-Land-Research>).

People

Population-related research is produced by the branch as an input into Regional and District planning and to inform analysis of planning policy options. Projections published by the Branch are used across the NSW Government to predict future demand for infrastructure and service delivery needs, such as transport, hospitals and schools (<http://www.planning.nsw.gov.au/Research-and-Demography/Demography/Population-Projections>).

Waste Management

The Department is continually seeking to meet its obligations under the Government Resource Efficiency Policy by reducing waste, energy and water consumption and increasing recycling and reuse.

Recycling

The total amount of waste produced in the Department's head office reduced significantly from 69.8 tonnes in 2014-15 to 50.8 tonnes in 2015-16.

During 2015-16 the Department's head office recycled:

- 18.29 tonnes of paper;
- 3.39 tonnes of cardboard; and
- 1.4 tonnes of comingled containers.

Total general waste was 48.71 tonnes.

This diversion of paper and cardboard alone equates to a saving of:

- nine tonnes of CO₂ (the equivalent of removing one car from the road);
- 70 cubic metres of landfill;
- 390 gigajoules of energy (enough to power 18 homes); and
- 514 kilolitres of water.

In addition through association with post-consumer recycling provider 'Close the Loop' 718.4 kilograms of toner cartridges and the like were diverted from landfill as follows:

Item	Weight (Kilograms)
Bottles & Waste Collectors	495.34
Toner Cartridges	47.52
Inkjet	4.94
Mobile Phones	11.42
Other	159.18
Total	718.40



Appendix IV Governance & Other

NABERS rating

Under the National Australian Built Environment Rating System (NABERS), the Department's head office (23-33 Bridge Street, Sydney) attained the following ratings:

- 5 star energy rating; and
- 4.5 star water rating, an improvement on the previous rating of 4 stars.

Energy

As a part of its commitment to sustainable energy the Department purchases six per cent Green Power at each of its tenancies.

Water

The Department's head office used low flow taps and shower heads.

Transport

The Department encourages staff to use public transport for work-related travel in place of corporate fleet or hire vehicles. It funds four corporate Opal Cards for use by staff for work travel.

In addition, the Department has reduced its motor vehicle fleet by eight vehicles.

Technology

The Department has increased its use of technology to further reduce its environmental footprint by:

- ensuring that all printers are set to print double-sided by default;
- introducing a video conferencing capability at each of the Department's regional offices. Not only has this improved internal communications, but it also reduced the need to travel between regional locations and head office; and
- utilising its electronic document and records management system (EDRMS), intranet and other technologies to workflow and publish documents electronically rather than printing hard copies. Where practicable, the Department purchases paper with a high recycled content.

Other offices

The Department's other offices have also implemented resource efficiency measures such as toner cartridge recycling and EDRMS programs. However, as these offices are located in commercial, multi-tenanted premises, it is often difficult to measure their performance in terms of waste management and recycling independent of other tenants.

The Wollongong office is an exception and the waste management practices across the building are outstanding.

International Travel

The Department incurred costs of \$4,120 in airfares during 2015-16 for one overseas return trip.

Deputy Secretary Alison Frame travelled to China to attend the Australian and New Zealand School of Government (ANZSOG) Reciprocal Program in September 2015. The program included a number of site visits and sessions to provide opportunities to gain

knowledge about the different approaches to urban planning, as well as the philosophies and values that underpin planning and development decisions in China.

Accommodation, meals and internal air travel were funded by the Government of China. The Department funded the international air travel to and from China.



Additional Information





Additional Information

Contact Information

Department of Planning and Environment

Head office

Level 22, 320 Pitt Street, Sydney NSW 2000
GPO Box 39, Sydney NSW 2001
Tel: 1300 305 695
Email: information@planning.nsw.gov.au

Information Centre

Level 22, 320 Pitt Street, Sydney NSW 2000
GPO Box 39, Sydney NSW 2001
Tel: 1300 305 695
Email: information@planning.nsw.gov.au

Translating & Interpreting Services

Please telephone 131 450. Ask for an interpreter in your language and request to be connected to 1300 305 695 - Planning and Environment Information Centre. Local call cost from fixed phones. Calls from mobiles at applicable rates.

Access

Business hours for the Department of Planning and Environment are 9am to 5pm Monday to Friday.

ePlanning

66 Harrington Street, The Rocks, Sydney, NSW 2000
Tel: (02) 8575 4001
Email: eplanning@planning.nsw.gov.au

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Tel: 1300 305 695
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Sydney Region West

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Newcastle office

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Tel: (02) 4904 2700
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Gosford office

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Singleton Office - Compliance

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PO Box 3145, Singleton NSW 2330
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Tel: (02) 6641 6600
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Tamworth office

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Email: northcoast@planning.nsw.gov.au

Dubbo office

Area 1, Level 1, 188 Macquarie Street, Dubbo
PO Box 58, Dubbo NSW 2830
Tel: (02) 6841 2180
Email: westernregion@planning.nsw.gov.au

Office of Strategic Lands

Level 22, 320 Pitt Street, Sydney NSW 2000
GPO Box 39, Sydney NSW 2001
Tel: 1300 305 695
Email: oslproperty@planning.nsw.gov.au



Additional Information

Abbreviations

Term	Explanation
AAS	Australian Accounting Standard
AASB	Australian Accounting Standards Board
ABCB	Australian Building Codes Board
ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
ANZSOG	Australian and New Zealand School of Government
ARC	Audit and Risk Committee
ARENA	Australian Renewable Energy Agency
BASIX	Building Sustainability Index
CBD	Central Business District
CCRDC	Central Coast Regional Development Corporation
CCS	Cluster Corporate Services
CDC	Complying Development Certificate
CIV	Capital Investment Value
CRM	Customer Relationship Management
CSEPA	Corporations Sole 'Minister administering the <i>Environmental Planning and Assessment Act 1979</i> '
DA	Development Application
DIAP	Disability Inclusion Action Plan
EDRMS	Electronic Document and Records Management System
EHC	Electronic Housing Code
EIE	Explanation of Intended Effect
ELALC	Eden Local Aboriginal Land Council
DPI	NSW Department of Primary Industries
EIS	Environmental Impact Statement
ELDP	Employment Lands Development Program
EP&A Act	<i>Environmental Planning and Assessment Act 1979</i>
EY	Ernst and Young
FY	Financial Year

Term	Explanation
GIPA Act	<i>Government Information (Public Access) Act 2009</i>
GIS	Geographic Information System
GSC	Greater Sydney Commission
GSE Act	<i>Government Sector Employment Act 2013</i>
GST	Goods and Services Tax
HAF	Housing Affordability Fund
HDC	Hunter Development Corporation
HR	Human Resources
ICT	Information and Communications Technology
IMP	Integrated Mining Policy
JRPP	Joint Regional Planning Panel
KPIs	Key performance indicators
MGP	Metropolitan Greenspace Program
MOU	Memorandum of Understanding
L&D	Learning and Development
LGA	Local Government Area
LDPM	Local Development Performance Monitor
LEP	Local Environmental Plan
LLS	Local Land Services
NABERS	National Australian Built Environment Rating System
NBH	Northern Beaches Hospital
NCC	National Construction Code
OEH	Office of Environment and Heritage
OGA	Office of the Government Architect
OLG	Office of Local Government
OSL	Office of Strategic Lands
PAC	Planning Assessment Commission
PCG	Project Control Group
PIA	Planning Institute of Australia
PID Act	<i>Public Interest Disclosures Act 1994</i>

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Term	Explanation
PID	Public Interest Disclosure
PIIP Act	<i>Privacy and Personal Information Protection Act 1998</i>
PRIA	Preliminary Regional Issues Assessment
PSC	Public Service Commission
PSSE	Public Service Senior Executive
RMS	Roads and Maritime Services
SANCS	State Authorities Non-contributory Superannuation Scheme
SASS	State Authorities Superannuation Scheme
SEARs	Secretary's Environmental Assessment Requirements
SEPP	State Environmental Planning Policy
SES	Senior Executive Service
SIC	State Infrastructure Contribution
SILEP	Standard Instrument Local Environmental Plan
SO	Senior officer
SOIAC	Senior Officers Infrastructure Assessment Committee
SOPA	Sydney Olympic Park Authority
SORAC	Senior Officers Resource Assessment Committee
SSD	State Significant Development
SSI	State Significant Infrastructure
SSS	State Superannuation Scheme
T'Corp	NSW Treasury Corporation
TfNSW	Transport for New South Wales
TPP	NSW Treasury Policy and Guidelines Paper
UGNSW	UrbanGrowth NSW
VPA	Voluntary Planning Agreement
WCAG	Web Content Accessibility Guidelines
WHS	Work, Health and Safety



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