



Planning &
Environment

Annual Report 16-17

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Letter to the Ministers

The Hon. Anthony Roberts MP

Minister for Planning,
Minister for Housing,
Special Minister of State
Parliament House
Macquarie Street
Sydney NSW 2000

The Hon. Don Harwin MLC

Minister for Resources,
Minister for Energy and Utilities,
Minister for the Arts
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 2017.

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

About this Report

This annual report summarises the activities and performance of the NSW Department of Planning and Environment (the Department) for 2016-17. 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; thriving regions; strong community participation; and a sustainable natural environment. It also includes supporting people and governance; financials and other statutory reporting requirements.

Following machinery of government changes in April 2017, this report also contains information on the Department's new divisions (Chapter 7).

This and earlier annual reports are available on the Department's website:
www.planning.nsw.gov.au/About-Us/Annual-Report-and-Corporate-Plan

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Secretary's Foreword



The Department of Planning and Environment plays an important role in shaping a vibrant and prosperous future for New South Wales. In 2017 we set ourselves the challenge of focusing on design, to ensure that good design is built into everything we do.

Our staff think every day about how our cities are designed, the future of our regions and how we can improve the lives of people in NSW through planning for open space, public spaces, schools, services, jobs and homes. We also think about how housing is designed, how we meet the needs of a changing population and a changing landscape.

The Department delivers measures aimed at improving housing affordability and building vibrant communities, through work to increase housing supply and housing diversity. In 2016-17, housing approvals in NSW reached historic highs with 71,981 houses approved.

The Department contributes to a strong economy through its role in determining major economic and social infrastructure projects, releasing employment lands and through planning reforms to streamline and simplify the planning system. In 2016-17, the Department assessed 299 State Significant project applications with a combined capital investment value of \$18.8 billion and the potential to generate over 44,000 jobs.

Continuing to design the planning system of the future has been a large part of our work in 2016-17 with a focus on the legislative and policy frameworks shaping a more dynamic planning system, one that is responsive to the challenges of growth and changes in community expectations.

In April 2017, we welcomed new colleagues joining the Department supporting the Minister for Resources, and those supporting the Minister for Energy and Utilities. We also welcomed new staff from the Department of Justice, including Create NSW, and others supporting the Minister for the Arts. In doing so, the following new divisions were created within the Department: Energy, Water and Portfolio Strategy; Resources and Geoscience; Arts, Screen and Culture; and Central Coast Coordination and Resources Regulation.

The result is an expanded Department working on enriching the lives of people in NSW through our work on culture, high-quality planning, secure housing, great design, clean environments, resource management, energy security and many more activities.

I thank the Department's executive, our teams and all our people for their contribution to our successes during 2016-17.

Carolyn McNally
Secretary

Overview

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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).

Machinery of government changes 1 April 2017

From 1 April 2017, after machinery of government changes, the Department incorporated the Division of Arts, Screen and Culture, the Division of Resources and Geoscience, the Division of Energy, Water and Portfolio Strategy and the Central Coast Coordination and Resources Regulation Division. This report primarily reflects the Department as it was substantively structured from 1 July 2016 to 31 March 2017. Achievements for newly-incorporated divisions are in Chapter 7 of the report.

Legislation

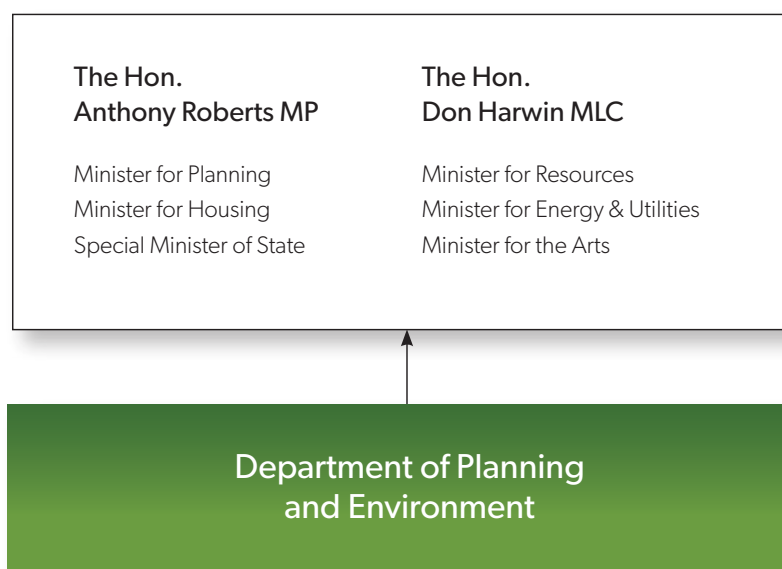
The Department administers legislation on behalf of the Minister for Planning and the Minister for Resources, Minister for Energy and Utilities, and Minister for the Arts. The principal legislation that governs most of the Department's core planning functions is the *Environmental Planning and Assessment Act 1979* (EP&A Act). See [here](https://legislation.nsw.gov.au/~view/regulation/2001/338/historical2017-03-15/secpremier) for a full list of legislation for which each Minister is responsible. <https://legislation.nsw.gov.au/~view/regulation/2001/338/historical2017-03-15/secpremier>

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.

Ministerial Reporting Lines



AN OVERVIEW

Our mission

We take on the challenge to create great places for NSW:

- places where people live and grow
- 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 goals

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

Our corporate goals are to:

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

Our community and stakeholders

Community, council and stakeholder participation in planning is a 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.



Our Major Contributions to NSW

Housing affordability

The Department plays a critical role in improving housing affordability by:

- delivering faster housing approvals
- unlocking new housing release areas
- simplifying the planning system.

In addition to the above, in 2016-17, the Department took steps to address barriers to the take-up of complying development to encourage faster housing delivery, supported faster and streamlined approvals by reducing red tape through reviews of relevant State Environmental Planning Policies (SEPP), and established a new Office of Housing Coordination to coordinate and manage the delivery of housing supply initiatives across government.

Housing approvals in the state were at historic highs of 71,981 in the 2016-17 financial year.

The economy

The Department enables a strong economy through its role in determining major economic and social infrastructure projects, releasing land for housing and employment lands, and through policy reform. The size of the NSW economy is expected to rise to \$1.3 trillion by 2056, making NSW the first Australian state to have a trillion-dollar economy.

During 2016-17, the Department assessed 299 State Significant project applications, comprising 75 applications and 224 modification applications. These proposals have a combined capital investment value of nearly \$18.8 billion and the potential to generate over 44,000 jobs.

Supporting local infrastructure

NSW gross infrastructure spending is projected to grow at 4.1 per cent a year to an estimated \$49 billion in 2056. More than half of that will be on transport (including roads) to service new housing and expand the range of residential locations within commuting distance of employment centres.

The Department supports local infrastructure through:

- Special Infrastructure Contributions. In 2016-17, \$90 million in contributions were collected in Western Sydney

- the Infrastructure SEPP which facilitates the provision of public infrastructure.

Developing prosperous regions

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

The Department has completed nine strategic regional plans, covering the whole state, to provide for a sustainable future for regions over the next 20 years.

The Department supports the development of regions through its regional teams.

Jobs

The Department drives 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.

Protecting the environment

The Department plays an important role in protecting the environment and our natural assets through:

- planning to ensure adequate open and green spaces in NSW communities
- providing whole of government leadership in the administration of environmental impact assessment and development assessments
- improving post-approval processes and compliance outcomes
- facilitating strategic biodiversity conservation on private land
- implementing land management and biodiversity conservation reforms and strategic conservation planning for Western Sydney
- ensuring rehabilitation outcomes from major resource projects.

2016-17 Highlights

Housing approvals

A total of 71,981 new homes were approved in 2016-17. This is 43 per cent above the State Priority target of 50,000 approvals every year. Approvals have been above 50,000 per annum for three and a half years (42 consecutive months). NSW has a record number of homes under construction and a strong pipeline of approvals that have yet to commence. Housing supply is well on track to meet the Premier's Priority Target of 61,000 annual housing completions.

Fifteen new priority precincts

Fifteen new priority precincts have been earmarked for growth and revitalisation. The expansion of the priority precincts to include more areas across Sydney will mean thousands of people will enjoy the benefits of living in vibrant communities that are supported by open space, local character planning, transport and infrastructure. This focused urban renewal effort will mean more people can make their homes close to the neighbourhoods, services and jobs they need.

Halving assessment timeframes on State Significant Projects

The Department has taken a number of steps to speed up State Significant Projects including providing additional resources to the Department's assessment teams, strengthening inter-agency co-ordination and developing policy and guidelines to provide clarity. While maintaining robust processes, by June 2017 the average time spent in government hands for State Significant Projects had reduced:

- from 688 to 432 days for complex State Significant Projects that were reviewed and determined by the independent Planning Assessment Commission
- from 298 to 163 days for all other State Significant Projects.

Delivering high quality urban design ("Better Placed")

During 2016-17 the Department worked on a new strategy to deliver high-quality urban design and better places for people across NSW.

Better Placed was drafted with input from architects, urban designers and planners from across Australia and the world to set out the principles and directions essential to creating great places for new developments in built environments.

Update to the EP&A Act

The Department is updating the EP&A Act to help build a simpler, more modern planning system to deliver:

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

A new draft bill and accompanying guidance material were exhibited on the Department's website for public comment from 9 January until 31 March 2017.

The Department held stakeholder sessions across NSW and 478 submissions were received commenting on the draft bill. A final package of changes will be introduced in the Spring 2017 session of Parliament.

Medium density housing code and design guide

The Department released an Explanation of Intended Effect for a new Medium Density Housing Code and a draft design guide to promote good design outcomes for medium density housing across NSW. The new code and design guide are now being finalised.

Design competition for medium density housing

A design competition was held to promote and test the controls in the proposed Medium Density Housing Code and draft design guide and enable entrants to showcase their visions for the future of medium density housing in NSW.

Greenfield Housing Code

The Department released a background paper - A Review of Complying Development in Greenfield Areas and an Explanation of Intended Effect for a new Greenfield Housing Code. The Department is considering all submissions which will inform the final Greenfield Housing Code.

Coastal Management SEPP

The draft Coastal Management State Environmental Planning Policy (SEPP) was released for public consultation. Over 260 submissions were received.

When it is made, the Coastal Management SEPP will better equip councils and coastal communities to plan for and effectively respond to coastal challenges such as major storms, coastal erosion and climate change impacts. It will ensure future coastal development is appropriate and sensitive to our coastal environment, and that public access is maintained to beaches and foreshore areas.

A policy framework for wind energy projects

A new wind energy policy framework was released in December 2016. The framework will ensure that NSW has the right settings to harness clean energy, to attract investment in wind energy, while balancing the interests of the community. The NSW Government's new wind energy framework will encourage opportunities to harness clean energy and ensure the interests of local communities are taken into account during project assessments.

New Vegetation SEPP

A new SEPP was drafted in 2016-17 that will ensure that all clearing of native vegetation that exceeds thresholds proposed in the *Biodiversity Conservation Act 2016* will be subject to the biodiversity assessment and offsetting scheme contained in the Act. The SEPP will ensure that there is a 'level playing field' for the assessment of the biodiversity impacts of clearing of native vegetation from all types of land uses.

Regional planning

The Department finalised five regional plans in 2016-17 and exhibited three draft Plans. The regional plans provide a 20-year vision for each region and give direction for strategic land use planning, including planning for housing, jobs, infrastructure and a healthy environment.

Each regional plan is accompanied by an implementation plan. The responsibility for implementing the regional plans will be shared between state and local government, with involvement of other agencies and stakeholders as required.

Improvements to Environmental Impact Assessment processes

The potential environmental impact of developments is assessed by the Department before determining a State Significant Project. The Department exhibited a discussion paper on improving the environmental assessment process, developed draft guidelines and conducted workshops to obtain direct feedback from the community and stakeholders. These will be finalised in 2018.

Development Assessment Best Practice Guide

The development assessment process is a key part of the housing supply chain and impacts how efficiently new housing is delivered.

The guide draws on successful practices used by councils that assist in the timely determination of development applications. It was developed in collaboration with several high growth local councils and draws on leading practice processes and procedures. The guide was released in March 2017.

Office of Housing Coordination established

The new Office of Housing Coordination was established as part of the NSW Government's housing affordability package announced in June 2017.

The Office will be responsible for ensuring high-level co-ordination and management of the delivery of housing supply initiatives across government and will support the NSW Government's commitment to improving housing affordability by increasing housing supply.

Western Sydney Parklands

Over forty years ago, the Office of Strategic Lands (OSL) began acquiring lands for a multipurpose special uses corridor centred on Eastern Creek in Western Sydney. In 2008, OSL transferred 2,092 hectares of land and the first allocation of \$50 million in capital funding to the newly established Western Sydney Parklands Trust (the Parklands). In 2016-17, OSL transferred to the Parklands an additional 81 hectares of regional open space with an original book value of \$45 million. These assets were revalued to \$19.1 million at the date of transfer to the Parklands. This land is situated in Liverpool, Blacktown and Fairfield Local Government Areas. The Parklands intends to use the land to deliver a diverse range of recreational, tourism and cultural learning experiences, as well as sports and entertainment venues, including Bungarribee Park, urban farms, Wyle Mountain Bike Trail, Wet 'n' Wild, Skyline Drive-In, and Sydney Dragway.

The Department's Executive at 30 June 2017

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.



Policy, Strategy and Governance 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, and governance and performance. 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.



Growth, Design and Programs Division: Deputy Secretary Brendan Nelson

The Division leads innovative approaches to support the level of growth needed 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.



Planning Services Division: Deputy Secretary Marcus Ray

The Division is responsible for managing the assessment of the state's most significant 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 complies with the conditions of project approvals; supporting councils to make and amend Local Environmental Plans (LEPs); strategic planning for rural and regional NSW; and supporting Joint Regional Planning Panels throughout NSW.



THE DEPARTMENT'S EXECUTIVE

Energy, Water and Portfolio Strategy Division: Deputy Secretary

Dr Liz Develin (from 1 April 2017)

The Division of Energy, Water and Portfolio Strategy is responsible for the delivery of sustainable and regulated use and access to diverse and reliable energy and water resources for the people of NSW. The Division is also tasked with increasing housing supply by driving the Office of Housing Coordination and coordinating housing affordability programs and reporting across government.



Resources and Geoscience: Deputy Secretary Kylie Hargreaves (from 1 April 2017)

The Division of Resources and Geoscience facilitates and regulates the safe and sustainable use and access to the state's mineral and energy resources for the benefit of the people of NSW.

The four key pillars of Division of Resources and Geoscience are:

- Resources Policy
- Titles Administration
- Rehabilitation
- Geological Survey of NSW.



Arts, Screen and Culture Division: Deputy Secretary Alex O'Mara (from 1 May 2017)

Note: Ms Samantha Torres was Acting Deputy Secretary from 1 April 2017 to 30 April 2017.

The Arts, Screen and Culture Division includes Create NSW and the Cultural Infrastructure Program Management Office. Create NSW brings together arts, screen and culture functions in a new integrated entity. Create NSW was established on 1 April 2017, and has responsibility for many of the functions previously undertaken by Arts NSW and Screen NSW.

The Cultural Infrastructure Program Management Office (CIPMO) was also established in April 2017. It is responsible for the successful delivery of significant cultural infrastructure programs and projects to engage the community and reflect the state's rich diversity. The Division also provides coordination and oversight of Sydney Living Museums and the state's cultural institutions – the State Library of NSW, Sydney Opera House, Museum of Applied Arts and Sciences, the Art Gallery of NSW and the Australian Museum.



Central Coast Coordination and Resources Regulation Division: Deputy Secretary Lee Shearer APM (from 1 April 2017)

The Central Coast Coordination Unit created in April 2017 is responsible for driving the implementation of the Central Coast Regional Plan 2036. The plan is aimed at unlocking employment opportunities for locals, fast tracking housing supply and improving infrastructure in the area.

The NSW Resources Regulator is responsible for compliance and enforcement functions across the mining, extractive and petroleum sector in relation to compliance with the Mining Act and work health and safety laws.



Cluster Corporate Services: 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; and building management. The Division also leads the establishment of shared services across the cluster.



Chief Planner: Gary White

The Chief Planner leads and manages the alignment of strategic NSW planning system initiatives with government, cluster and 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.



Legal Services Division: General Counsel James Hebron

Working across a diverse cluster, the Legal Division makes a positive difference to the natural and built environments, the social and economic outcomes and the quality of life of people living in and visiting the state.

The Legal Division focuses on internal management of legal matters with demonstrable cost and outcome benefits. It applies an agile approach to legal support, focusing on the customer and making every dollar of public funds count toward the best outcomes for the people and environment of NSW.



Media, Community and Stakeholder Engagement Branch: Executive Director Oona Nielssen

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.



Recognition for the Department

WINNER 2016 Australian Institute of Landscape Architects (AILA) National Award for Research, Policy and Communication: *Sydney Green Grid*.

The Sydney GreenGrid Project, led by Government Architect NSW Office, established a framework to create a network of open space in metropolitan Sydney. This network includes national, regional and local parks, through harbour, wetlands, rivers, beaches and creeks to playgrounds, playing fields, golf courses and cemeteries. Further linkages are fostered through enhancing creek corridors, transport routes, footpaths and cycleways.

The project was commended by the AILA jury for its rigorous research approach and methodology, extensive documentation, inventory of existing open space networks and its identification of strategic opportunities to create high calibre green infrastructures across the greater Sydney region.

WINNER 2016 Premier's Awards for Public Service – Faster Housing Approvals Category: *New Simplified Housing Code*.

The Codes and Approval Pathways Team commenced a range of work to achieve the Premier's Priority target for faster housing approvals, including initiatives to improve and promote complying development, a fast-tracked assessment pathway with approvals being issued in 20 days or less.

The new simplified Housing Code has been written in plain English with explanatory diagrams to help homeowners, councils and certifiers to understand and use the code. Feedback has been positive with expectation that the new code will promote the use of complying development across NSW, facilitating faster housing delivery and saving time and money for homeowners and industry. The new code sets a benchmark for planning legislation, making it easier for homeowners applying for a renovation or new home.

COMMENDATION Best Planning Ideas – Large Project at the Planning Institute of Australia Awards for Planning Excellence 2016 (NSW): *Dark Sky Planning*.

The Siding Spring Observatory, located on the edge of Warrumbungle National Park, is Australia's most important visible light observatory and is one of the few in the world that can observe the whole southern-hemisphere sky. The Observatory's work is crucial to expanding our understanding of both the universe and the measures required to protect our planet's fragile environment for future generations.

It is essential to this research to have clear dark sky conditions in the region so that telescopes can operate effectively. To help protect the dark sky region, the Department has developed the Dark Sky Planning Guidelines. The guideline provides lighting principles and controls to help keep this significant night sky region free from light pollution.



Premier's Award ceremony



Siding Springs Observatory



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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 2016-17. 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 projects in the Sydney CBD

The Department assessed a number of key sites in the Sydney CBD in 2016-17. These projects include: Barangaroo; Australian Technology Park in Eveleigh; Campbells Store in the Rocks; and the IMAX development in Darling Harbour.

In 2016, one of Sydney's most iconic sites, the Sydney Opera House, commenced its building renewal program. The changes have been sensitively designed to maintain the character of the Opera House and the Department worked closely with Office of Environment and Heritage to ensure the heritage impacts were closely managed.

Key sites and industry assessments

Industrial business parks and waste projects

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 and the Western Sydney Parklands. These projects are estimated to generate approximately 7000 jobs during both the construction and operational phases. In 2016-17, the Department finalised recommendations for:

- Oakdale South Industrial Estate in Kemps Creek
- Oakdale Central Dangerous Goods Facility
- the Toyota Spare Parts distribution facility at Oakdale South
- the West Hoxton Business Park in Western Sydney Parklands
- Prestons Industrial Estate.

A STRONG ECONOMY

Transforming waste and recycling in NSW has led to an increase in large-scale waste and recycling infrastructure, many of which are classified as State Significant Developments. In 2016-17, the Department assessed the Lucas Heights landfill and recycling facility, the Camellia resource recovery project and the Erskine Park waste and recycling facility. Large scale infrastructure projects (e.g. Westconnex, Sydney Light Rail, Northconnex, Sydney Metro) will create substantial waste streams and will rely on products (concrete, soil and aggregate) from waste and resource recovery facilities.

Western Sydney Parklands

The Department assessed the Sydney Zoo project, a 16-hectare zoo located in the Bungaribee Precinct of the Western Sydney Parklands. In addition to creating 160 construction jobs and 60 ongoing jobs, the project also provides Western Sydney with a local tourist destination that also incorporates several social benefits including educational programs, student work experience, outreach programs and an Aboriginal cultural centre.

Investment in regional NSW

The Department assessed a number of State Significant Projects in regional centres, such as the Bourke Abattoir, the Borg Timber facility in Oberon, North Byron Parklands Musical Festivals and Shoalhaven Starches. These projects provide regional employment opportunities, while the North Byron Parklands project also generates tourist visitation to the region.

The Department also continues to assess coastal projects in the Tweed Shire, Central Coast and the South Coast. These projects will generate a range of housing options, including affordable housing within those regions.

Major resource projects

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 2016-17.

In the financial year, 61 applications for mining projects and extractive industry were determined, of which 53 were modifications to existing projects including extensions to resource extraction and project life.

Together, these projects have a combined capital investment value of around \$790 million, with around 680 construction jobs and over 2000 operational jobs.

Petroleum Projects

During the financial year, the Department commenced assessment of the Narrabri Gas Project. This is a large coal seam gas (CSG) development project.

The Department has started consulting extensively with the local community and special interest groups as part of the assessment of the project. This included landowner and community drop-in sessions during the EIS exhibition period along with targeted meetings with locally based and state level community, environmental and Aboriginal groups.

This will continue through the assessment and the final determination of the project by the independent Planning Assessment Commission.

Enabling job creation

The Department helps to drive job creation through its strategic land use planning and development assessment roles.

In the year to June 2017, an additional 46,100 new jobs were created in NSW. NSW has already exceeded the Premier's Priority of 150,000 new jobs by 2019. The NSW unemployment rate has been lower than the national average since November 2013.

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.

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 Implementation Plan for the area.

Investigations are currently being undertaken by the Department, in conjunction with the Greater Sydney

Commission, transport agencies and councils, to inform strategic land use planning for the Western Sydney Priority Growth Area (including the proposed airport).

Employment land release

In 2016 there were 234 hectares of industrial zoned lands (IN1 General Industrial, IN2 Light Industrial, IN3 Heavy

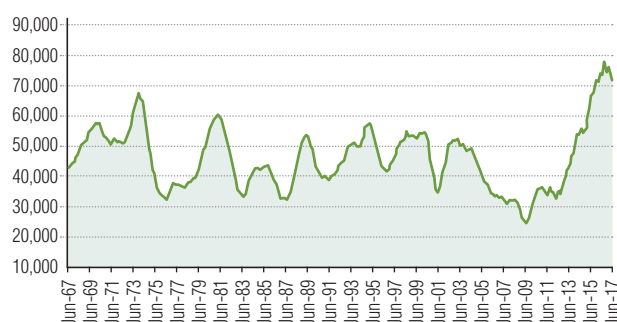
Industrial or IN4 Working Waterfront) added through rezonings in Employment Land Precincts across the Sydney metropolitan area. This included land at Moorebank (157 hectares), Mamre West (46.7 hectares) and Cudgegong Road Station (28 hectares).

Housing

NSW home approvals

Housing approvals in NSW continue at historic highs with 71,981 residential building approvals for the 2016-17 financial year. This was well above the State Priority target of 50,000 approvals every year. As at June 2017, approvals had been above this target for 42 consecutive months, longer than the previous record of 32 months between November 1997 and June 2000.

NSW Annual Housing Approvals June 1967 - June 2017

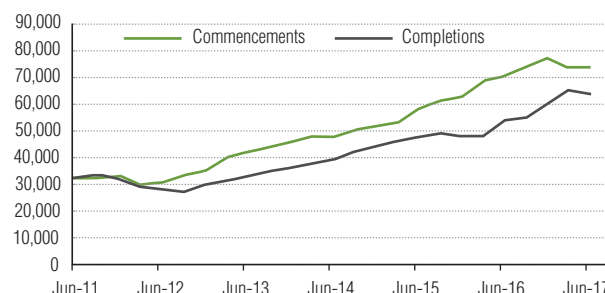


Source: ABS data from 1984 series 8731-001. Pre-1984 ABS data 8731-002.

NSW home commencements and completions

In 2016-17, 72,952 new homes were commenced in NSW and 63,446 were completed during this period. In both cases, this is more than double the corresponding figures for five years earlier, in 2011-12.

NSW Annual Housing Commencements and Completions June 2011 - June 2017



Source: ABS Series 87520034, 87520038

Housing land release

An update to the North West Priority Growth Area Land Use and Infrastructure Implementation Plan was released on 15 May 2017. The implementation plan provides a framework to facilitate the delivery of over 33,000 homes over the next 10 years and identifies the infrastructure needed to support this growth. It balances urban development opportunities and environmental constraints to recommend an urban structure for the Priority Growth Area that will continue to support new homes and jobs. When fully developed, the North West Priority Growth Area will accommodate approximately 90,000 homes. The Department is continuing to work with proponents, service providers and Blacktown City Council to prepare draft plans for the

A STRONG ECONOMY

Marsden Park North and West Schofields precincts, as well as Hawkesbury City Council for the Vineyard (Stage 1) precinct (draft plans were exhibited between 12 December 2016 and 28 February 2017).

The South West Priority Growth Area will deliver a further 85,000 homes by 2036.

Around 7000 homes are currently in various stages of approval and construction, providing a diversity of housing types to meet the needs of different households. The Department is currently finalising the Land Use and Infrastructure Implementation Plan for the area. It will ensure new homes and jobs created in the area are supported by infrastructure, including new roads, schools and open space.

The Department is also working on Leppington Town Centre and is coordinating investigations into parts of the Marylands and Lowes Creek Precincts under the Precinct Acceleration Protocol, which allows certain precincts to be brought forward at the developer's cost.

New Housing Code

In June 2017, the Department released the new simplified Housing Code, making it easier, cheaper and faster for homeowners to get an approval for building a single to two storey home or carrying out home renovations.

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

The new simplified Housing Code will 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.

Faster housing approvals

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.

To achieve the Premier's Priority target, the housing approvals project's focus is on three key streams of work:

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

Housing affordability

Increasing housing supply is a critical factor in the delivery of housing affordability.

Housing diversity

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 SEPPs to create a modern and easy to use planning system that supports faster and streamlined approvals by reducing red tape.

Medium density housing

The Department is working on exploring the potential to fast track the delivery of low rise medium density housing (dual occupancies, manor homes and terraces) as complying development. Low rise medium density housing provides more affordable housing stock through smaller homes on smaller lots that still provide all of the amenities of a single dwelling which can accommodate growing families.

Based on feedback received from the exhibition of a discussion paper recommending that low rise medium density housing (dual occupancies, manor homes, townhouses and terraces) be permitted as complying development, an Explanation of Intended Effect for a new Medium Density Housing Code and a draft design guide were exhibited from 12 October to 23 December 2016.

Design competition

During this period, a design competition was also held to promote and test the controls in the proposed Medium Density Housing Code and draft design guide and enable entrants to showcase their visions for the future of medium density housing in NSW.

On 10 April 2017, the Minister for Planning announced winners and runners up in the design competition at an event in Sydney. The Department received 111 entries across three medium density housing types: dual occupancy; multi-dwelling (terraces); and manor houses. (For further information on the awards, see our website (www.planning.nsw.gov.au))

Greenfield Housing Code

The Department exhibited a background paper – *A Review of Complying Development in Greenfield Areas* and an Explanation of Intended Effect for a new Greenfield Housing Code from 16 May to 7 July 2017.

The background paper addressed barriers to the take-up of complying development and the need to simplify fast-track approvals in greenfield areas.

The exhibition received 32 submissions. The key issues raised related to further simplifying the proposed development standards in the code. These issues will be considered during the ongoing development of the Greenfield Housing Code.

Office of Housing Coordination

The new Office of Housing Coordination was established as part of the NSW Government's housing affordability package announced in June 2017.

The Office will be responsible for ensuring high-level co-ordination and management of the delivery of housing supply initiatives across government and will support the NSW Government's mission to improve housing affordability by increasing housing supply.

Planning Panels

Overview

Planning Panels operate across NSW to provide independent, merit-based decision making on regionally significant development. The Panels may also have a role in planning proposals, to undertake rezoning reviews or to act as the relevant planning authority (RPA) when directed.

There are 10 Planning Panels in NSW. Six Sydney Planning Panels were established on 21 November 2016, replacing the two former metropolitan Joint Regional Planning Panels. There are four Joint Regional Planning Panels which have operated since July 2009.

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 2016-17, 273 public meetings were held by the Panels.

Development applications determined by the Planning Panels

In 2016-17 Planning Panels made 286 determinations with a capital investment value of \$10.94 billion.

In the last year before the commencement of the Panels, the state-wide average for assessment and determination of DAs by councils for DAs over \$20 million was 324 days.

By comparison, in 2016-17 the assessment time by councils for regionally significant DAs was 282 days for all classes of development and the average time taken to determine a DA by the Panels was 13 days resulting in a combined total of 295 days on average to assess and determine regionally significant DAs. This represents a time reduction of 29 days.

In their role as the RPA, the Panels completed five planning proposals during 2016-17 and were appointed as RPA for a further six proposals.

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DAs determined by Planning Panels

	2014-15	2015-16	2016-17
Sydney East Joint Regional Planning Panel (2009 - 2016)	116	136	39
Sydney West Joint Regional Planning Panel (2009 - 2016)	124	168	62
Sydney Central Planning Panel	-	-	24
Sydney North Planning Panel	-	-	20
Sydney South Planning Panel	-	-	13
Sydney South West Planning Panel	-	-	17
Sydney West Planning Panel	-	-	6
Sydney West Central Planning Panel	-	-	38
Northern Joint Regional Planning Panel	16	28	11
Southern Joint Regional Planning Panel	18	31	15
Hunter & Central Coast Joint Regional Planning Panel	18	30	31
Western Joint Regional Planning Panel	11	10	10
TOTAL	303	403	286

Value of approved DAs

	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)
Sydney East Joint Regional Planning Panel (2009 - 2016)	3,990	5,602	2,114
Sydney West Joint Regional Planning Panel (2009 - 2016)	4,803	7,184	3,060
Sydney Central Planning Panel	-	-	1,027
Sydney North Planning Panel	-	-	461
Sydney South Planning Panel	-	-	293
Sydney South West Planning Panel	-	-	414
Sydney West Planning Panel	-	-	53
Sydney West Central Planning Panel	-	-	2,276
Northern Joint Regional Planning Panel	190	319	122
Southern Joint Regional Planning Panel	438	605	246
Hunter & Central Coast Joint Regional Planning Panel	477	1,195	791
Western Joint Regional Planning Panel	81	111	81
TOTAL	9,979	15,016	10,938

Improvements to Policies, Guidelines and Processes

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. In 2016-17 the Infrastructure SEPP was reviewed, with a focus on improving provisions around social infrastructure including health services, justice facilities and emergency service and police service facilities.

Supporting Growth

Planning agreements to support growth

Planning agreements are used widely as a tool for delivering innovative or complex infrastructure outcomes in connection with development.

The Department consulted on a draft Voluntary Planning Agreements Policy Framework from November 2016 to January 2017. The Framework includes an updated Practice Note which will provide improved guidance to planning authorities and developers on the fundamental principles for planning agreements, the importance of strategic infrastructure planning and the procedures to be followed when entering into a voluntary planning agreement. It is expected that the final policy framework will be released in 2017.

Special Infrastructure Contributions

Special Infrastructure Contributions (SIC) are made by developers during the development process, to help fund regional infrastructure such as state and council owned regional roads, schools, health facilities, transport infrastructure (excluding rail), emergency services and regional open space and active transport facilities.

In 2016-17, \$90m in contributions were collected in Western Sydney, equating to about 450 hectares of developed land supporting the development of approximately 8,100 new homes. \$22m of this was delivered by industry as works-in-kind.

In 2016-17, the Department began preparing 12 new SIC plans to accompany the government's priority precinct program. This will ensure that infrastructure identified in the Department's Land Use and Infrastructure Implementation Plans for priority growth areas and precincts is funded.

By 2020 Special Infrastructure Contributions are forecast to be around \$250 million per year.

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.

As announced on 1 June 2017, the Local Infrastructure Growth Scheme will provide \$369 million to support the delivery of local infrastructure over the next three years.

All contributions plans will continue to be reviewed by IPART to ensure demand pressure on infrastructure costs continues to be considered.

Housing Acceleration Fund

The government has made funds available under the Housing Acceleration 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. It has already fast-tracked the delivery of more than 17,000 dwellings, with 28,000 more under construction or in the planning approval process.

During 2016-17, the Housing Acceleration Fund program made significant advances towards achieving its goal. It secured the allocation of \$33.9 million in funding towards four infrastructure projects and one prioritisation project, completed five final business cases for projects worth \$167.77 million, and completed one strategic business case worth \$140 million.

Office of Strategic Lands

The Minister for Planning is incorporated as 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, 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
- 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. 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.

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 2016-17, the sale of surplus land generated \$79.6 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 2016-17, OSL:

- acquired 11.5 hectares of land identified in planning instruments for regional open space, at a value of \$25.4 million. This included land in Blue Mountains, Blacktown, Canterbury Bankstown, Fairfield, Liverpool and Ryde Council areas
- transferred 81 hectares of regional open space to Western Sydney Parklands (see below)
- developed a Land Transfer Framework to facilitate the transfer of land for active and passive recreation purposes to councils in the Sydney Region
- OSL also funds significant planning priorities, including annual funding of the Metropolitan Greenspace Program. In 2016-17, this amounted to \$4 million.

Western Sydney Parklands

Over forty years ago, OSL began acquiring lands for a multipurpose special uses corridor centred on Eastern Creek in Western Sydney.

Western Sydney Parklands provide a diverse range of recreational, tourism and cultural learning experiences as well as sports and entertainment venues. Facilities include Bungarribee Park, urban farms, Wyle Mountain Bike Trail, Wet 'n' Wild, Skyline Drive-In and Sydney Dragway.

In 2008, OSL transferred 2092 hectares of land and the first allocation of \$50 million in capital funding to the newly established Western Sydney Parklands Trust. The Parklands stretch for 27 kilometres from Blacktown to Liverpool and are almost 25 times the size of Sydney's Centennial Park.

In 2016-17, OSL transferred to the Parklands an additional 81 hectares of regional open space with an original book value of \$45 million. These assets were revalued to \$19.1 million at the date of transfer to the Parklands.

OSL is continuing to acquire additional private lands within the parkland boundary on behalf of the Trust.

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 2016-17, the Department assessed 299 State Significant project applications, comprising 75 applications and 224 modification applications. These proposals have a combined capital investment value of nearly \$18.8 billion and could generate over 44,000 jobs.

Major Project Determinations – Breakdown by industry

Industry Group	Project Count	CIV \$m	Construction Jobs	Operational Jobs
Agriculture	1	*	1	*
Education, Health & Safety	37	2,305	4,001	5,003
Energy	17	1,458	718	53
Entertainment, Tourism & Recreation	13	1,056	2,243	326
Manufacturing	26	702	1,035	502
Mining	61	790	678	2,200
Residential & Commercial	43	89	380	368
State Significant Sites	46	1,496	4,292	13,090
Transport	36	10,630	5,197	3,414
Waste	17	275	300	375
Water, sewerage and telecommunications	2	*	*	*
Grand Total	299	18,801	18,845	25,332

* These projects are modification applications and as such no values have been attributed to these projects.

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 at halving the time taken to assess State Significant Projects while strengthening community engagement and maintaining high environmental standards.

Assessment timeframes

Steps taken to reduce assessment timeframes 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

A STRONG ECONOMY

- developing a framework for interagency engagement during the Department-led assessment process, supported by Department of Premier and Cabinet case managers to bring a whole-of-government focus to assessment of major development proposals
- working with senior officers from other agencies to resolve issues earlier in the assessment process
- better integration of commonwealth and state assessment processes
- new guidelines and assessment processes, including initiatives released under the Integrated Mining Policy.

At July 2017, the time taken to assess complex State Significant Projects that were reviewed and determined by the independent Planning Assessment Commission had reduced to 432 days from 688 days in November 2014. The time taken for all other State Significant applications had reduced to 163 days at July 2017, down from 298 days in November 2014.

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A Vibrant Sydney

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Introduction

Through robust and evidence-based strategic planning, the Department is planning for 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, whilst preserving Sydney's local character, unique environment and heritage.

Sydney Housing

Sydney region dwelling approvals

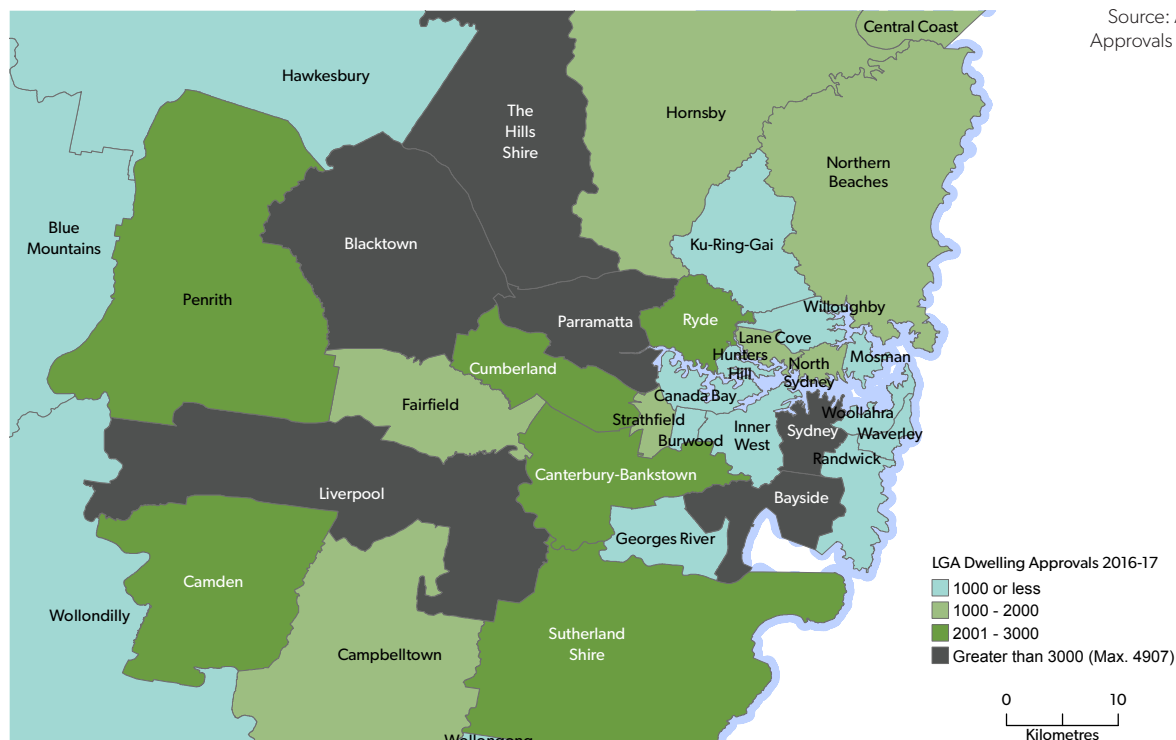
55,063 new homes were approved in Sydney in 2016-17 – remaining at the high levels of the previous financial year and more than double the number approved in 2011-12.

Top 10 Sydney region approvals by LGA 2016-17

LGA	Approvals
Sydney	4,907
Blacktown	4,318
Liverpool	4,195
Parramatta	3,832
The Hills Shire	3,662
Bayside	3,407
Camden	2,839
Canterbury-Bankstown	2,699
Sutherland Shire	2,661
Penrith	2,629

Source: ABS Dwelling Approvals LGA data cube

Map of Sydney Approvals by LGA



Sydney dwelling completions

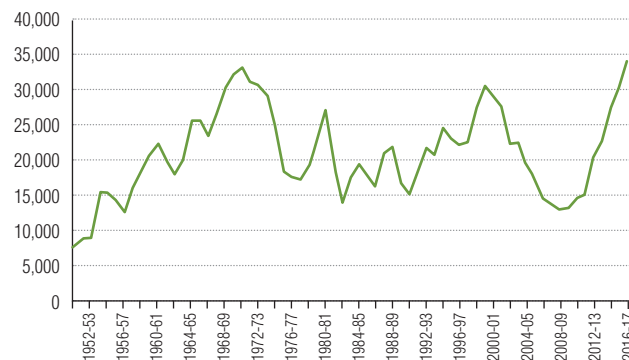
The number of new homes completed in Sydney hit a new high with 34,091 new homes completed in 2016-17. This is the highest ever recorded for a financial year and up 13 per cent since 2015-16. Completions remain strong due to record levels of construction activity.

Sydney Dwelling Completions Top 10 Sydney region completions by LGA 2016-17

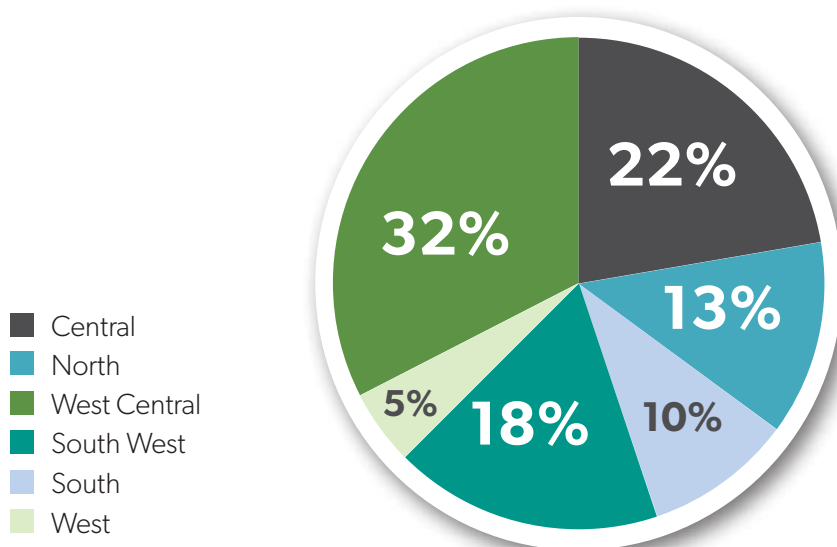
LGA	Completions
Parramatta	4,392
Blacktown	3,000
Bayside	2,423
Camden	2,205
Canterbury-Bankstown	2,134
Sydney	1,911
Cumberland	1,910
Liverpool	1,821
The Hills Shire	1,793
Campbelltown	1,391

Source: DPE Metropolitan Housing Monitor.

Sydney Metro Completions



Sydney District Dwelling Completions 2016-17



Sydney Housing Supply Forecast

In 2016 the Department released the Sydney Housing Supply Forecast which provides information on where, when, and how many new homes are likely to be built. The forecasts are used across government to inform infrastructure planning and service delivery to support new housing development. They also inform decisions on future land use zoning to ensure adequate levels of new housing supply are maintained.

The Department forecasts the construction of 184,300 new homes in Sydney in the next five years, based on current programs and initiatives. This is a 59 per cent increase or an extra 68,600 new homes compared with the last five years where 115,700 new homes were completed.

This high level of new home construction comes on the back of record housing approvals and commencements, a strong economy, high levels of population growth, a booming housing market, and record low interest rates.

Unlocking new housing release areas

Greater Macarthur Land Release Update

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.

Between 29 July and 7 September 2016, the Department consulted on the new area, including the proposed boundary. The area has the potential to provide up to 57,000 homes from both infill development and new land release areas, which would meet local demand for housing well beyond 2036. The land release proposals in Greater Macarthur will use cleared land as far as possible, and will provide environmental corridors to protect biodiversity, healthy waterways and the movement of koalas.

The Department is currently finalising the Greater Macarthur Land Use and Infrastructure Implementation Plan. The Department is also working with Campbelltown City Council, state agencies and lead proponent developments to refine a transport strategy that defines the upgrades required to support urban development in the Priority Growth Area.

Enhancing Communities

Priority precincts

Priority urban renewal precincts

Between 10 October and 15 November 2016, the Department, in partnership with the Sydney Olympic Park Authority, consulted on the review of the Sydney Olympic Park Master Plan 2030 and proposed amendments to the State Environmental Planning Policy (State Significant Precincts) 2005. The draft package proposed an additional 10,000 homes and aims to promote the evolution of Sydney Olympic Park into an active, vibrant area on a 24 hour, 7 days a week basis.

In collaboration with Bayside Council, the Department developed a draft Land Use and Infrastructure Strategy for the Bayside West Precincts. This area includes the Arncliffe Precinct, Banksia Precinct and the Cooks Cove Precinct. The draft strategy and draft rezoning proposal were exhibited between 27 November 2016 and 28 February 2017. In total, almost 200 submissions were received during exhibition. The Department also received almost 900 responses to an online survey that was released to seek feedback from the community about the plans. The Bayside West Precincts have the potential to provide for more than 10,000 homes by 2036 in a high-quality living environment with good access to transport, new areas of open spaces, employment and services. More than 4400 new jobs are expected to be generated through the reinvigoration of the Arncliffe and Banksia town centres, including retail opportunities along the Princes Highway.

Fifteen new Priority Precincts were announced as part of the government's housing affordability package in June 2017. One of the most effective measures in addressing housing affordability is by increasing supply. The full list of precincts are: Belmore / Lakemba; Burwood / Strathfield / Homebush; Campsie / Canterbury; Cherrybrook; Frenchs Forest; Glenfield; Leppington Town Centre; Anzac Parade; Riverwood; Schofields Town Centre; Seven Hills; St Leonards / Crows Nest; Telopea; Turrella / Bardwell Park; and Wentworthville / Westmead.

Community values surveys were done for a number of precincts to understand the local issues that were important to the community.

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 co-ordinate future land use changes and the delivery of infrastructure to support the corridor's long-term growth potential.

Throughout the year, the Department prepared corridor strategies for exhibition including the revised Sydenham to Bankstown Urban Renewal Corridor Strategy (June 2017).

Precinct Support Funding

Government has approved \$100 million in funding to help councils involved in Priority Precincts deliver local community related infrastructure in urban renewal areas. The Department administers this program and, together with councils, engages with the community to understand their preferences for local infrastructure that should be funded under this scheme. During the year the Department negotiated an agreement with the City of Ryde to fund the acquisition of land and embellishment of parkland near Macquarie University. The Department started negotiations on further agreements with Parramatta City Council and Bayside West Council.

Supporting communities through state infrastructure

Transport infrastructure

The Department assessed and determined the Sydney Metro Chatswood to Sydenham Project, which comprises approximately 15 kilometres of twin tunnels between Mowbray Road, Chatswood and north of Sydenham Station; new metro stations at Crows Nest, Victoria Cross (North Sydney), Barangaroo, Martin Place, Pitt Street, Waterloo and a new underground platform at Central Station.

Social infrastructure

Health and education facilities are critical to the functioning and growing of vibrant communities.

The Department's assessment and determination of seven SSD applications for metropolitan universities and three public and private school SSD projects ensured that the development of these facilities can be progressed to meet the growing demand for education in Sydney.

The Department has also assessed six SSD applications for various health facilities, which will result in the delivery of new and updated facilities across the Sydney metropolitan area. This included a new Forensics Pathology and Coroners Court and Stage 2 of the redevelopment of Blacktown Hospital.

These social infrastructure projects within metropolitan Sydney that have been determined include:

- Education infrastructure
 - University of Sydney buildings
 - UTS Blackfriars and Broadway Precincts
 - University of New South Wales buildings
 - Parramatta Public, Arthur Phillip High School Redevelopment (Government) and O'Connell Street Public School, Parramatta
- Hospital infrastructure
 - Forensic Pathology and Coroners Court
 - RPA Multistorey Carpark
 - Blacktown Hospital Stage 2
 - Westmead Central Acute Services Building
 - Northside Mental Health Facility.

Office of the Government Architect

The Government Architect NSW (GANSW) holds a unique position in government, being expert in design thinking and processes, while being tasked with making the connection between government priorities and industry expertise.

In 2016-17 GANSW developed the first NSW design policy *Better Placed*: an integrated design policy for the built environment of NSW. *Better Placed* was launched in August 2017, and enables effective design processes to be established and supported in the planning system.

In conjunction with the development of *Better Placed*, a draft policy *Greener Places*: an Urban Green Infrastructure Policy for NSW was also developed. The draft policy advocates for green infrastructure as essential infrastructure that needs to be strategically planned, designed and managed to support a good quality of life in an urban environment. The *Greener Places* policy will be put on public exhibition in 2017-18.

GANSW began on the Regional Urban Design Guidelines, continuing the collaborative approach in the Department. These guidelines focus on providing relevant urban design support to NSW's regions, with an emphasis on creating healthy built environments.

GANSW also supports design outcomes for local councils such as Parramatta, Penrith and Newcastle, through its delegated authority for design excellence in these areas.

GANSW has continued to support and promote design excellence through the Design Advisory Services and design review roles. Throughout the year, it has provided support and advice on a broad range of State Significant Projects, including schools, university buildings, infrastructure projects such as light rail, roads and metro and associated over station developments and large-scale commercial projects.

A VIBRANT SYDNEY

The Government Architect, Peter Poulet, sits on a range of panels, including the Central Sydney Planning Panel, the City of Sydney Design Advisory Panel, and the Sydney Opera House Eminent Architect's Panel. Peter also chairs the Metro

City and South West Design Review Panel, and a range of other infrastructure panels, supporting our state's delivery of infrastructure and urban renewal.

Chief Planner

Chief Planner Gary White provides strategic planning advice and manages stakeholder relationships across NSW Government, local government and industry. The Chief Planner plays a key interface role between the Department and its stakeholders.

The Chief Planner's role encompasses:

- providing strategic advice on the current and future planning environment of NSW
- addressing planning challenges facing the Department, local government and industry
- strategically leading the delivery of regional planning, master planning, corridor and precinct planning
- developing and maintaining the Department's strong relationship with local government across NSW and external stakeholders who deliver many planning outcomes

- representing the Department as a key note speaker and presenter at national and state conferences, local government events, academic forums, and industry events
- provide expert planning advice on issues as required by different parts of the Department.

The Chief Planner represents the Secretary on the Central City Planning Committee and the Heritage Council of NSW. He also chairs the Retail Expert Advisory Committee and the Council Stakeholder Panel, as well as being a member of:

- the EP&A Regulation Review Steering Committee
- the Greater Sydney Commission's Strategic Planning Committee.



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Thriving Regions

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Introduction

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
- 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

Finalising delivery of all regional plans for NSW

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

The Department released five of the nine regional plans in 2016-17:

- Hunter
- Central Coast
- Riverina Murray
- North Coast
- Central West and Orana.



In 2016-17, the Department also consulted on draft regional plans for South East and Tablelands, Far West and New England North West.

Regional plan implementation program

With the release of the remaining regional plans in 2017-18, the whole of NSW will be covered by a strategic regional land use plan for the first time. The Department will focus resources on the implementation of the regional plans.

Delivery, coordination and monitoring committees

A requirement under each regional plan is the establishment of a delivery, coordination and monitoring committee. Each committee includes relevant state agency and council members and is organised and chaired by the Department.

The Illawarra-Shoalhaven Coordinating and Monitoring Committee is in its second year of operation. The inaugural meetings of the delivery, coordination and monitoring committees for the North Coast, Riverina Murray, New England North West, South East and Tablelands, Central West and Orana, and Far West regions are scheduled to occur in September, October and November 2017. The first meetings will focus on governance and coordination of the committees.

Priority actions

Priority actions were identified in the implementation plans released with each regional plan. The Department will be focused on delivering these priority actions with local councils.

Annual monitoring report

An annual monitoring report will be prepared to monitor progress and implementation of the regional plans. This will report progress on goals, directions and actions with a focus on priorities that have been agreed by the committees. It will also list achievements and important regional highlights from the year. Implementation priorities will be revised and a new program for work will be identified for each subsequent year.

Local planning program

In 2016-17, 354 planning proposals were lodged with the Department. The Department issued 352 Gateway determinations allowing planning proposals to proceed to public exhibition and the next stages of approval. Ninety five per cent of routine Gateway determinations were issued within 20 days of lodgement.

There were 280 LEPs finalised during 2016-17. Of these, 90 (representing 32 per cent) were made by the Department or the Minister for Planning and 188 (representing 68 per cent) were made by councils as the delegate for the Minister.

LEP plan making 2016-17

Planning proposals received	354
Gateway determinations issued	352
Percentage routine Gateway determinations issued within 20 days	95%
LEPs finalised	278
LEPs finalised by councils	188
Percentage LEPs finalised by councils	68%

Potential for dwellings and jobs resulting from local environmental plans made in 2016-2017

Region	Potential dwellings	Potential jobs
Sydney Region East	13,318	2,542
Sydney Region West	12,107	3,647
Total metropolitan area	25,425	6,189
Northern	1,708	390
Western	288	153
Hunter / Central Coast	186	1,090
Southern	2,322	10
Total regional NSW	4,504	1,643
TOTAL NSW	29,929	7,832

Rezoning reviews

To address community concerns relating to the former pre-Gateway review process, in September 2016 the government introduced the new rezoning review process which is independent, transparent and faster than the previous process. A strengthened strategic merit test was introduced to ensure that rezonings which are to proceed exhibit clear strategic merit.

Since the new rezoning review process commenced on 1 September 2016 (up to 30 June 2017), the Department has received 27 rezoning review requests. Twenty two rezoning reviews have been completed since the introduction of the new system, of which six demonstrated sufficient merit to allow a planning proposal to be submitted to the Department for Gateway consideration.

All rezoning review requests have been completed within the 90-day benchmark timeframe, down from an average of 167 days for pre-Gateway reviews.

The Department will continue to monitor the rezoning review process.

Stronger Community Participation

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Introduction

The Department ran almost 200 consultations in the 2016-17 financial year to help shape policies, plans and programs.

The Department engaged with communities and stakeholders in a range of ways including:

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

During the financial year, more than 6000 community members and stakeholders attended our workshops and public meetings, our social media campaigns garnered more than 16 million impressions, and more than 8000 survey responses were received.

Stakeholder Engagement Actions

Engagement with planning professionals, councils, community groups, industry groups and other government agencies helps us to devise well-considered and coordinated policies, plans and assessments.

Following feedback, the Department has made it a priority to engage earlier, so that we reach interested parties in the right way and at the right time.

As well as our almost 200 public meetings and stakeholder workshops, the Department has improved engagement through presentations at events, participation in online surveys, and increased digital communications and advertising, including email newsletters and social media.

Resources and Energy community consultation

After 1 April 2017, the community liaison officers from Resources and Energy Division and publications officers from the Resources Regulator joined the Communication and Government Services Branch.

An immediate task was the conception and execution of the gas retail price deregulation campaign which impacted approximately 190,000 residents across NSW, to communicate an important change to their gas supply options.

Culturally and linguistically diverse outreach

Recognising the diversity of culture across NSW, the Department has stepped up its commitment to culturally and linguistically diverse outreach (CALD).

As part of engagement and communications planning, the Department now ensures that translation services are available and provides translated content when required. Translated content is always a key part of large scale engagement activities.

One example is the exhibition of Bayside West, which had 28 per cent of the digital media budget earmarked for CALD audiences with engagement weighted towards the most common community languages, including Macedonian, Arabic, Bengali, Mandarin and Greek. The team also spent 30 per cent of their social media advertising budget on translated paid Facebook ads.

In 2017, the Department allocated additional funding to translating content for current and upcoming plans and policies, including the Sydenham to Bankstown urban renewal draft plan, the launch of the Greater Newcastle Metropolitan Plan and the Complying Development Pathway. In each of these areas, we've produced translated collateral for five community languages relevant to each area.

State Significant Development and State Significant Infrastructure

In 2016-17, 96 state significant development and infrastructure proposals were exhibited for feedback. By working with affected communities and stakeholders, the Department is well positioned to make better informed decisions and recommendations on major NSW projects.

Updated Community Consultative Committee Guidelines

Community Consultative Committees play an important role in facilitating community engagement on State Significant Projects. They provide a forum for discussion between a proponent and representatives of the community. Updated Community Consultative Committee Guidelines for State Significant Projects were released in November 2016. The guidelines clarify the roles and responsibilities of Community Consultative Committees to help these committees operate effectively, and increase the maximum number of community members from five to seven.

Social Impact Assessment Guideline for State Significant Resource Projects

In 2016-17 we consulted widely on the development of the Social Impact Assessment (SIA) Guideline for State Significant Resources Projects (mining, petroleum production, and extractive industry development).

The guideline recognises that respectful, inclusive and meaningful engagement with potentially affected people is fundamental to understanding social impacts.

We sought advice from environment, community, industry, academic and local government organisations. A series of roundtable discussions were held with local representatives in eight resource communities across NSW, allowing us to hear and learn how social impacts are currently assessed and managed.

We tested new ideas and approaches with academics and impact assessment professionals to give us a better sense of how the guideline might be used in practice.

The guideline will be completed in late 2017, when public information and discussion sessions will be held. These sessions will allow us to continue the conversation with communities and show how previous feedback has shaped the project.

The Sydenham to Bankstown Urban Renewal Corridor Strategy – a Case Study in Community Engagement

More than 2000 members of the community had their say on the revised strategy to revitalise the 11 station precincts from Sydenham to Bankstown.

The revised strategy is a vision for renewing town centres around stations across the corridor, and responds to local community views and concerns about the loss of local character, the need for good design, quality open space and community facilities.

The Department is currently reviewing the submissions and the community feedback, which will help to prepare the final strategy.

The Department's engagement plan included:

- hosting community drop-in information sessions and community group meetings across the corridor, which over 600 community members and stakeholders attended
- an online survey, with more than 900 responses
- a letterbox drop to more than 67,000 homes along the corridor to make the community aware the revised strategy was on exhibition

STRONGER COMMUNITY PARTICIPATION

- 5500 postcards with information about the exhibition handed out at every train station along the corridor
- brochures translated into four key languages – Greek, Chinese, Arabic and Vietnamese
- providing exhibition documents for viewing at local councils, customer service centres and libraries
- ongoing email communications and updates.

The changes made following exhibition of the 2015 Draft Strategy and community workshops included:

- identified areas where public domain improvements could be carried out, and identified improved pedestrian and cycle connections across the Station Precincts and to open space
- applied transition edges to create a sensitive interface with low density areas and heritage items within Hurlstone Park, Canterbury, Campsie, Lakemba and Bankstown Station Precincts
- retained more streets for low-density housing in a number of precincts, retaining existing character
- retained areas identified as potential Heritage Conservation Areas for low density housing.

Community consultation strategy

Sydenham to Bankstown
11 station precincts
across 13.5km



Online Services

Planning Portal

The Planning Portal marks a significant step for planning in NSW. In time, the introduction of online lodgment via the Planning Portal will make the planning system simpler, more transparent and easier to use.

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

- advice and guidance on the planning system in NSW
- information about land based constraints for properties and lots across NSW
- access to maps, documents, development control plans, contribution plans and Environmental Planning Instruments.

To facilitate the introduction of online lodgement, proposed changes to the *Environmental Planning and Assessment Regulation 2000* were exhibited in February and March 2017. The proposed changes included:

- standardising the application form and documents required to lodge applications for development
- replacing written consent with legally enforced declarations by applicants that they have permission from land owners to submit a development application
- introducing new requirements for making and exhibiting Development Control Plans and Contribution Plans (financial contributions from developers towards infrastructure costs).

The submissions received informed the recommendations being considered.

The Portal has been designed to complement Departmental initiatives such as the simplified Housing Code, the Greenfield Housing Code, the Inland Code, the One Stop Shop for concurrences and referrals and major projects.

New Building Sustainability Index (BASIX) Targets

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.

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 more than \$50,000.

Since the introduction of energy consumption and water savings targets in July 2004, over 320,000 homes have been constructed across the state which are compliant with BASIX targets. Collectively those 320,000 homes are estimated to have:

- saved 176,150 Mega litres of potable water
- reduced CO2 emissions by 4,467 kilo tonnes.

This is equivalent to planting over 15 million trees to offset CO², and saving enough water to fill the Nepean Reservoir.

On 1 July 2017, the BASIX energy targets will increase and the thermal comfort requirements will also change. Energy bill savings are expected to deliver around \$155 per household every year for the next 30 years.

National Construction Code

The Department worked with other jurisdictions through the Australian Building Codes Board (ABCB) on a number of major proposals to amend and reform the National Construction Code (NCC). Following stakeholder consultation and final endorsement by jurisdictions, these amendments will be introduced into the NCC in 2017-18 and 2018-19.

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.



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A Sustainable Natural Environment

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Introduction

The Department plays an important role in protecting the environment and our natural assets. The Department achieves this through its work in determining development proposals to minimise the impact of development on the environment, by planning to ensure adequate open and green spaces in NSW communities and through planning for more resilient urban areas, with infrastructure and housing appropriate to our varied natural hazards.

The Department also contributes to protecting our environment by:

- monitoring and regulating project approvals, undertaking compliance activities and investigations, and taking appropriate action where breaches occur
- sustainably managing our natural assets and minimising the impact of development on water and air quality and biodiversity.

In 2016-17, the Department has continued to increase compliance and enforcement resources and activities, to respond to issues more quickly and undertakes its compliance functions in a more proactive and strategic way.

The Department has also contributed to a sustainable environment through its work around the assessment and delivery of renewable energy projects. Highlights include the release of a new wind energy policy framework and development of solar energy guidelines to inform the assessment of large-scale solar energy projects.

These and other achievements are outlined in this chapter.

Compliance and Enforcement Activities

Compliance activities completed

In 2016-17, the Department conducted over 900 inspections of State Significant Projects. These inspections provided the opportunity to increase proponents' awareness of their obligations, engage with community members and liaise with local councils and other stakeholders. The Department also investigated over 600 complaints which resulted in a larger number of investigations than in the previous year.

As a result of the increased numbers of inspections and investigations in 2016-17, the Department issued 82 penalty notices totalling more than \$1 million. The maximum amount payable for on-the-spot penalties is \$15,000.

A SUSTAINABLE NATURAL ENVIRONMENT

A breakdown of compliance activities and enforcement is provided in the table below.

COMPLIANCE ACTIVITIES	2016-17
Inspections and surveillance carried out	917
Investigations completed	295
Complaints investigated	633
Review of compliance documents	388
Education/Engagement activities	199
Total compliance	2432
ENFORCEMENT ACTIVITIES	2016-17
Prosecutions	2
Penalty notices	82
Orders	14
Official cautions	69
Total enforcement	167

Finalised prosecutions

Charbon Coal

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

AGL

In December 2015, the Department commenced a prosecution against AGL for failing to disclose its political donations, as required, in relation to 11 of its planning applications. AGL pleaded guilty to all 11 charges in February 2016. AGL was fined \$124,000 by the Land and Environment Court in January 2017.

Current prosecutions and civil enforcement

Shoalhaven Starches

On 22 June 2017, the Department filed eight charges in the Land and Environment Court against Shoalhaven Starches Pty Ltd for failing to disclose donations by directors with a financial interest in the applications. Shoalhaven Starches has pleaded guilty to five of the eight charges, and the Department has withdrawn the remaining three charges. The five remaining charges will be set down for hearing in 2018.

Leda Manorstead

On 21 June 2017, the Department filed seven charges against Leda Manorstead Pty Ltd for carrying out development at Cobaki Estate in contravention of its conditions of approval. The matters will be set down for hearing in 2018.

Strategic audit activities

In 2016, the Department and the EPA jointly commissioned Katestone Environmental Pty Ltd to assess compliance with air quality management conditions at the Maules Creek mine and to undertake a best practice benchmarking study for the mine.

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

Education and engagement

Peak bodies, proponent and special interest groups

The Department separately met with 28 local councils to promote the Department's compliance role and discuss concerns regarding major projects and to otherwise share regulatory information.

During the year the Department also met with various industry peak bodies to improve their understanding of the Department's compliance role on major projects and to assist in ensuring compliance by their members.

The Department regularly attends Community Consultative Committee meetings for different major projects.

Sustaining our Environment

Assessment of renewable energy projects

Wind and solar energy play an increasingly important role in providing NSW with clean renewable energy.

The NSW Government has an aspirational long-term objective of achieving zero net emissions by 2050, and is committed to supporting the Commonwealth Government achieve the national Renewable Energy Target.

The NSW Government has a Renewable Energy Action Plan to support its vision for a secure, reliable, affordable and clean energy future for NSW, which includes attracting renewable energy investment and building community support for renewable energy.

Wind energy

NSW leads the nation in renewable energy development, with a total of 23 approved wind projects in NSW, including seven operational and four under construction.

In 2016-17 the Department approved two new wind projects with a total capacity of 400 megawatts. These projects have a combined capital investment value of over \$800 million, generating over 300 construction jobs and around 20 operation jobs.

The Department also approved seven modification applications for wind projects this year, including modifications to increase the capacity of approved projects or change the location of approved turbines.

A further eight wind projects are in the assessment process, with an estimated capacity of up to 3300 megawatts, enough to power 1,608,000 homes.

Wind energy policy framework

A new wind energy policy framework was 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 was finalised in December 2016.

The framework provides clear and consistent guidance on how to assess the key technical areas unique to wind farms, specifically visual and noise impacts.

The implementation of the Wind Energy Framework is already driving improved outcomes for the community

through better siting and design, and its ongoing implementation will support the continued growth of the industry in NSW.

Solar energy

NSW is also leading the way in solar energy development, with a total of 17 approved solar projects, with three operational and five under construction.

In 2016-17, the Department approved two new large-scale solar projects, including a 200 megawatts project that would be twice the size of the largest solar farm in the Southern Hemisphere. The two approved with a total of 270 megawatts. These projects have a combined capital investment value of over \$405 million, generating over 350 construction jobs.

The Department also approved four modifications applications and issued Environmental Assessment Requirements for 14 proposed projects.

There are now a total of 21 solar energy projects within the Department's assessment process. These solar energy projects would have the combined capacity of up to 3087 megawatts, enough to power 1,155,000 homes.

Solar energy framework

The central, northern and western regions of NSW have high average global solar exposure, low population densities and abundant open space, which are ideal for expanding the state's large-scale solar electricity industry.

The combination of NSW having some of the best solar resources in the world, coupled with the reduction in costs of solar photovoltaic systems in recent years, has resulted in a surge in the number of applications for large-scale solar projects lodged with the Department.

The Department is developing a Solar Energy Guideline to provide the community, industry and regulators with guidance on the planning framework for the assessment of large-scale solar projects.

These guidelines will identify the key planning considerations relevant to solar energy development in NSW and will assist stakeholders in the design and siting.

The guideline will also guide the assessment, evaluation and determination of solar energy development proposals, and, where approved, their construction and operation.

New Department Divisions

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Introduction

On 1 April 2017, machinery of government changes brought Energy, Metropolitan Water, Arts and Culture, and Resources and Geoscience into the Planning and Environment cluster. In addition, the position of Coordinator General of the Central Coast was appointed, and a Central Coast Coordination and Resources Regulatory Division was created in the cluster.

Energy, Water and Portfolio Strategy Division

The NSW Government is committed to securing reliable, affordable and clean energy and water resources for NSW.

The Energy, Water & Portfolio Strategy Division sits within the Department, and in addition to energy and water, has responsibility for housing affordability programs across the Department.

Energy

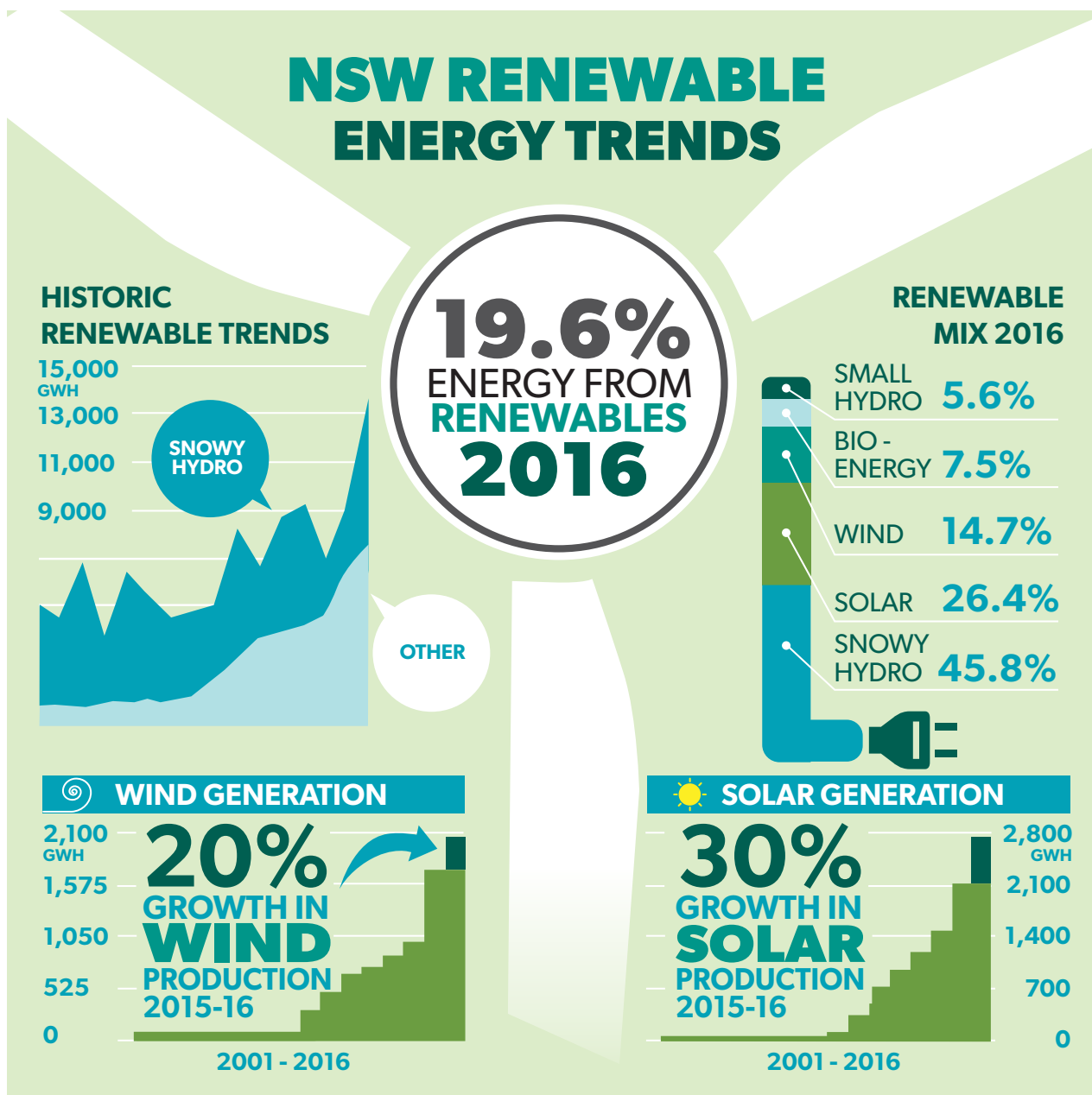
The Energy, Water & Portfolio Strategy Division is responsible for administering the government's energy rebates program, which provides financial assistance to more than 800,000 households each year across six rebates. One of these rebates, the Energy Accounts Payment Assistance (EAPA) is delivered in partnership with close to 340 community organisations to reach the most vulnerable in our community. The digital EAPA program was finalised this year, which ensures payments can be made more efficiently.

The Division supported implementation of the government's commitment to deregulate retail gas prices on 1 July 2017. More than 8 in 10 households have already switched away from regulated tariffs. The benefits of retail gas price deregulation are more competition and choice of retailers, and increased opportunity to save on bills.

Early in 2017, the Minister established the NSW Energy Security Taskforce. The taskforce released its initial report in May 2017, with the final report to be delivered in late 2017. After an initial scoping of the problem, the taskforce determined that its most urgent task was to advise on issues that need to be planned for immediately to ensure that NSW is well prepared to deal with any possible energy incidents during the 2017-18 summer.

The Division has been working across government and in partnership with both industry participants and regulators to implement the intent of the recommendations, which focus on leadership in the Council of Australian Government's (COAG) Energy Council, fuel availability, and prevention and preparedness for the short-term risks associated with peak demand periods.

The Division is implementing a considerable work program to strengthen the link between energy and emergency management, improved communications during energy emergencies, and demand management strategies. This includes NSW participation in the \$15m Australian Renewable Energy Authority (ARENA)



Demand Response Program (an initiative to manage electricity supply during extreme demand peaks).

A key responsibility of the Division is to support the NSW Minister's participation in the COAG Energy Council. Following the delivery of the Finkel Review to COAG leaders on 9 June 2017, energy ministers have agreed on a timeline to implement 49 of the 50 recommendations. Actions taken by the Energy Council are aiming to deliver the outcomes of increased security, future reliability, rewarding consumers and lower emissions through an orderly transition, system planning and stronger governance.

The Renewable Energy Advocate is a key strength in NSW's activities to support the transition to a lower emissions energy market. The Advocate works across industry, communities and governments to address unreasonable barriers to the growth of renewable energy in NSW, and implements the Renewable Energy Action Plan. NSW administers the national GreenPower program, which aims to increase investment in renewable energy. The Division also works in partnership with the Office of Environment and Heritage to deliver the Energy Efficiency Action Plan.

In June 2017, the Division released renewable energy generation figures for 2016 which showed strong growth in renewables including the highest contribution to our energy supply mix on record.

Water

In early 2017, the Minister released the 2017 Metropolitan Water Plan for Greater Sydney. It is the NSW Government's plan to ensure there is sufficient water to meet the needs of the people and environment of the Greater Sydney region, now and for the future.

The plan is structured around the following outcomes: a water supply that is secure and affordable; a water supply system that is resilient to stresses and shocks; more liveable

and resilient urban communities; and rivers downstream from dams that are healthy.

Key components of the plan being implemented by the Division include changes to the Sydney Desalination Plant operating rules, establishment of the \$7million WaterSmart Cities Program, introduction of variable environment flows from the Warragamba Dam into the Hawkesbury-Nepean River, and reviewing supply and demand management options with Sydney Water and WaterNSW.

The Division is also responsible for Water Industry Competition licencing with IPART. The WIC Act 2006 establishes access and licensing regimes for private companies supplying drinking water, recycled water and wastewater services. Currently there are 17 schemes and 30 licences.

Resources and Geoscience Division

The mineral and energy resource industry is a major employer, particularly in regional NSW, with 27,000 direct and 110,000 indirect employees. Through the provision of precompetitive geoscientific information, the Division of Resources and Geoscience (DRG) contributes towards the discovery of the new resources that are required to sustain this important industry.

NSW is fortunate to have a range of world class coal, gas and mineral deposits, including gold, copper, lead, silver, zinc and mineral sands.

DRG facilitates and regulates the safe and sustainable use of and access to the state's mineral and energy resources for the benefit of the people of NSW. With over 200 staff with expertise in a range of fields including geoscience, environmental science, engineering and policy, among others, the Division contributes to the resources knowledge of the NSW Government, industry and the community.

The four key pillars of DRG are:

- Resources Policy: driving regulatory reform and ensuring the regulatory framework reflects the expectation of the community and supports balanced, sustainable and competitive outcomes.
- Titles Administration: providing efficient and effective allocation and administration of authorities (titles) for the safe and sustainable development of resources.

- Rehabilitation: administration of environmental security bonds, the remediation of legacy sites and the rehabilitation of current exploration or mining activities in line with global best practice.
- Geological Survey of NSW: collection, synthesis and delivery of geological, geospatial, geochemical and geophysical data to inform government, industry and the community.

Key achievements

Ancillary mining activities legislative changes

The Division led work regarding the *Mining and Petroleum Legislation Amendment Bill 2017* (the Bill) which commenced on 27 June 2017. These amendments clarified the existing regulatory framework and established a new streamlined pathway for regulating ancillary mining activities, while still maintaining strict environmental protections. Ancillary mining activities are activities, facilities and infrastructure used to directly facilitate mining operations. Examples include tailings dams and stockpiles of displaced soil removed as a result of the mining process. These legislative changes were made in consultation with key industry and landholder stakeholders, and are supported by new guidelines published on the Division's website.

From November 2017, all operators of ancillary mining activities that are in the immediate vicinity of, and directly facilitate, a mining operation must have applied to have

NEW DEPARTMENT DIVISIONS

their activities regulated and be on a mining lease. The recent legislative changes will ensure that the impacts of ancillary mining activities are appropriately regulated and subject to the requirements to provide a security deposit and meet rehabilitation obligations. The changes reduce red tape for industry without relaxing regulatory requirements, by enabling companies to manage ancillary activities either by a separate title or as a condition on their existing mining lease.

The bill also introduces stronger penalties for the offence of providing false or misleading information. Penalties will also apply to titleholders who allow their agents to knowingly or recklessly provide false or misleading information in connection with the holder's authorisation. Other minor changes were made to improve the enforceable undertakings framework and streamline titles administration.

The Sharing and Enabling Environment (SEED) Portal

SEED is an online portal that provides a central, trusted source of environmental data in NSW and enables the community to engage with this data. SEED was developed in cross-government collaboration between the former Division of Resources and Energy (DRE) within NSW Department of Industry, the NSW Department of Finance, Services and Innovation (DFSI) and the Office of Environment and Heritage (OEH). The resources functions of DRE were transferred to DRG within the Department of Planning and Environment on 1 April 2017.

Following initial project delivery in late 2016, custodianship of SEED was transferred to OEH on behalf of the NSW Government. Nevertheless, SEED's success has been acknowledged by winning three NSW State iAwards (Australian Information Industry Association) in June 2017.

Strategic Release Framework commencing in Far West NSW

In June 2017, the NSW Government announced it was taking responsible steps to increase conventional gas exploration in NSW by implementing the Strategic Release Framework in the NSW Gas Plan. As part of this announcement, lands in the far west of NSW were earmarked as the first areas for investigation and for community consultation by the Advisory Body for Strategic Release, under the supervision of Interim Chair Professor Mary O'Kane, NSW Chief Scientist and Engineer. This, in conjunction with the NSW Gas Plan, which was completed in 2016, will set NSW on the path to establishing a safe, sustainable gas industry – one which can secure gas supplies for NSW households, businesses and beyond.

Launch of new Rehabilitation Cost Estimate Tool

DRG leads the Rehabilitation Reform Project which is designed to improve rehabilitation outcomes and the effectiveness of the mine rehabilitation framework by progressing operational reforms across mining leases. The project's main aim is to improve on-ground performance of mine rehabilitation in NSW. The implementation of best-practice mine site rehabilitation is critical to ensuring NSW has an environmentally sustainable and socially acceptable minerals industry.

On 1 June 2017, the Division launched a new Rehabilitation Cost Estimate (RCE) Tool - a significant milestone for the Project. The objective of the new RCE Tool is to provide exploration, mining and petroleum operators with improved guidance for calculating an appropriate RCE for their operations by assisting in the assessment and quantification of rehabilitation risks and liabilities. Mining and exploration authority holders are required to submit a RCE whenever a potential change in rehabilitation liability occurs and at other key points throughout the tenure of an authority. By regularly reviewing security deposits, DRG can be confident that the government holds adequate security to cover rehabilitation liabilities in the event that an authority holder defaults on their rehabilitation obligations.

NSW Seamless Geology Project

The Central West region was added to the NSW Seamless Geology project, which means that 3/4 of the state is now covered by this project, which brings together the best available mapping into a single seamless geodatabase. The project will be completed by July 2018, and will then be used as the basis for many geological applications such as research, cartographic services and land-use planning tools.

Mineral resource potential maps

A series of mineral resource potential maps for economically important gold, antimony and base metal mineral systems was completed for the New England region. The maps express mineral potential as heat maps, which will provide important guidance for land-use planning and help to improve mineral exploration success by allowing explorers to target areas of higher mineral prospectivity.

3D geological model

A 3D geological model of the Sydney-Gunnedah Basin was released to the public in June 2017, and will be used to help understand the extent and location of potential resources at depth, including the location and flow regime of groundwater aquifers.

Environmental regulation

DRG regulates environmental performance of exploration and mining activities through assessment and compliance

activities. In the period 1 April 2017 to 30 June 2017, DRG conducted 92 environmental inspections of mining and exploration sites, completed 13 on-going investigations and assessed over 280 applications and activity approvals.

Arts, Screen and Culture Division

The Arts, Screen and Culture Division of the Department consists of Create NSW and the Cultural Infrastructure Program Management Office and liaises with Sydney Living Museums and the state's five cultural institutions – the State Library of NSW, Sydney Opera House, Museum of Applied Arts and Sciences, the Art Gallery of NSW and the Australian Museum.

The Division ensures that thriving arts, screen and cultural sectors not only enrich the lives of NSW residents and enhance the vitality of our cities and regional communities, but provide an important economic stimulus to the state and employment for many.

Create NSW

Create NSW brings together arts, screen and culture functions in a new integrated entity. Create NSW was established on 1 April 2017 and has responsibility for many of the functions previously undertaken by Arts NSW and Screen NSW.

Create NSW is committed to growing, empowering and strengthening the arts, screen and culture sectors in NSW, to embedding arts in the everyday and delivering new, innovative and exciting arts and cultural services and experiences for the people of NSW.

This vision is reflected in *Create in NSW*, the NSW Government's 10-year arts and cultural policy framework, which focuses on increased access for audiences, organisational strength and artistic excellence across Western Sydney, regional NSW and metropolitan Sydney.

Create NSW works to achieve the NSW Government's strategic objectives to develop and sustain the arts, culture and screen sectors, and is responsible for furthering the NSW Government's vision for NSW to be known for its bold and exciting arts and culture that engages the community and reflects the state's rich diversity. This includes working collaboratively with Sydney Living Museums and the State's five cultural institutions – the State Library of NSW, Sydney Opera House, Museum of Applied Arts and Sciences, the Art Gallery of NSW and the Australian Museum – to foster a

vibrant, diverse and thriving arts and cultural environment for the people of NSW.

Cultural Infrastructure Program Management Office

The Cultural Infrastructure Program Management Office (CIPMO) was established in April 2017. It is responsible for the successful delivery of significant cultural infrastructure programs and projects that are essential to the government's vision for NSW to be known for its bold and exciting arts and culture that engages the community. Projects include the New Museum in Western Sydney (working closely with the Museum of Applied Arts and Sciences), Walsh Bay Arts Precinct, the government's \$100 million Regional Cultural Fund and collaborating with the Art Gallery of NSW to deliver the Sydney Modern Project.

Key achievements

Create NSW invests in the success and future of arts, screen and culture in NSW through a variety of funding programs and strategic initiatives. Western Sydney and regional NSW are high priorities for the NSW Government, and investment and improvements in the arts and cultural sector outside inner Sydney have been accelerated to better reflect NSW's diversity and increase equity of access to the community.

In 2016-17, \$9.5 million was provided in funding for arts and cultural activities in regional NSW and more than \$2.1 million to support Regional Arts Development Organisations. This represents an increase of over 16 per cent in funding to regional NSW compared to 2014-15.

Furthermore, screen investment in projects with regional activity was over \$2 million across Production Finance and Regional Filming Fund grants.

The *Cultural Tourism Toolkit* was launched at the ARTLANDS Conference and Festival in Dubbo in 2016 and delivers on actions outlined in *Create in NSW* to improve Destination Management Planning for regional NSW. The Cultural Tourism Toolkit offers practical suggestions on

NEW DEPARTMENT DIVISIONS

how to promote the work of regional artists and cultural organisations to invigorate cultural tourism in regional NSW.

NSW is the leading state for film and television production, dominating the country's feature film and television drama and documentary production industry, making a significant economic and cultural contribution to the broader economy.

To supplement existing screen funding, the Made in NSW Fund was introduced in 2016, doubling existing NSW funding for the screen industry to almost \$40 million over two years. The first year of the fund brought large scale international productions to NSW, including Animal Logic's *Peter Rabbit* and the Sony Chinese TV series *Chosen*. These footloose productions brought over \$181 million in production expenditure and created over 1500 jobs in NSW.

The impact of the fund for television drama series brought over \$108 million in production expenditure from just under \$5.61 million in funding.

Including Made In NSW, Create NSW funded over 200 projects in the screen sector across the state in 2016-17, including more than 60 new screen productions, securing \$150 million in local production expenditure and attracting international production valued in excess of \$180 million, creating over 7600 skilled jobs in NSW.

Cultural infrastructure makes a vital economic contribution to the state by creating jobs, generating exports and driving innovation in the wider economy. Our major cultural institutions make a substantial contribution to NSW's assets base, with collections and property worth approximately \$8.2 billion.

Regions

Arts, screen and cultural activity in regional NSW is thriving – strongly self-determined and reflecting varied landscapes and cultures, playing an important role in the expression of the state's cultural identity, growing the economy and attracting visitors.

Create in NSW identifies regional NSW as a key priority area for investment, and the Arts and Cultural Development Program maintains a strong regional focus through targeted funding categories including Regional Partnerships, Regional Touring and Regional Arts Fellowships and Young Regional Artist Scholarships.

The government, through the newly formed Cultural Infrastructure Program Management Office, is revitalising and building cultural infrastructure in regional NSW by investing \$100 million over four years to drive growth in cultural infrastructure in towns and cities across regional NSW.

Sydney

Sydney drives NSW's expanding cultural tourism landscape. Arts, screen and culture are an increasingly key part of the city's visitor economy. Sydney is home to artists, screen practitioners, arts and cultural organisations and creative industries which contribute to financial growth and a global reputation as a vibrant, multicultural and highly liveable city.

The NSW Government has provided additional funding to integrate the Sydney Theatre Company (STC) into the Walsh Bay Arts Precinct (WBAP) redevelopment, to deliver a world-class, activated arts and cultural precinct that fully supports and nurtures home-grown talent and creativity, providing a range of cultural benefits for the people of NSW to enjoy.

Total funding of \$207 million will now be invested in the precinct to host some of Australia's premier arts and cultural organisations. It is anticipated that a State Significant Development Application will be lodged in late 2017.

Create NSW is leading a Night-Time Economy Taskforce and implementation of the NSW Government's Response to Sydney's Night-time Economy Roundtable Action Plan for the Sydney CBD Entertainment and Kings Cross precincts. The actions aim to promote a vibrant, safe and diverse night-time economy

Western Sydney

Home to more than 44 per cent of Sydney residents, Western Sydney is home to thriving arts and cultural activity. Highlights of arts activity in the region include:

- Live and Local: supporting local council areas to stage live music events with artists from their region, this initiative has seen councils including Camden, Parramatta and Blacktown stage new events for residents in their central business districts
- Making Spaces: supporting the development of innovative new spaces for artists to make work across Western Sydney, including In Other Words literature studio at the Lost in Books bookshop in Fairfield, Creative Hub in Camden, Arab Theatre Studio in Cumberland, Urban Screen residencies in Liverpool, a digital maker space in Penrith and Western Sydney Writing Rooms in Parramatta.

The NSW Government is working with the Museum of Applied Arts and Sciences (MAAS) to finalise the business case for the New Museum in Western Sydney. The preferred site for the New Museum is the Riverbank site in the heart of Parramatta. The new museum will be purpose built to reflect the needs of the community, delivering an iconic and world-leading institution for NSW in Western Sydney. In April 2017,

the business case was expanded beyond the New Museum in Western Sydney to include consideration of an arts and cultural space at the current Powerhouse Museum site.

Engagement

We are working across government to integrate arts, screen and culture in the everyday. Create NSW has provided feedback and submissions to the following projects:

- Parramatta Cultural Plan
- Federal Parliamentary Inquiry into Film and Television
- Western Sydney City Deal
- Creative Industries
- Inquiry to Museums and Galleries
- Greater Sydney Commission Draft Regional Plan and District Plans
- Greater Sydney Commission's Greater Parramatta and Olympic Peninsula Coordination Group.

Central Coast Coordination and Resources Regulation Division

Central Coast Coordination

The Minister for Planning appointed Ms Lee Shearer APM as Coordinator General for the Central Coast in April 2017. The Coordinator General will drive the implementation of the Central Coast Regional Plan 2036. The Coordinator General has established and chairs a Delivery, Coordination and Monitoring Committee which meets monthly. Representation on the Committee includes the Central Coast Council and all key agencies with responsibilities under the plan. Work has commenced on the nine Priority Actions identified in the 2016-2018 Implementation Plan.

Resources Regulator

The NSW Resources Regulator is responsible for compliance and enforcement functions across the mining, extractive and petroleum sector. The regulator joined the Department on 1 April 2017.

The primary focus of the Regulator is on risk-based and outcomes-focused compliance activities including:

- providing a comprehensive regulatory compliance and enforcement framework to ensure compliance with the Mining Act
- regulating safety and health performance at NSW mines and petroleum sites.

From 1 April 2017 to 30 June 2017, the NSW Resources Regulator conducted:

- 19 compliance training and education workshops
- 20 targeted safety assessments and interventions
- 272 mine safety inspections.

The Regulator issued 294 safety notices under work, health and safety legislation, including 35 prohibition notices.

Following on from this work, the Regulator also assessed and provided an appropriate level of response and investigation to 399 mine safety incident notifications and commenced six major safety investigations.

The Regulator also received 168 allegations of non-compliance in relation to the *Mining Act 1992*, 15 of which have been classified as major investigations. This resulted in the Regulator issuing 30 penalty notices, commencing one prosecution action and suspending mining operations at one site.

Supporting People and Governance

8



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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 our people to achieve results.

Governance refers to the processes and behaviours in an organisation that enable it to comply with all relevant laws, codes and directions while meeting community expectations of probity, accountability and transparency. 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.

This chapter also details the changes to the Department resulting from machinery of government changes effective 1 April 2017.

Our People

2017 People Matter Employee Survey

The NSW People Matter Employee Survey asks employees about their experiences in the organisation and their perceptions of their teams, managers, senior managers and the Department.

The Department had a survey response rate of 94 per cent compared with 42 per cent for the NSW public service. The Department's Employee Engagement Score increased from 61 per cent in 2016 to 65 per cent in 2017 and is in line with NSW public sector average.

Staff training programs

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

In 2016-17 the Department:

- successfully developed and implemented the StepUp program in alignment with the Public Service Commission's (PSC) capability frameworks and delivered 96 courses to staff
- delivered management capability development programs to cluster managers as well as introducing development for aspiring managers
- initiated development for high-performing teams via a manager coaching model

SUPPORTING PEOPLE & GOVERNANCE

- continued to promote PSC programs and invited cluster nominations for the Executive Leadership Academy
- delivered the corporate induction program across the cluster, with an emphasis on providing an inclusive and welcoming approach to Machinery of Governance colleagues, enhancing new starter productivity and engagement
- developed and provided Aboriginal Cultural Awareness training to the Cluster
- developed training for senior executive staff in Due Diligence - Work Health and Safety (WHS) training for Officers under the WHS Act
- Provided access to a suite of WHS courses suitable for managers and line staff in field and non-field environments.

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 2016-17 the Department continued to implement its six diversity plans:

- the Mature Workforce Plan
- the Women's Plan
- the Young Professionals Plan
- the Multicultural Plan
- the Aboriginal Employment Strategy
- the Disability Inclusion Action Plan.

These documents align with the following NSW Government strategies:

- the Premier's Priorities, which seek to drive greater public service diversity
- the Women in NSW gender equity indicators
- the Multicultural Planning Framework
- the NSW Public Sector Aboriginal Employment Strategy 2014-2017
- the NSW Disability Inclusion Plan.

These strategies outline the following goals and employment targets:

Diversity Group	Target
Women	50% of the workforce 50% of senior leadership roles by 2025
Aboriginal and Torres Strait Islanders	3.3% by 2015 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	No current official target
People whose first language is not English	23.2% of the workforce

See Appendix One for more detail on diversity targets and performance.

The Department has met its target of 50 per cent women in senior leadership ahead of the 2025 deadline. A series of programs such as Women in Senior Leadership Mentoring Program and leadership panels were delivered to support and grow our current cohort of female executives and create a pipeline of talent. The Department increased its Aboriginal employees through a variety of staffing pathways, including Aboriginal administrative traineeships, student planners and Aboriginal student legal officers. The Department maintained a silver membership with the Australian Network on Disability and disability employment providers were identified to source potential candidates across the cluster.

Employment opportunities for refugees

As a part of the Premier's target to employ 100 refugees in the NSW public sector, the Department committed to employ four individuals. In 2016-17, the Department exceeded its target by employing 11 staff from refugee backgrounds.

Staff employed under the refugee program have been placed in a number of different technical, administrative and policy roles in various parts of the business. As a part of their onboarding, staff from refugee backgrounds were provided with mentoring and career counselling.

Transition to GSE completed

The Government Sector Employment Act 2013 (GSE Act) replaced the Public Sector Employment and Management Act 2002 on 24 February 2014. The Department commenced transitioning executives in the Department of Planning and Environment in September 2014 and completed the transition in February 2017 in accordance with the Senior Executive Implementation Plan submitted to the Public Service Commission.

Governance

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:

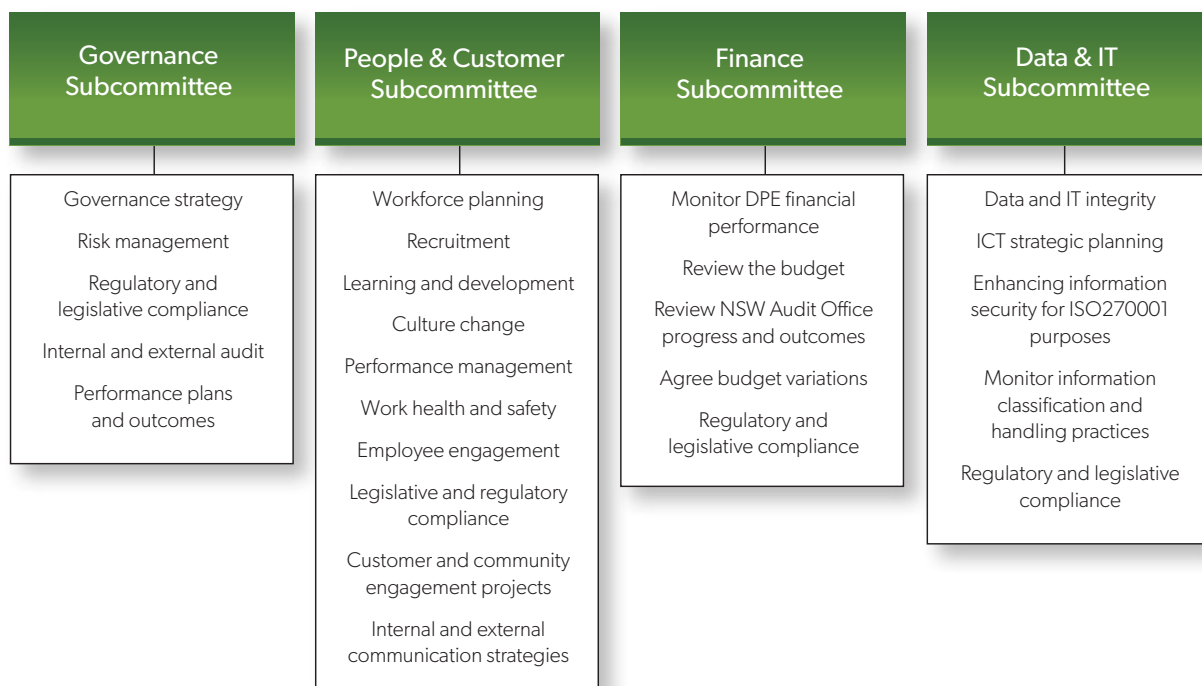
- improving and streamlining the governance structure to promote a collaborative and inclusive approach
- a strong focus on business process, deployment of new technology and performance reporting through developing and promoting a user friendly, secure and comprehensive reporting portal
- increased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

Secretary's subcommittees

The Secretary's governance subcommittees, established in early 2016, provide decision making support to the Secretary.

A review of the committee structure was undertaken in late-2016 with the result that the previously separate People and Customer subcommittees were combined. The meeting frequency and membership of the subcommittees was also refined during 2017. In May 2017 the subcommittees agreed a new set of charters which aligned with the governance review across the Department and will continue to ensure appropriate governance, accountability and prioritisation of projects.

Governance Subcommittee Roles



Initiatives to improve risk management

In 2016-17, effective management was supported through a range of initiatives that included a more robust application of risk management principles. A revision of the risk management policy and framework has resulted in an approach that is consistent with the risk management standard ISO AS/NZS 31000 and Treasury Policy and Guidelines Paper *Internal Audit and Risk Management Policy for the NSW Public Sector* (TPP 15-03).

Enterprise and divisional risks have been identified and incorporated into a comprehensive business planning process that supports plan and budget development. The development of the enterprise project management office supports operational risk management through a consistent approach to project management and reporting.

Risk management capability building has been supported, training has been undertaken as part of business planning and online training has been established to support responsibilities relating to code of conduct, conflicts of interest and work health and safety.

Review of corporate policies

The Department's corporate policies and procedures have been subject to review and update to ensure compliance with legislative obligations, with the final package of work completed and receiving endorsement in May 2017.

The project covered 69 corporate policies and procedures across finance, human resources, governance, ICT and community engagement.

Lobbyists register

An electronic register was developed and implemented to assist in managing and reporting on contacts by official lobbyists.

Under the revised arrangements official lobbyists are to request meetings with the Department through the application, the request is referred to the responsible officers and records of the meetings are retained. The meeting records on the register, once finalised, are used to automatically update the list of lobbyist contacts on the Department's external web page and ensure the Department meets its obligations under the *Lobbying of Government Officials Act 2011*.

Disclosing interests and managing conflicts of interest

Machinery of government changes resulted in the transfer of approximately 535 staff from the Justice and Industry clusters to the Department in April 2017, bringing these staff under the requirements of the Department's policy on disclosing interests and managing conflicts of interest.

All staff within the Department, both existing staff and those transferred from other agencies, completed their declarations, ensuring 100 per cent compliance across the Department.

Harnessing our knowledge - more efficient delivery of services to cluster agencies

In July 2016, the Secretary approved the establishment of Cluster Corporate Services (CCS) to align all shared and corporate services functions across the cluster. Those functions are:

- Human Resources
- Culture and Development
- Finance
- Facilities
- Fleet Services
- Decision Support
- Procurement
- Business Information Services
- Governance and Performance.

CCS provides these services to:

- The Office of Environment and Heritage
- The Environment Protection Agency
- The Department of Planning and Environment
- The Office of Local Government
- Greater Sydney Commission
- Hunter Development Corporation
- Central Coast Regional Development Corporation
- Royal Botanic Garden and Domain Trust, and Centennial Park Trust

- Western Sydney Parklands Trust and Parramatta Parkland Trust
- Office of Strategic Lands.

The objectives of the establishment of CCS are to:

- deliver consistent, efficient and effective services
- remove duplication
- establish a business partner model for service delivery
- improve decision transparency and accountability.

Under the leadership of Chief Financial and Operating Officer, Simon Officer, the CCS commenced active operations in December 2016.

A Service Partnership Agreement (SPA) was developed in close consultation with cluster agencies. The objective of the SPA is to set out the service offerings to cluster agencies. The goal of the SPA is to establish an effective and efficient corporate services environment, delivering to the requirements of all agencies within the cluster. The SPA includes information on the types of services provided by CCS, the responsibilities of both CCS and the agency, the delivery time frames, and the targeted performance indicators for these services.

CCS is also the lead division in a number of major change projects including:

- the introduction of a new records management system
- integration of agency systems into the Department's SAP system
- enhancements to the procurement and decision support system
- introducing new financial reporting methods that capture agency performance and analytics across the cluster
- transitioning the Department to the new requirements for staff and the senior executive service under the *Government Sector Employment Act 2013*.

Financials

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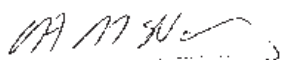
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Department of Planning and Environment

Statement by the Secretary for the year ended 30 June 2017

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

/s/ September 2017

Department of Planning and Environment

Statement of comprehensive income for the year ended 30 June 2017

	Notes	Actual 2017 \$'000	Budget* 2017 \$'000	Actual 2016 \$'000
Expenses excluding losses				
Operating expenses				
Employee related expenses	2(a)	133,913	113,044	90,782
Other operating expenses	2(b)	89,994	80,428	70,851
Depreciation and amortisation	2(c)	6,288	3,557	2,926
Grants and subsidies	2(d)	1,122,412	1,356,852	1,428,036
Finance costs	2(e)	414	333	994
Total expenses excluding losses		1,353,021	1,554,214	1,593,589
Revenue				
Recurrent appropriation	3(a)	1,169,025	1,392,150	1,447,858
Capital appropriation	3(a)	14,183	26,460	11,839
Sale of goods and services	3(b)	67,247	45,984	55,309
Personnel services revenue	3(c)	11,035	3,728	6,834
Investment revenue	3(d)	3,720	553	2,346
Grants and contributions	3(e)	13,522	83,424	440
Acceptance by Crown Entity of employee benefits and other liabilities	3(f)	19,233	4,201	5,373
Other income	3(g)	167,620	8,447	117,605
Total revenue		1,465,585	1,564,947	1,647,604
Gain/(loss) on disposal	4	(101)	-	(2)
Other gains/(losses)	5	(22)	-	746
Net result		112,441	10,733	54,759
Other comprehensive income				
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		112,441	10,733	54,759

* The Budget amounts are original budget allocations as per Budget Paper 3. The amounts transferred in under section 24 of the *Public Finance and Audit Act 1983* due to Machinery of Government Changes are not included.

The accompanying notes form part of these financial statements.

Department of Planning and Environment
Statement of financial position as at 30 June 2017

	Notes	Actual 2017 \$'000	Budget* 2017 \$'000	Actual 2016 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	7(a)	282,939	106,083	156,980
Receivables	8	68,302	17,956	25,129
Other financial assets	13	-	-	-
Total current assets		351,241	124,039	182,109
Non-current assets				
Receivables	8	-	4,215	-
Financial assets at fair value	9	4,484	-	-
Property, plant and equipment	10			
• Land and buildings		275,013	12,304	6,573
• Plant and equipment		4,072	2,033	1,093
• Infrastructure		115	-	-
• Work in progress		15,214	-	-
Total property, plant and equipment		294,414	14,337	7,666
Intangible assets	11	41,611	49,532	34,406
Total non-current assets		340,509	68,084	42,072
Total assets		691,750	192,123	224,181
LIABILITIES				
Current liabilities				
Payables	14	97,217	10,212	22,353
Provisions	15	19,384	9,619	9,449
Borrowings	16	-	-	20,704
Other liabilities	17	150	12,140	-
Total current liabilities		116,751	31,971	52,506
Non-current liabilities				
Payables	14	584	-	584
Provisions	15	2,413	1,189	681
Borrowings	16	-	153	-
Other liabilities	17	163	-	-
Total non-current liabilities		3,160	1,342	1,265
Total liabilities		119,911	33,313	53,771
Net assets		571,839	158,810	170,410
EQUITY				
Reserves		-	476	-
Accumulated funds		571,839	158,334	170,410
Total equity		571,839	158,810	170,410

* The Budget amounts are original budget allocations as per Budget Paper 3. The amounts transferred in under section 24 of the *Public Finance and Audit Act 1983* due to Machinery of Government Changes are not included.

The accompanying notes form part of these financial statements.

Department of Planning and Environment
Statement of changes in equity for the year ended 30 June 2017

	Notes	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2016		170,410	170,410
Net result for the year		112,441	112,441
Other comprehensive income:			
Total other comprehensive income		-	-
Total comprehensive income for the year		112,441	112,441
Transactions with owners in their capacity as owners			
Increase in net assets from equity transfers	18	288,988	288,988
Balance at 30 June 2017		571,839	571,839
Balance at 1 July 2015		115,651	115,651
Net result for the year		54,759	54,759
Other comprehensive income:			
Total other comprehensive income		-	-
Total comprehensive income for the year		54,759	54,759
Balance at 30 June 2016		170,410	170,410

The accompanying notes form part of these financial statements.

Department of Planning and Environment
Statement of cash flows for the year ended 30 June 2017

	Notes	Actual 2017 \$'000	Budget* 2017 \$'000	Actual 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(130,175)	(106,711)	(92,882)
Grants and subsidies		(1,076,571)	(1,317,462)	(1,416,094)
Finance costs		(609)	(333)	(832)
Other		(102,134)	(80,630)	(73,778)
Total payments		(1,309,489)	(1,505,136)	(1,583,586)
Receipts				
Recurrent appropriation		1,169,025	1,392,150	1,447,858
Capital appropriation		14,183	26,460	11,839
Cash reimbursements from the Crown Entity		19,233	-	5,373
Sale of goods and services		91,891	51,986	66,444
Interest received		2,733	553	1,601
Grants and contributions		13,522	4,842	440
Other income		161,176	48,509	103,668
Total receipts		1,471,763	1,524,500	1,637,223
NET CASH FLOWS FROM OPERATING ACTIVITIES	21	162,274	19,364	53,637
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment	10	(5,944)	(7,062)	(477)
Purchase of intangibles	11	(10,260)	(20,046)	(12,081)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(16,204)	(27,108)	(12,558)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16	(20,811)	(20,391)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(20,811)	(20,391)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		125,259	(28,135)	41,079
Opening cash and cash equivalents		156,980	134,218	115,901
Cash transferred in/(out) as a result of administrative restructures	18	700	-	-
CLOSING CASH AND CASH EQUIVALENTS	7(a)	282,939	106,083	156,980

* The Budget amounts are original budget allocations as per Budget Paper 3. The amounts transferred in under section 24 of the *Public Finance and Audit Act 1983* due to Machinery of Government Changes are not included.

The accompanying notes form part of these financial statements.

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 (the Department) 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.

As a consequence of the Administrative Arrangements (Administrative Changes - Public Service Agencies) Order 2017 effective from 1 April 2017:

- The persons employed in the Department of Justice who were principally involved in the administration of legislation allocated to the Minister for the Arts (including the provision of support for the portfolio responsibilities of the Minister for the Arts) were transferred to the Department of Planning and Environment.
- The persons employed in the Department of Industry, Skills and Regional Development who were principally involved in the administration of legislation allocated to the Minister for Resources and the Minister for Energy and Utilities (including the provision of support for the portfolio responsibilities of either of those Ministers) were transferred to the Department of Planning and Environment.

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Secretary on 18 September 2017.

(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 issued by the Treasurer.

Land, buildings and infrastructure assets are measured at fair value. Plant and equipment are measured at depreciated historical cost as an approximation of 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, except where otherwise stated, 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) Administered activities

The Department administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion to deploy the resources for the achievement of the Department's own objectives.

Transactions and balances relating to the administered activities are not recognised as the entity's income, expenses, assets and liabilities, but are disclosed in the accompanying notes as 'Administered income', 'Administered expenses', 'Administered assets' and 'Administered liabilities'. Refer to Note 22 and Note 23.

The accrual basis of accounting and applicable accounting standards have been adopted.

(e) 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.

(f) 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.

(g) 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.

(h) 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)

(ii) 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 a restricted cash 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 authority.

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 actual costs associated with precincts planning from developers as revenue when they fall due.

(viii) Personnel services revenue

The Department provide personnel services to Corporation Sole, 'Minister Administering the *Environmental Planning and Assessment Act 1979*', 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(j)(iii)(b).

(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 (see also assets transferred as a result of an equity transfer - Note 1(m)).

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.

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 10 and 12 for further information regarding fair value.

The Department carries out a comprehensive revaluation of land assets 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. A valuation adjustment will be recorded when considered material.

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.

Department of Planning and Environment
Notes to the financial statements

1 Summary of significant accounting policies (continued)

(i) Assets (continued)

(iii) Revaluation of property, plant and equipment (continued)

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) Assets not able to be reliably measured

Certain assets have not been recognised in the Statement of financial position because the value of these assets can not be reliably measured. These assets include geological survey databases and related maps, images and models; mineral core specimens obtained through drilling over a considerable period of time.

(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 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-outs	Based on useful lives
Building and infrastructure	Based on estimated useful life
Land	Not a depreciable asset

(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 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.

(xi) 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 capitalisation 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.

Department of Planning and Environment
Notes to the financial statements

1 **Summary of significant accounting policies (continued)**

(i) **Assets (continued)**

(xii) **Loans and receivables**

Loans and 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.

(xiii) **Financial assets**

Investments are initially recognised as fair value plus, in the case of investments not at fair value through profit or loss, transaction costs.

Financial assets at fair value through profit or loss

The entity subsequently measures financial assets classified as 'held-for-trading' or designated upon initial recognition 'at fair value through profit or loss' at fair value. Gains or losses on these assets are recognised in the net result for the year. Financial assets are classified as 'held-for-trading' if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments under AASB 139.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intention and ability to hold to maturity are classified as 'held-to-maturity' investments. These financial assets are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Available for sale investments

Financial assets that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value. Gains or losses on available-for-sale financial assets are recognised in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

(xiv) **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.

(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 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.

(xvi) **Restricted assets**

Restricted assets are assets whose use by the Department is limited by externally imposed restrictions.

(xvii) **Trust funds**

The Department receives monies in a trustee capacity from developers. The Department also holds security deposits in relation to mining activities. Both trust funds are set out in Note 27. 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.

(xviii) **Other assets**

Other assets are recognised on a historical cost basis.

(j) **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 for 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 14.

(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.

Department of Planning and Environment

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(j) Liabilities (continued)

(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:

- Corporation Sole, 'Minister Administering the *Environmental Planning and Assessment Act 1979*'
- Hunter Development Corporation;
- Central Coast Regional Development Corporation;
- Greater Sydney Commission

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.

(k) 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 17 and 24 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 Department'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 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).

Department of Planning and Environment

Notes to the financial statements

1 **Summary of significant accounting policies (continued)**

(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 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.

(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 26.

(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.

The recovery of personnel services costs from Corporation Sole, 'Minister Administering the *Environmental Planning and Assessment Act 1979*', has been reclassified from other income to personnel services revenue to be consistent with the classification of this revenue item.

(p) **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.

(q) **Changes in accounting policy, including new or revised Australian Accounting Standards**

(i) **Effective for the first time in 2016-17**

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the AASB 124 Related Party Disclosures that have been applied for the first time in 2016-17 for the government sector. AASB 2015-6 Amendments to Australian Accounting Standards - extending related party disclosures to Not-for-Profit public sector entities is applicable from 1 July 2016. The impact of this standard is not significant on the financial statements, and additional disclosures have been included in accordance with the requirement of the standard Refer to Note 25.

(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 17-04 mandates agencies not to early adopt any of the following accounting pronouncements:

- AASB 9 Financial Instruments
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of Not-for-profit Entities
- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107
- AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- AASB 2016-7 Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfer of investment Property, Annual Improvements 2014-2016 Cycle and other amendments
- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 *Construction Contracts* and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. The standard is expected to apply to the Department for financial periods beginning 1 July 2018. The standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

As this standard will be first applied to the Department's 30 June 2019 financial statements, management is unable to reliably estimate the potential future impacts of this new standard at this time.

AASB 9 Financial Instruments

AASB 9 will apply to the Department for financial periods beginning 1 July 2018. The Standard includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test.

AASB 9 also improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

As this standard will be first applied to the Department's 30 June 2019 financial statements, management is unable to reliably estimate the potential future impacts of this new standard at this time.

AASB 16 Leases

AASB 16 replaces AASB 117 *Leases* and is expected to apply to the Department for financial years beginning 1 July 2019.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with terms of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset and a lease liability.

For lessors, the Standard provides accounting requirements that a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The application of AASB 16 may have a material effect on the Department's financial statements (refer note 19 for current operating lease commitments of \$38.8 million). As the Standard will be first applied to the Department's 30 June 2020 financial statements, management is unable to reliably estimate the potential future impacts of this new standard at this time.

Department of Planning and Environment Notes to the financial statements

2(a) Employee related expenses

	2017 \$'000	2016 \$'000
Salaries and wages (including annual leave)	99,413	71,358
Superannuation - defined benefit plans	690	717
Superannuation - defined contribution plans	7,221	5,370
Long service leave	18,746	4,483
Workers' compensation insurance	265	249
Payroll tax and fringe benefits tax	6,010	4,521
Redundancies	1,568	4,084
	133,913	90,782

An amount of \$1.133 million (2016: \$1.259 million) has been capitalised to Intangible assets and is therefore excluded from the above.

Employee related expense of \$1.740 million (2016: \$1.604 million) relates to the Planning Assessment Commission.

2(b) Other operating expenses

	2017 \$'000	2016 \$'000
Auditor's remuneration - audit of the financial statements	142	131
Internal auditor's remuneration	74	310
Advertising/public relations	1,671	1,639
Corporate shared services expenses	7,181	10,867
Contractor expenses	15,947	12,354
Computer costs	3,091	2,806
Consultancy costs	4,055	538
Committee members	2,815	2,823
Doubtful debts (Note 8)	1,670	99
Equipment maintenance/consumables	540	25
Fees for services	34,580	23,733
Legal fees	1,490	1,423
Motor vehicle and plant hire expenses	75	21
Motor vehicle leasing costs	188	306
Minor equipment purchases	67	26
Operating lease rental expense - minimum lease payments	7,414	7,102
Maintenance *	1,023	1,248
Insurance - public liability	517	507
Memberships and subscriptions - organisational fees	879	500
Printing	796	855
Telephones	456	651
Stores/stationery/materials	323	224
Training	1,123	863
Travel	1,396	785
Other	2,481	1,015
	89,994	70,851

Other operating expenses of \$2.398 million (2016: \$2.556 million) relates to the Planning Assessment Commission.

* Reconciliation - Total maintenance

Maintenance expenses - contracted labour and other (non-employee related), as above

Employee related maintenance expenses included in Note 2(a)

Total maintenance expenses included in Note 2(a) + 2(b)

1,023	1,248
-	-
1,023	1,248

2(c) Depreciation and amortisation expense

	2017 \$'000	2016 \$'000
Depreciation:		
Plant and equipment	835	430
Buildings	1,234	-
Infrastructure	2	-
Amortisation:		
Intangible assets	4,217	2,496
	6,288	2,926

Department of Planning and Environment
Notes to the financial statements

2(d) Grants and subsidies

	2017 \$'000	2016 \$'000
Cluster grants funded from Consolidated Fund:		
Office of Environment and Heritage	474,126	507,231
Office of Local Government	149,683	477,606
NSW Environment Protection Authority	123,153	123,424
Environment Trust	58,800	53,647
Historic Houses Trust of New South Wales	24,071	22,198
Royal Botanic Gardens and Domain Trust	23,072	35,943
State Library of New South Wales	18,851	-
Greater Sydney Commission	17,830	4,639
Sydney Opera House Trust	12,603	-
Museum of Applied Arts and Sciences	8,913	-
Art Gallery of New South Wales	7,266	-
Centennial Park and Moore Park Trust	7,132	4,278
Australian Museum Trust	6,674	-
Hunter Development Corporation	4,679	36,994
Western Sydney Parkland Trust	4,075	4,096
UrbanGrowth NSW Development Corporation	-	4,700
	<u>940,928</u>	<u>1,274,756</u>
Other grants funded from Consolidated Fund:		
Energy rebates	63,175	-
Grants paid - public trading enterprises	35,146	-
Arts grants	12,883	-
Local Infrastructure Growth Scheme (formerly Priority Infrastructure Fund) and Comprehensive Housing Strategy Fund grants to councils	7,423	107,573
Priority Growth Areas and Precincts Scheme (former Urban Activation Precincts Support Scheme)	5,000	-
	<u>123,627</u>	<u>107,573</u>
SIC/VPA grants:		
Special Infrastructure Contributions grants - Works-in-kind	17,258	24,470
Special Infrastructure Contributions grants - Cash	-	9,090
Voluntary Planning Agreements grants - Works-in-kind	30,532	-
Voluntary Planning Agreements grants - Cash	3,149	-
Infrastructure Funding Agreement	-	7,500
Biodiversity Certificate Offset program	5,246	3,851
	<u>56,185</u>	<u>44,911</u>
Department funded grants:		
Planning Reform Fund grants to councils	484	556
Sharing Sydney Harbour Access grants to councils	-	130
Other	1,188	110
	<u>1,672</u>	<u>796</u>
	<u>1,122,412</u>	<u>1,428,036</u>

2(e) Finance costs

	2017 \$'000	2016 \$'000
Interest expense on TCorp borrowings	414	994
	<u>414</u>	<u>994</u>

The loan was fully repaid during the 2016-17 financial year (Note 16).

3(a) Appropriations

	2017 \$'000	2016 \$'000
Summary of Compliance	Appropriation	Expenditure
Appropriation per Appropriation Act 2016 No. 30 [NSW]	1,418,610	1,185,880
Other appropriations/expenditures		
Section 24 PFAA - transfer of functions between entities	232,455	-
Transfers to / from another entity (per Section 27 of the Appropriation Act)	-	358,500
Total appropriation	1,651,065	1,544,380
Appropriation drawn down*		
Liability to Consolidated Fund		1,459,697
* Comprising:		
Appropriations (per Statement of comprehensive income)**	1,183,208	1,459,697
	<u>1,183,208</u>	<u>1,459,697</u>
** Appropriations:		
Recurrent	1,169,025	1,447,858
Capital	14,183	11,839
	<u>1,183,208</u>	<u>1,459,697</u>

Department of Planning and Environment Notes to the financial statements

3(b) Sale of goods and services

	2017 \$'000	2016 \$'000
Planning Reform Fund contributions	38,049	33,615
Fees for services	5,980	5,423
Fees, levies and licences	5,830	-
Development Application fees for planning projects	15,750	13,133
Other*	1,638	3,138
	<u>67,247</u>	<u>55,309</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

	2017 \$'000	2016 \$'000
Employee expenses recoveries	11,035	6,834
	<u>11,035</u>	<u>6,834</u>

3(d) Investment revenue

	2017 \$'000	2016 \$'000
Interest - bank*	3,720	2,346
	<u>3,720</u>	<u>2,346</u>

* Interest received on restricted cash balances in the Treasury banking system.

3(e) Grants and contributions

	2017 \$'000	2016 \$'000
Contributions received from:		
• NSW Government agencies	13,500	440
• Commonwealth Government	22	-
	<u>13,522</u>	<u>440</u>

3(f) Acceptance by the Crown Finance Entity of employee benefits and other liabilities

	2017 \$'000	2016 \$'000
The following liabilities and expenses have been assumed by the Crown Finance Entity:		
• Superannuation - defined benefits	680	708
• Long service leave	18,506	4,619
• Payroll tax	47	46
	<u>19,233</u>	<u>5,373</u>

3(g) Other income

	2017 \$'000	2016 \$'000
Special Infrastructure Contributions (SIC):		
• Cash	86,434	70,809
• Works-in-kind	18,396	30,463
Developer contributions - Voluntary Planning Agreements:		
• Cash	28,143	13,069
• Works-in-kind	13,144	-
Mine Safety Levy	8,377	-
Annual rental and administration levy	924	-
Recoveries	2,386	-
Other revenues and recoveries	9,816	3,264
	<u>167,620</u>	<u>117,605</u>

4 Gain/(loss) on disposal

	2017 \$'000	2016 \$'000
Plant and equipment:		
Gross carrying amount written off	(314)	(14)
Less: accumulated depreciation	213	12
	<u>(101)</u>	<u>(2)</u>

5 Other gains/(losses)

	Note	2017 \$'000	2016 \$'000
Revaluation gain/(loss) on land assets	10	-	746
Revaluation loss of financial assets		(22)	-
		<u>(22)</u>	<u>746</u>

Department of Planning and Environment
Notes to the financial statements
6. Service group statements for the year ended 30 June 2017

	Growth, Design and Programs		Policy and Strategy		Planning Services		Create NSW**		Resources and Energy**		Personnel Services		Not attributable*		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
EXPENSES AND INCOME																
Expenses excluding losses																
Operating expenses	21,809	28,180	26,295	23,082	53,196	36,026	9,157	-	14,271	-	9,185	3,494	-	-	133,913	90,782
Employee related	23,702	17,520	18,693	10,503	26,743	42,621	6,988	-	13,868	-	-	107	-	-	89,994	70,851
Other operating expenses	181	36	4,034	2,352	491	538	1,309	-	273	-	-	-	-	-	6,268	2,926
Depreciation and amortisation	69,549	152,583	155	140	294	5,196	12,962	-	98,524	-	-	-	940,928	1,270,117	1,122,412	1,428,036
Grants and subsidies	414	594	-	-	-	-	-	-	-	-	-	-	-	-	414	594
Finance costs	115,655	199,413	49,177	36,077	80,724	84,381	30,416	-	126,936	-	9,185	3,601	-	-	1,353,021	1,593,589
Total expenses excluding losses																
Revenue																
Recurrent appropriation	-	-	-	-	-	-	-	-	-	-	-	-	1,169,025	1,447,858	1,169,025	1,447,858
Capital appropriation	-	-	-	-	-	-	-	-	-	-	-	-	14,183	11,839	14,183	11,839
Acceptance by the Crown Entity of employee benefits and other liabilities	3,519	3,344	4,874	932	7,904	906	2,509	-	98	-	329	191	-	-	19,233	5,373
Sale of goods and other liabilities	7,345	4,276	13,624	8,230	35,652	42,803	4,636	-	5,990	-	-	-	-	-	67,247	55,309
Personnel services revenue	-	-	-	-	-	1,020	-	-	1,123	-	11,035	5,814	-	-	11,035	6,834
Investment revenue	2,597	2,346	-	-	-	-	-	-	22	-	-	-	-	-	3,720	2,346
Grants and contributions	-	-	-	-	-	-	13,500	-	22	-	-	-	-	-	13,522	440
Other income	136,757	114,214	4,564	449	9,254	2,942	3,007	-	14,038	-	-	-	-	-	167,620	117,605
Total revenue	150,218	124,180	23,062	9,611	52,810	47,671	23,652	-	21,271	-	11,364	6,005	1,183,208	1,460,137	1,465,585	1,647,604
Gain/(loss) on disposal of non-current assets	(19)	(2)	(23)	-	-	-	(12)	-	-	-	-	-	-	-	(101)	(2)
Other gains/(losses)	-	746	-	-	(47)	-	-	-	(22)	-	-	-	-	-	(22)	746
Net result	34,544	(74,489)	(26,138)	(26,466)	(27,961)	(36,710)	(6,776)	-	(105,687)	-	2,179	2,404	242,280	190,020	112,441	54,759
TOTAL COMPREHENSIVE INCOME	34,544	(74,489)	(26,138)	(26,466)	(27,961)	(36,710)	(6,776)	-	(105,687)	-	2,179	2,404	242,280	190,020	112,441	54,759

* Contund appropriations are allocated to the Department and not to individual service groups. They are therefore included in the 'Not Attributable' column.
** See following pages for reconciliation to full year for Resources and Energy and Create NSW.

Department of Planning and Environment

Notes to the financial statements

6. Service group statements for the year ended 30 June 2017

	Department of Industry Resources and Energy 1 July to 31 March 2017		Department of Planning Resources and Energy 1 April to 30 June 2017		Resources and Energy Total	
	2017 \$'000		2017 \$'000		2017 \$'000	2016 \$'000
EXPENSES AND INCOME						
Expenses excluding losses						
Operating expenses						
Employee related	47,860		14,271		62,131	64,095
Other operating expenses	18,152		13,868		32,020	37,109
Depreciation and amortisation	1,449		273		1,722	1,777
Grants and subsidies	174,911		98,524		273,435	233,555
Total expenses excluding losses	242,372		126,936		369,308	336,536
Revenue						
Recurrent appropriation	-		-		-	-
Capital appropriation	-		-		-	-
Acceptance by the Crown Entity of employee benefits and other liabilities	1,834		98		1,932	3,848
Sale of goods and services	50,834		5,990		56,824	66,055
Personnel services revenue	-		-		-	-
Investment revenue	252		1,123		1,375	591
Grants and contributions	437		22		459	473
Other income	1,364		14,038		15,402	1,049
Total revenue	54,721		21,271		75,992	72,016
Gain/(loss) on disposal of non-current assets	-		-		-	-
Other gains/(losses)	-		(22)		-	-
Net result	(187,651)		(105,687)		(293,316)	(264,520)
Other comprehensive income						
Total other comprehensive income	-		-		-	-
TOTAL COMPREHENSIVE INCOME	(187,651)		(105,687)		(293,316)	(264,520)

Department of Planning and Environment

Notes to the financial statements

6. Service group statements for the year ended 30 June 2017

EXPENSES AND INCOME	Department of Justice Arts and Culture 1 July to 31 March 2017	Department of Planning and Environment Create NSW 1 April to 30 June 2017	Arts and Culture and Create NSW Total
	2017 \$'000	2017 \$'000	2017 \$'000
			2016 \$'000
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Employee related	10,794	9,157	19,951
Other operating expenses	4,935	6,988	11,923
Depreciation and amortisation	3,133	1,309	4,442
Grants and subsidies	98,099	12,962	111,061
Total expenses excluding losses	116,961	30,416	147,377
			70,153
Revenue			
Recurrent appropriation	-	-	-
Capital appropriation	-	-	-
Acceptance by the Crown Entity of employee benefits and other liabilities	680	2,509	3,189
Sale of goods and services	1,891	4,636	6,527
Personnel services revenue	-	-	-
Investment revenue	-	-	-
Grants and contributions	-	13,500	13,500
Other income	-	3,007	3,007
Total revenue	2,571	23,652	26,223
			15,416
Gain/(loss) on disposal of non-current assets		(12)	(12)
Other gains/(losses)	(977)	-	(977)
Net result	(115,367)	(6,776)	(122,143)
			(54,736)
Other comprehensive income			
Total other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME	(115,367)	(6,776)	(122,143)
			(54,736)

Department of Planning and Environment
Notes to the financial statements
6. Service group statements as at 30 June 2017

	Growth, Design and Programs		Policy and Strategy		Planning Services		Create NSW		Resources and Energy		Personnel services		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
ASSETS AND LIABILITIES														
Current assets														
Cash and cash equivalents	59,429	39,783	72,664	35,495	128,019	81,702	700	-	22,127	-	-	-	282,939	156,980
Receivables	2,124	6,291	2,596	5,613	4,574	12,922	736	-	57,770	-	502	303	68,302	25,129
Total current assets	61,553	46,074	75,260	41,108	132,593	94,624	1,436	-	79,897	-	502	303	351,241	182,109
Non-current assets														
Financial assets at fair value	-	-	-	-	-	-	-	-	4,484	-	-	-	4,484	-
Property, plant and equipment	-	-	7,889	6,573	-	-	253,019	-	14,105	-	-	-	275,013	6,573
• Land and building	-	-	636	247	1,122	569	451	-	1,343	-	-	-	4,072	1,093
• Plant and equipment	520	277	-	-	-	-	-	-	115	-	-	-	115	-
• Infrastructure	-	-	-	-	-	-	14,854	-	360	-	-	-	15,214	-
• Work in Progress	-	-	11,326	7,780	19,953	17,907	554	-	515	-	-	-	41,611	34,406
Intangibles	9,263	8,719	19,851	14,600	21,075	18,476	268,878	-	20,922	-	-	-	340,509	42,072
Total non-current assets	9,783	8,995	19,851	14,600	21,075	18,476	268,878	-	20,922	-	-	-	340,509	42,072
TOTAL ASSETS	71,336	55,070	95,111	55,708	153,668	113,100	270,314	-	100,819	-	502	303	691,750	224,181
Current liabilities														
Payables	10,398	5,665	12,713	5,054	22,398	11,634	-	-	51,708	-	-	-	97,217	22,353
Provisions	2,504	2,319	3,062	2,069	5,395	4,761	689	-	7,253	-	481	300	19,384	9,449
Other	34	-	42	-	74	-	-	-	-	-	-	-	150	-
Borrowings	-	20,704	-	-	-	-	-	-	-	-	-	-	-	20,704
Total current liabilities	12,936	28,688	15,817	7,123	27,867	16,395	689	-	58,961	-	481	300	116,751	52,506
Non-current liabilities														
Payables	129	148	158	132	279	304	-	-	-	-	18	-	584	584
Provisions	240	172	293	153	517	353	-	-	1,360	-	3	3	2,413	681
Other	37	-	45	-	81	-	-	-	-	-	-	-	183	-
Total non-current liabilities	406	320	496	285	877	657	-	-	1,360	-	21	3	3,160	1,265
TOTAL LIABILITIES	13,342	29,008	16,313	7,408	28,744	17,052	689	-	60,321	-	502	303	119,911	53,771
NET ASSETS	57,994	26,062	78,798	48,300	124,924	96,048	269,625	-	40,498	-	-	-	571,839	170,410

Department of Planning and Environment

Notes to the financial statements
6. Service group statements for the year ended 30 June 2017

	Growth, Design and Programs		Policy and Strategy		Planning Services		Create NSW		Resources and Energy		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
ADMINISTERED EXPENSES AND INCOME												
Administered expenses												
Transfer payments												
Other												
Total administered expenses												
Administered income												
Transfer receipts												
Total administered income												
Administered income less expenses												
	-	-	-	-	-	-	-	-	985	-	985	-
	-	-	-	-	-	-	-	-	985	-	985	-
	-	-	-	-	-	-	-	-	985	-	985	-

Administered assets and liabilities are disclosed in Note 22.
Administered income and expenditure are disclosed in Note 23.

Department of Planning and Environment Notes to the financial statements

6 Service groups of the Department

Service Groups	Service description
Growth Design and Programs	This service group supports the Greater Sydney Commission to deliver Regional and District Plans for Metropolitan Sydney, and prepares Regional plans to manage growth and change. It integrates land use planning with transport planning and infrastructure delivery, and the delivery of zoned and serviced land for housing and employment.
Policy and Strategy	This service group is responsible for identifying and setting strategic planning policies. This includes setting of industry, resource, housing and state-wide planning policies.
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.
Resources and Energy	This service group covers supports the mineral resources industries by developing geoscientific information, managing titles, improving safety and environmental performance and maintaining frameworks to support a competitive energy market. It supports the provision of reliable and secure energy supplies as well as maintaining a sustainable energy mix. It delivers customer assistance programs and monitors electricity and gas networks and licensed pipelines.
Create NSW	This service group covers supporting the arts and cultural sectors.
Personnel services	This service group covers personnel services that are provided to Corporation Sole, 'Minister Administering the <i>Environmental Planning and Assessment Act 1979</i> ', Hunter Development Corporation, Central Coast Regional Development Corporation and Greater Sydney Commission.
Cluster grants 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

	2017 \$'000	2016 \$'000
Cash at bank and on hand	282,939	156,980
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)	282,939	156,980
Closing cash and cash equivalents (per Statement of cash flows)	282,939	156,980

Details regarding credit risk, liquidity risk and market risk are disclosed at Note 24.

7(b) Restricted cash assets (included in cash and cash equivalents)

Special Infrastructure Contributions fund	172,933	107,368
Interim Land Release Levy fund	1,746	1,702
Voluntary Planning Agreements fund	64,985	39,761
	239,664	148,831

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.

The above cash amounts are recognised as restricted assets as there are specific legislative/contractual conditions associated with the use of these funds or they are for specific purpose only.

8 Current - receivables

	2017 \$'000	2016 \$'000
Sale of goods and services	8,812	3,848
Less: allowance for impairment	(1,893)	(100)
	6,919	3,748
Personnel services revenue receivable	502	303
GST receivable	9,395	11,212
Developer Contributions - Voluntary Planning Agreements	-	4,271
Department of Industry	43,584	-
Sundry debtors	7,709	5,545
Prepayments	193	50
	68,302	25,129
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	100	29
Amounts written off during the year	(16)	-
Amounts recovered during the year	(68)	-
Transferred in allowance for impairment	139	-
Increase/(decrease) in allowance recognised in profit and loss	1,738	71
Balance at end of the period	1,893	100

Details regarding credit risk, liquidity risk and market risk including financial assets that are either past due or impaired are disclosed at Note 24.

Department of Planning and Environment

Notes to the financial statements

9 Non-current assets - financial assets at fair value

	2017 \$'000	2016 \$'000
Gold exhibits	4,475	-
Shares	9	-
	4,484	-

The Department has control and custody of certain gold exhibits. The valuations are based on the estimated specimen value which includes the bullion value, but is also dependent on aesthetic qualities, rarity and heritage value.

These exhibits are as follows:

	Weight (Troy Oz)	\$'000
Maitland Bar Nugget	344.55	3,899
Lucky Hill Nugget	20.85	202
Woods Flat / Cowra Nugget	42.64	345
Alluvial Gold samples	18	29
	426.04	4,475

The Department holds shares from Moreton Resources Ltd (Formerly Cougar Energy Limited)

Details regarding credit risk, liquidity risk and market risk arising from financial instruments are disclosed at Note 24.

10 Non-current assets - property, plant and equipment

	Work in progress \$'000	Infrastructure \$'000	Land and buildings leased \$'000	Land and buildings \$'000	Land (under Coastal protection scheme) and equipment \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 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
At 30 June 2017 - fair value							
Gross carrying amount	15,214	275	351,770	54,565	7,890	10,123	439,837
Accumulated depreciation	-	(160)	(117,969)	(21,243)	-	(6,051)	(145,423)
Net carrying amount	15,214	115	233,801	33,322	7,890	4,072	294,414

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	Work in progress \$'000	Infrastructure \$'000	Land and buildings leased \$'000	Land and buildings \$'000	Land (under Coastal protection scheme) and equipment \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2017								
Net carrying amount at the beginning of the year		-	-	-	-	6,573	1,093	7,666
Additions		2,745	-	-	-	1,317	2,166	6,228
Assets from equity transfer	18	12,469	117	234,700	33,657	-	1,749	282,692
Written down value of assets disposed	4	-	-	-	-	-	(101)	(101)
Depreciation		-	(2)	(899)	(335)	-	(835)	(2,071)
Net carrying amount at end of the year		15,214	115	233,801	33,322	7,890	4,072	294,414

* A comprehensive revaluation of land under coastal protection scheme assets was undertaken by CBRE Pty Ltd valuation services on 31 March 2016 for the year ended 30 June 2016. An interim evaluation using market indices was conducted by CBRE Valuation Pty Ltd as at 31 March 2017. The carrying amount was not adjusted as the increment was considered immaterial.

Land and building assets received from Department of Justice equity transfers have been comprehensively valued by Preston Rowe Paterson valuation services on 1 April 2017.

Land assets received from Department of Industry, Skills and Regional Development equity transfers have been valued based on an interim valuation carried out by Opten Property Group on 31 March 2017.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 12.

Department of Planning and Environment
Notes to the financial statements

10 Non-current assets - property, plant and equipment (continued)

	Land (under Coastal protection scheme) and equipment \$'000	Plant \$'000	Total \$'000
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 prior reporting period is set out below:

	Note	Land (under Coastal protection scheme) and equipment \$'000	Plant \$'000	Total \$'000
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)		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 12.

11 Non-current assets - intangible assets

	Work in progress \$'000	Software \$'000	Total \$'000
At 1 July 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
At 30 June 2017			
Gross carrying amount	12,080	47,671	59,751
Accumulated amortisation	-	(18,140)	(18,140)
Net carrying amount	12,080	29,531	41,611

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:

	Note	Work in progress \$'000	Software \$'000	Total \$'000
Period ended 30 June 2017				
Net carrying amount at the beginning of the year		2,095	32,311	34,406
Assets transferred from Work in progress to Software		-	-	-
Additions		9,909	352	10,261
Assets from equity transfer	18	76	1,085	1,161
Amortisation		-	(4,217)	(4,217)
Net carrying amount at end of the year		12,080	29,531	41,611

	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

Department of Planning and Environment

Notes to the financial statements

11 Non-current assets - intangible assets (continued)

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 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

12 Fair value measurement of non-financial assets

(a) Fair value hierarchy

As at 30 June 2017		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment	Note				
Coastal land	10	-	7,890	-	7,890
Land and buildings		-	26,004	7,318	33,322
Land and buildings leased		-	82,500	151,301	233,801
Infrastructure systems		-	-	115	115
		-	116,394	158,734	275,128

As at 30 June 2016		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment	Note				
Coastal land	10	-	6,573	-	6,573
		-	6,573	-	6,573

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 Department also engaged Preston Rowe Paterson to provide a comprehensive independent valuation advice on the land and buildings transferred in from the Department of Justice as at 1 April 2017.

Land and buildings were transferred in from the Department of Industry, Skills and Regional Development as at 1 April 2017. The land assets were valued by Opten Property Group as at 31 March 2017 prior to the transfer. The Department considers these values as fair values for these assets for the purpose of this financial statements.

The valuation is in compliance with relevant requirements as set out in Treasury Policy TPP 14-01 and Australian Accounting Standard AASB 13.

Non-financial assets	Level	Valuation Techniques	Input used
Land	Level 2	Market comparable	Sale prices of comparable land Land size
Building (transferred in from the Department of Industry)	Level 2	Depreciated replacement costs	Price per square meter for recent comparable construction Estimate the remaining useful life
Building (transferred in from the Department of Justice)	Level 3	Depreciated replacement costs	Price per square meter for recent comparable construction Estimate the remaining useful life
Buildings - leased (transferred in from the Department of Justice)	Level 3	Depreciated replacement costs	Price per square meter for recent comparable construction Estimate the remaining useful life
Infrastructure systems (transferred in from the Department of Industry)	Level 3	Depreciated replacement costs	Price per square meter for recent comparable construction

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.

(c) Reconciliation of recurring Level 3 fair value measurements

As at 30 June 2017	Land and buildings \$'000	Land and buildings leased \$'000	Infrastructure Systems \$'000	Total Fair Value \$'000
Note				
Fair value as at 1 July 2016	-	-	-	-
Equity Transfer	7,550	152,200	116	159,866
Depreciation	(232)	(899)	(1)	(1,132)
Fair value as at 30 June 2017	7,318	151,301	115	158,734

Department of Planning and Environment
Notes to the financial statements

13 Current other financial assets

	2017 \$'000	2016 \$'000
Advances - Resources and Energy related	2,000	-
Provision for doubtful amount	(2,000)	-
	<u>-</u>	<u>-</u>

14 Current/non-current liabilities - payables

	2017 \$'000	2016 \$'000
Payables - current liabilities		
Accrued salaries, wages and on-costs	1,847	397
Creditors	9,560	6,246
Revenue received in advance	4,417	-
Accrued expenses	51,099	8,010
Works-in-kind received in advance	18,179	6,200
Other payables	12,115	1,500
	<u>97,217</u>	<u>22,353</u>
Payables - non-current liabilities		
Refundable bond	584	584
	<u>584</u>	<u>584</u>

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 24.

15 Current/non-current liabilities - provisions

	2017 \$'000	2016 \$'000
Provisions - current liabilities		
Employee benefits and related on-costs	5,370	2,819
Annual leave	13,719	6,455
Leasehold obligations	295	175
	<u>19,384</u>	<u>9,449</u>
Provisions - non current liabilities		
Employee benefits and related on-costs	189	106
Leasehold obligations	2,224	575
	<u>2,413</u>	<u>681</u>
Provisions		
Employee benefits and related on-costs	5,559	2,925
Annual leave	13,719	6,455
	<u>19,278</u>	<u>9,380</u>
Other provisions		
Leasehold obligations	2,519	750
Total provisions	<u>21,797</u>	<u>10,130</u>
Employee benefits expected to be settled within 12 months from reporting date		
Annual leave	10,890	5,421
Employee benefits and related on-costs	1,861	1,064
	<u>12,751</u>	<u>6,485</u>
Employee benefits expected to be settled after 12 months from reporting date		
Annual leave	2,829	1,034
Employee benefits and related on-costs	3,698	1,861
	<u>6,527</u>	<u>2,895</u>
Aggregate employee benefits and related on-costs		
Provisions - current	19,089	9,274
Provisions - non-current	189	106
Accrued salaries, wages and on-costs (Note 14)	1,847	397
	<u>21,125</u>	<u>9,777</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:

	2017 \$'000	2016 \$'000
Leasehold obligations		
Carrying amount at the beginning of the year	750	677
Additional provisions recognised	284	73
Transferred in from Department of Industry	1,485	-
Carrying amount at end of the year	<u>2,519</u>	<u>750</u>

The above amounts relate to leasehold obligations for various properties leased by the Department. The amount of obligation is based on estimated make good costs by property location. The settlement date is based on the expiry date of the various leases.

Department of Planning and Environment
Notes to the financial statements

16 Current liabilities - borrowings

	2017 \$'000	2016 \$'000
TCorp borrowings		
Face value of loans	-	20,811
Loan premium/(unamortised discount) on face value of loans	-	(107)
Balance at the end of the year	-	20,704

The loan was fully repaid during the 2016-17 financial year.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 24.

17 Current/Non-current liabilities - Others

	2017 \$'000	2016 \$'000
Other liabilities - current		
Lease incentives	150	-
Balance at the end of the year	150	-
Other liabilities -non current		
Lease incentives	163	-
Balance at the end of the year	163	-

18 Increase/(decrease) in net assets from equity transfers

	\$'000	\$'000	2017 \$'000	2016 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	-	700	700	-
Receivables	49,360	1,178	50,539	(16,676)
Total current assets	49,360	1,878	51,239	(16,676)
Non-current assets				
Receivables				
Financial assets at fair value	4,506	-	4,506	-
Land and buildings	14,207	266,370	280,577	-
Property, plant and equipment	1,643	470	2,113	-
Intangible assets	590	571	1,161	-
Total non-current assets	20,947	267,411	288,358	-
Total assets	70,307	269,289	339,596	(16,676)
LIABILITIES				
Current liabilities				
Payables	41,627	-	41,627	781
Provisions	6,648	587	7,235	5,882
Total current liabilities	48,275	587	48,862	6,663
Non-current liabilities				
Payables	-	-	-	-
Provisions	1,645	102	1,746	10,013
Total non-current liabilities	1,645	102	1,746	10,013
Total liabilities	49,919	689	50,609	16,676
Increase/(decrease) in net assets from equity transfers	20,388	268,600	288,988	-

Create NSW and Resources, Energy and Utilities employees were transferred in to the Department from the Department of Justice and the Department of Industry respectively on 1 April 2017 under the *Administrative Arrangements (Administrative Changes—Public Service Agencies) Order 2017*.

Certain land and buildings assets were recognised at their fair value as at 31 March 2017 and 1 April 2017 based on comprehensive valuations carried out by Preston Rowe Paterson and Opten Property Group.

Department of Planning and Environment Notes to the financial statements

19 Commitments

	2017 \$'000	2016 \$'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	11,190	3,594
Later than 1 year but not later than 5 years	15,412	3,811
Later than 5 years	1,444	-
Total (including GST)	<u>28,046</u>	<u>7,405</u>
The total commitments above includes input tax credits of \$2,549,636 (2016: \$673,182) that are expected to be recoverable from the Australian Taxation Office.		
Future minimum rentals receivable under non-cancellable operating lease as at balance date:		
Not later than 1 year	1,301	-
Total (including GST)	<u>1,301</u>	<u>-</u>

The Department has various lease agreements with different arts groups. In order to terminate the lease, six to 12 months notice period is required. The Management is of the opinion that the Department is entitled to receive the rents for the notice period.

The total commitments above includes input tax credits of \$118,273 (2016: nil) that are expected to be provided to the Australian Taxation Office.

20 Contingent liabilities

The Department is currently involved in eight legal cases (2016: eight cases) related to planning matters where costs are not determined yet. The Department is also involved in two other cases (2016: one case) which are covered by the Treasury Managed Fund.

21 Reconciliation of cash flows from operating activities to net result

	2017 \$'000	2016 \$'000
Net cash flows from operating activities	162,274	53,637
Depreciation and amortisation	(6,288)	(2,926)
Net (loss)/gain on disposal of non-current assets	(101)	(2)
Net gain/(loss) on land revaluation	(22)	746
Decrease/(increase) in provisions	(11,667)	15,879
(Decrease)/increase in other assets	43,422	(12,191)
(Increase)/decrease in creditors and other liabilities	(75,177)	(384)
Net result	<u>112,441</u>	<u>54,759</u>

22 Administered assets and liabilities

	2017 \$'000
Administered assets	
Receivables - royalties/mining lease	409
Less: provision for doubtful debts	<u>(409)</u>
	<u>-</u>

The Department administers, but does not control, certain activities on behalf of the Crown Entity. This function was transferred to the Department as a result of the Machinery of Government change effective from 1 April 2017.

23 Administered income and expenditure

	2017 \$'000
Income	
The following monies have been collected on behalf of the Crown Finance Entity and forwarded to NSW Treasury	
Mining fees	<u>985</u>

The Department administers, but does not control, certain activities on behalf of the Crown Entity. This function was transferred to the Department as a result of the Machinery of Government change effective from 1 April 2017.

Department of Planning and Environment
Notes to the financial statements

24 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.

(a) Financial instrument categories

Class	Notes	Category	Carrying amount 2017 \$'000	Carrying amount 2016 \$'000
Financial assets				
Cash and cash equivalents	7	N/A	282,939	156,980
Receivables ¹	8	Loans and receivables (at amortised cost)	58,714	13,967
Financial assets at fair value	9	Financial assets held at fair value through profit or loss	4,484	-
Other financial assets	13	Loans and receivables (at amortised cost)	-	-
Financial liabilities				
Payables ²	14	Financial liabilities measured at amortised cost	75,122	16,693
Borrowings	16	Financial liabilities measured at amortised cost	-	20,704

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. 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 (2017: \$8,580,000; 2016: \$2,584,000) and less than six months past due (2017:\$912,000; 2016:\$1,230,000) are not considered impaired. Together, these represent 99.6 per cent of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

Department of Planning and Environment
Notes to the financial statements

24 Financial Instruments (continued)**(b) Credit risk (continued)**

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
2017			
<3 months overdue	407	407	-
3 months - 6 months overdue	430	430	-
>6 months overdue	75	-	16
2016			
<3 months overdue	1,107	1,107	-
3 months - 6 months overdue	-	-	-
>6 months overdue	123	123	-

Notes

1. Each column in the table reports 'gross receivables'.

2. 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.

(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.

	2017 \$'000	2016 \$'000
TCorp debt facility	29,000	29,000
Sums drawn	-	20,704
Unused facility	<u>29,000</u>	<u>8,296</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 9.78% (2016: 10.28%).

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
2017								
Payables	N/A	75,122	-	-	75,122	75,122	-	-
TCorp borrowings	4.82	-	-	-	-	-	-	-
		<u>75,122</u>	<u>-</u>	<u>-</u>	<u>75,122</u>	<u>75,122</u>	<u>-</u>	<u>-</u>
2016								
Payables	N/A	16,693	-	-	16,693	16,693	-	-
TCorp borrowings	4.82	21,644	21,644	-	-	21,644	-	-
		<u>38,337</u>	<u>21,644</u>	<u>-</u>	<u>16,693</u>	<u>38,337</u>	<u>-</u>	<u>-</u>

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 2016. The analysis assumes that all other variables remain constant. Other price risk is immaterial.

Department of Planning and Environment
Notes to the financial statements

24 Financial instruments (continued)

(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
2017					
<i>Financial assets</i>					
Cash and cash equivalents*	239,664	(2,397)	(2,397)	2,397	2,397
Financial assets at fair value	4,484	(45)	(45)	45	45
Other financial assets	-	-	-	-	-
2016					
<i>Financial assets</i>					
Cash and cash equivalents	148,831	(1,570)	(1,570)	1,570	1,570

* Cash and cash equivalents represent the nominal value of the restricted cash balance as only restricted cash generates interest income.

(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.

	2017 Carrying amount \$'000	2017 Fair value \$'000	2016 Carrying amount \$'000	2016 Fair value \$'000
<i>Financial liabilities</i>				
Borrowings	-	-	20,704	21,398
	-	-	20,704	21,398

Fair value hierarchy

As at 30 June 2017	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Financial assets at fair value					
Gold exhibits	9	-	4,475	-	4,475
Shares	9	9	-	-	9
		9	4,475	-	4,484

There were no transfers between level 1 or 2 during the periods.

Department of Planning and Environment

Notes to the financial statements

25 Related party disclosures

(a) Key management personnel compensation

The Department's key management personnel compensation are as follows:

	2017 \$'000
Short-term employee benefits	2,335
Other long-term employee benefits	-
Post-employment benefits	164
Total remuneration	2,499

The key management personnel compensation excludes the Minister for Planning. Ministerial compensation is paid by the NSW Legislature, not the Department. It also excludes long service leave and defined benefit superannuation amounts, which are assumed by the Crown.

The Department did not provide any non-monetary benefits to Cabinet Ministers, their close family members or entities controlled or jointly controlled thereof during the year.

(b) Transactions with Key management personnel

The Department did not enter into any related party transactions with Key management personnel, their close family members or entities controlled or jointly controlled thereof during the year.

(c) Transactions with Government related entities

During the year, the Department entered into the following individually significant arm's length transactions with other entities that are controlled by the NSW Government:

- Appropriation of \$1.2 billion received from the Consolidated Fund (Note 3(a))
- Grant funding of \$1.0 billion paid to agencies within the Planning and Environment cluster (Note 2(d))
- Assets and liabilities transferred from the Department of Justice and Department of Industry as part of the Administrative Restructure on 1 April 2017. Refer to note 18 for details of the assets and liabilities transferred.

The Department also entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by NSW Government. These transactions are conducted at arm's length and are not individually significant. This includes property leased from Government Property NSW, insurance arrangement obtained from NSW Self Insurance Corporation, corporate shared service and personnel services arrangements with agencies within the Planning and Environment Cluster, financing arrangement with the NSW Treasury Corporation and certain employee benefits assumed by the Crown.

26 Budget review

Net result

The actual net result is a profit of \$112.4 million compared to a budget profit of \$10.7 million, resulting in a favourable variance of \$101.7 million. This consists of unfavourable revenue of \$99.5 million, offset by favourable expenses of \$201.2 million.

Expenses

Employee related expenses are \$20.9 million unfavourable to budget due to unbudgeted Machinery of Government Changes (MoG) introduced during the year resulted in DRE (Resource and Energy Division) employee costs of \$14.3 million and CreateNSW employee cost of \$4.2 million. Higher actuarial adjustment of \$14.3 million for long service leave was recognised due to recognition of Resource and Energy and CreateNSW staff transferred into the Department. The above was offset by savings of \$11.9 million due to vacant positions.

Other operating expenses are \$9.6 million unfavourable to budget due to unbudgeted operating expenses of \$13.9 million for Resource and Energy Division and \$3.3 million for CreateNSW. The above is offset by reclassification of the operating expenses allocated to Greater Sydney Commission as cluster agency grant. The budget allocated to Greater Sydney Commission was split during the 2016-17 Half Yearly Budget review from operating expenses to grant expenses.

Depreciation and amortisation expense is \$2.7 million unfavourable to budget due to unbudgeted depreciation of \$1.3 million for CreateNSW and \$0.3 million recognised as a result of Resource and Energy addition. Higher than budgeted depreciation of \$1.1 million due to ePlanning stage 1 being fully recognised as fixed asset and commencement of amortisation from 1st of July 2016.

Grants and subsidies expenses are \$234.4 million favourable due to carry forward of \$130.6 million to Office of Local Government fit for the future program, \$22.2 million to Office of Environment and Heritage, \$31.6 million to Environment Trust, \$4.0 million to Environmental Protection Authority, \$5.5 million relating to other agencies, lower recurrent grant of \$82.0 million to Office of Local government due to slower progress of Reform programme, \$52.5 million for Local Infrastructure Growth Scheme, \$35.2 million for Urban Acceleration programme due to delay in submitting claims by councils, \$25.8 million due to Hunter Development Corporation due to re-profiling of grant programme, \$8.9 million of Voluntary Planning Agreement (VPA) and Special Infrastructure Contribution (SIC) Cash and Work-in-kind grant, and \$2.2 million Planning Reform Fund grant due to lower claims by councils. Further, due to new cash management policy initiated by Treasury, the grant payment to agencies were lower by \$17.5 million as cash buffer limits were implemented. Partially offsetting the above underpayments were new grant payment to Cultural agencies \$54.3 million, Energy and Water rebate grant of \$98.4 million and Arts grant of \$12.9 million due Machinery of Government change introduced during the year. These additional grant payments were not in the original budget but were approved under Section 24 of the *Public Finance and Audit Act 1983*. Also, the Department provided \$17.8 million grant to Greater Sydney Corporation during the year.

Revenue

Recurrent appropriations were lower by \$223.1 million due to carry forward of \$130.6 million to Office of Local Government Fit for the Future program, \$22.2 million to Office of Environment and Heritage, \$31.6 million to Environment Trust, \$4.0 million to Environmental Protection Authority, \$5.5 million relating to other agencies, lower recurrent grant of \$82.0 million to Office of Local government due to slower progress of Reform programme, \$52.5 million for Local Infrastructure Growth Scheme, \$35.2 million for Urban Acceleration Programme due to delay in submitting claims by councils and \$25.3 million to Hunter Development Corporation due to re-profiling of grant programme. Further, due to new cash management policy initiated by Treasury, the grant appropriations were drawn down by \$24.3 million as cash buffer limits were implemented. Partially offsetting the above were additional appropriation for grant to Cultural agencies \$54.3 million, Resource and Energy sector \$133.8 million, Create NSW \$2.2 million due Machinery of Government change introduced during the year.

Capital appropriations unfavourable to budget by \$12.2 million due to lower appropriation of \$9.8 million for e-Planning programme and \$4.7 million for Coastal Land Protection programme due to carry forward. As a result of Machinery of Government change introduced from 1 April 2017, the Department claimed additional \$1.4 million for Walsh Bay Cultural Precinct. Also, for Museum of Applied Arts and Science relocation business case study, Department claimed \$1.0 million as Capital appropriation.

Sale of goods and services revenue is \$21.3 million favourable to budget primarily due to higher Planning Reform Fund contributions of \$6 million and development application revenue of \$7.5 million and BASIX revenue of \$1.8 million as a result of a surge in development activity during the year. As a result of the MoG, the Department also recognised fees, levies and licensee and other revenue of \$5.9 million from resource and energy group. These revenues were not in the original budget.

Department of Planning and Environment
Notes to the financial statements

26 Budget review (continued)

Revenue

Personnel services revenue is \$7.3 million favourable to budget due to recognition of unbudgeted personnel service revenue from Greater Sydney Commission of \$5.6 million and also reclassification of personnel services provided to MAEPA of \$2.3 million from Other income.

Investment revenue is favourable to budget by \$3.2 million from bank interest due to higher Special Infrastructure Contribution and Voluntary Planning Agreement restricted cash holdings during the year as a result of higher revenue collected and lower expenditures compared to budget. As a result of the MoG, the Department recognised additional investment revenue \$1.1 million. This was not in the original budget..

Grants and contributions revenues are \$69.9 million unfavourable to budget as the actual Special Infrastructure Contributions revenue and Voluntary planning agreement revenue are included under other revenue.

Other revenue is \$159.2 million favourable to budget primarily due to the reclassification of the Special Infrastructure contribution revenue of \$104.8 million and Voluntary Planning Agreement contributions revenues of \$41.3 million from grants and contribution line under this line item although the budget relating these items are disclosed under Grants and contributions revenue of \$83.4 million. The favourable revenue is due to higher than budgeted contributions received from developers due to strong growth in development projects. As a result of the MoG, the Department recognised revenue of \$14 million from Resource and Energy division. These revenues primarily include Mine Safety Levy and annual rental and administration levy.

Assets and liabilities

Assets

Cash and cash equivalents are \$175.8 million favourable to budget due to higher restricted cash collected on SIC and VPA as a result of higher revenue and lower expenditures. Additional Cash of \$9.3 million received due to MoG transfer of Resource and Energy division and CreateNSW.

Current receivables are \$51.4 million favourable to budget due to MoG changes effective from 1st April 2017. Increase receivable from Resource and Energy division of \$57.7 million and CreateNSW of \$0.7 million. The above was partially offset by decrease in prepayment - other.

Land and buildings are \$262.7 million favourable to budget due to consolidation of Land and Building of \$267.9 million from CreateNSW and \$14.5 from Resource and Energy division as a result of MoG changes.

Property, plant and equipment are \$2 million favourable to budget primarily due to consolidation of Plant and Equipment of \$0.5 million from CreateNSW and \$1.3 million from Resource and Energy division after MoG changes. Increase is also due to capitalisation of Fitout asset after office relocation to 320 Pitt Street.

Work in progress assets are increased by \$15.2 million primarily due to asset transfer from Department of Industry and Department of Justice and Walsh Bay Arts Precinct assets \$1.4 million, New Parramatta Museum capital expenditure \$1.1 million.

Intangible assets are \$7.9 million unfavourable to budget due to slower than budgeted progress of ePlanning projects.

Liabilities

Payables are \$87.6 million unfavourable to budget primarily due to the consolidation of Resource and Energy grants accrual of \$51.7 million due to MoG changes. The combined result of the fluctuation of the creditor movements of \$17.7 million from year to year and the budget of the works-in-kind liabilities of \$18.2 million is classified as other during the budget setting.

Provisions are \$11 million unfavourable to budget due to unbudgeted additional provision of \$7.2 million from Resource and Energy division and \$0.7 million from CreateNSW due to MoG changes. Increase oncost adjustment of \$2 million due to MoG.

Other is \$12 million favourable to budget due to actual works-in-kind liabilities being reported in trade payables line.

Cash flows

Operating activities

The net increase in Cash Flows from Operating activities is \$142.9 million compared to budget. This is primarily due to higher than budgeted Special Infrastructure Contribution and Voluntary Planning Contribution amounting to \$70.2 million, \$13.8 million income from Department of Resource & Energy (DRE) as a result of Machinery of Government (MoG) change introduced during the year, \$19.2 million as reimbursement from Crown entity towards liability assumed by Crown, \$13.5 million "Made in NSW" grant received by Department, higher Planning Reform Fund Fees of \$6.1 million and Development Application fee of \$6.8 million due to higher development activities and receipt of \$5.8 million of DRE revenue from Fees & Fines as part of MoG change.

Investing activities

The net result of Cash Flow from Investment activities against Budget was a cash inflow of \$10.9 million. This is primarily due to underspend in e-Planning programme by \$9.7 million primarily due to delay in Council approvals and other Government approvals. The amount has been carried forward to future years.

Department of Planning and Environment
Notes to the financial statements

27 Trust funds

	2017 \$'000	2016 \$'000
City West Housing Pty Ltd	33,750	1,530
Minerals trust funds – Deposits under the Mining Act	130,698	-
	<u>164,448</u>	<u>1,530</u>

City West Housing Pty Ltd

The Department holds money which is used for developments in Ultimo-Pymont 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:

Cash balance at the beginning of the year	1,530	273
Add: receipts	54,265	23,123
Less: payments	22,045	21,866
Cash balance at the end of the year	<u>33,750</u>	<u>1,530</u>

Minerals trust funds – deposits under the Mining Act

Cash deposits are received in respect of various forms of titles issued under the provisions of the State's mining legislation. Such cash deposits are held by the Department during the currency of titles and are normally refunded to registered holders upon cessation, providing certain title conditions have been observed.

These monies have been excluded from the financial statements as the Department of Planning and Environment can not use them for the achievement of its objectives.

Bank guarantees from various mining enterprises for the amount of \$2,182,751,514 are also held as at 30 June 2017 (\$2,165,637,418 in 2016)

The following is a summary of the transactions since transferred in from 1 April 2017

	2017 \$'000
Refundable deposits balance at 1 April 2017	127,521
Add: receipts	17,487
Less: refunds	14,309
Refundable deposits balance at 30 June 2017	<u>130,698</u>
Breakdown of the refundable deposits balance:	
Cash at the bank	120,486
Inter-departmental loan receivables	10,212
	<u>130,698</u>

28 Events after the reporting period

The Department is not aware of any after balance date events which would have a material impact on these financial statements.

End of audited financial statements.



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 2017, the statement of comprehensive income, statement of changes in equity, 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 Department as at 30 June 2017, 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 the standards are 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 requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing 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 the preparation and fair presentation of the financial statements 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 and fair presentation of the financial statements that 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 except where the Department's operations will cease as a result of an administrative restructure. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of 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
- 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 description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. 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
- about any other information which may have been hyperlinked to/from the financial statements.



Margaret Crawford
Auditor-General of NSW

19 September 2017
SYDNEY

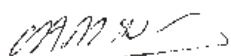
Corporation Sole

'Minister Administering the *Environmental Planning and Assessment Act 1979*'

**Statement by Secretary
for the year ended 30 June 2017**

Under section 41C of the *Public Finance and Audit Act 1983* :

- I certify that the financial statements for Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*' ("the Corporation") have been prepared in compliance with:
 - the *Public Finance and Audit Act 1983*,
 - Treasurer's Directions,
 - the *Public Finance and Audit Regulation 2015*, and
 - in compliance with Australian Accounting Standards (including Australian Accounting Interpretations).
- in my opinion, the financial statements exhibit a true and fair view of the financial performance and position of the Corporation.
- 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
Department of Planning and Environment

18 September 2017

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979*'
Statement of comprehensive income for the year ended 30 June 2017

		Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
	Notes			
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	2,303	3,560	2,404
Other operating expenses	2(b)	10,034	13,782	11,495
Depreciation and amortisation	2(c)	606	248	255
Grants and subsidies	2(d)	13,742	70,930	39,642
Finance costs	2(e)	9,428	13,855	11,062
Total expenses excluding losses		36,113	102,375	64,858
Revenue				
Investment revenue	3(a)	3,820	2,700	3,054
Grants and contributions	3(b)	8,199	8,199	7,980
Sale of goods and services	3(c)	7,346	6,638	7,498
Other income	3(d)	4,555	1,800	3,679
Total revenue		23,920	19,337	22,211
Gain on disposal	4	59,250	19,313	22,404
Other gains/(losses)	5, 9	-	-	(268)
Net result		47,057	(63,725)	(20,511)
Other comprehensive income				
<i>Items that will not be reclassified to net result in subsequent periods</i>				
Changes in revaluation surplus of property, plant and equipment	10	154,987	-	(297,966)
Total other comprehensive income		154,987	-	(297,966)
TOTAL COMPREHENSIVE INCOME		202,044	(63,725)	(318,477)

The accompanying notes form part of these financial statements.

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979* '

Statement of financial position as at 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	6	22,572	7,891	33,306
Receivables	7	2,083	1,598	1,983
Other financial assets	8	127,416	98,941	105,935
		152,071	108,430	141,224
Non-current assets held for sale	9	826	31,939	23,159
Total current assets		152,897	140,369	164,383
Non-current assets				
Property, plant and equipment				
• Land and buildings	10	1,368,187	1,140,913	1,209,010
• Plant and equipment	10	1,206	1,235	1,244
Total property, plant and equipment		1,369,393	1,142,148	1,210,254
Intangible assets	11	189	188	189
Total non-current assets		1,369,582	1,142,336	1,210,443
Total assets		1,522,479	1,282,705	1,374,826
LIABILITIES				
Current liabilities				
Payables	13	14,284	12,306	14,593
Borrowings	14	18,269	25,888	31,156
Total current liabilities		32,553	38,194	45,749
Non-current liabilities				
Borrowings	14	169,484	197,913	183,998
Provisions	15	-	72	72
Total non-current liabilities		169,484	197,985	184,070
Total liabilities		202,037	236,179	229,819
Net assets		1,320,442	1,046,526	1,145,007
EQUITY				
Reserves		965,397	831,169	817,527
Accumulated funds		355,045	215,357	315,308
Amounts recognised in equity related to non-current assets held for sale		-	-	12,172
Total equity		1,320,442	1,046,526	1,145,007

The accompanying notes form part of these financial statements.

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979* '

Statement of changes in equity for the year ended 30 June 2017

	Note	Accumulated fund \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance at 1 July 2016		315,308	829,699	1,145,007
Net result for the year		47,057	-	47,057
Other comprehensive income:				
Changes in revaluation surplus of property, plant and equipment	10	-	154,987	154,987
Total other comprehensive income		-	154,987	154,987
Total comprehensive income for the year		47,057	154,987	202,044
Transfers to accumulated funds		19,289	(19,289)	-
Transactions with owners in their capacity as owners				
(Decrease) in net assets from equity transfers	16	(26,609)	-	(26,609)
Balance at 30 June 2017		355,045	965,397	1,320,442
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:				
Changes in revaluation surplus of property, plant and equipment	10	-	(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 net assets from equity transfers	16	1,481	-	1,481
Balance at 30 June 2016		315,308	829,699	1,145,007

The accompanying notes form part of these financial statements.

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Statement of cash flows for the year ended 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services		(2,304)	(3,560)	(2,404)
Grants and subsidies		(13,597)	(15,930)	(9,214)
Finance costs		(9,852)	(13,855)	(11,030)
Other payments		(21,585)	(17,782)	(19,262)
Total payments		(47,338)	(51,127)	(41,910)
Receipts				
Grants and contributions		8,199	8,199	7,980
Sales of goods and services		7,346	6,638	7,498
Interest received		3,338	2,700	3,292
Other receipts		14,032	5,800	11,470
Total receipts		32,915	23,337	30,240
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	(14,423)	(27,790)	(11,670)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment		79,638	43,313	35,923
Purchases of property, plant and equipment		(27,067)	(35,000)	(12,607)
Redemption of investments	8	24,634	10,000	604
Purchases of investments	8	(46,115)	(2,319)	(1,313)
NET CASH FLOWS FROM INVESTING ACTIVITIES		31,090	15,994	22,607
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings and advances	14	-	6,000	-
Repayment of borrowings and advances	14	(27,401)	-	(2,647)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(27,401)	6,000	(2,647)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(10,734)	(5,796)	8,290
Opening cash and cash equivalents		33,306	13,687	25,016
CLOSING CASH AND CASH EQUIVALENTS	6	22,572	7,891	33,306

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 2017 have been authorised for issue by the Secretary on 18 September 2017.

(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 as 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.

The financial statements are prepared on a going concern basis.

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.

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 Region 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.

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 10 and 12 for further information regarding fair value.

The Corporation revalues each class of Property, plant and equipment 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. A comprehensive revaluation of Land assets are carried out at least every three years while buildings are comprehensively revalued at least every five years. A valuation adjustment will be recorded based on a materiality assessment. The last comprehensive revaluation was completed on 31 March 2016 for the following asset classes and was based on an independent assessment:

- Core land: open space and corridor,
- 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 Gazetted 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 and equipment	12.5% to 20%
• Buildings	1.25% to 2.5%
• Land	Not a depreciable asset
• Permanent easements	Not a depreciable asset

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 as 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.

Corporation Sale
'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 2017 and at 30 June 2016. Refer to Note 18 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).

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979*'
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 12 and 21 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 19.

(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) Joint arrangements

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations

The Corporation has joint operations and therefore recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in Note 22.

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(q) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year. AASB 2015-6 *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* is applicable from 1 July 2016. The application of this Standard has no significant impact on the financial statements, and additional related party transaction disclosures are included. Refer to Note 23.

(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 17-04 mandates agencies not to early adopt any of the following accounting pronouncements:

- AASB 9 *Financial Instruments*
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 1058 *Income of Not-for-profit Entities*
- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-4 *Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-1 *Amendments to Australian Accounting Standards - Transfer of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle*

The Corporation does not anticipate any material financial impact in its financial statements when these accounting pronouncements become effective and are applied.

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	2017 \$'000	2016 \$'000
2 Expenses excluding losses		
(a) Personnel services		
Salaries and wages (including recreation leave)	2,008	2,093
Superannuation	165	177
Workers' compensation insurance	5	6
Payroll tax and fringe benefits tax	125	128
	<u>2,303</u>	<u>2,404</u>
(b) Other operating expenses		
Auditor's remuneration - audit of financial statements	130	121
Corporate shared services expenses	166	166
Consultants	199	10
Contractors	198	226
Operating lease rental expense:		
• minimum lease payments	168	238
• related outgoings	6	15
Property maintenance expenses	3,745	4,791
Property settlement expenses	-	2,381
Property related other expenses	4,285	2,642
Land management expenses	229	8
Bad debts	-	1
Insurance	18	20
General administration	787	821
Write-off of assets	103	55
	<u>10,034</u>	<u>11,495</u>
(c) Depreciation and amortisation expense		
Depreciation		
• Plant and equipment	158	39
• Buildings	520	197
• Leased assets office space	(72)	19
	<u>606</u>	<u>255</u>
(d) Grants and subsidies		
Open space improvement and restoration - government agencies		
• Metropolitan Greenspace Program	1,480	1,320
Other - government agencies		
• State government - Land sales agreements	12,086	7,894
• Local government		
- Land transfers	146	30,428
- Other	30	-
	<u>13,742</u>	<u>39,642</u>
(e) Finance costs		
Interest expense on borrowings	9,428	11,062
	<u>9,428</u>	<u>11,062</u>

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	2017 \$'000	2016 \$'000
3 Revenue		
(a) Investment revenue		
Bank interest	3,720	2,958
TCorp Hour-Glass cash facilities designated at fair value through profit or loss	100	96
	<u>3,820</u>	<u>3,054</u>
(b) Grants and contributions - Local government - Sydney Region Development Fund ¹	<u>8,199</u>	<u>7,980</u>
¹ Local councils as defined within the Sydney Region 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	2,760	3,246
Royalties	4,586	4,252
	<u>7,346</u>	<u>7,498</u>
(d) Other income		
Contract and license receipts	1,857	1,997
Land received free of charge	2,675	1,662
Other miscellaneous income	23	20
	<u>4,555</u>	<u>3,679</u>
4 Gain on disposal		
Proceeds from disposal	79,638	35,923
Written down value of assets disposed		
• Assets held for sale (Note 9)	(18,759)	(9,375)
• Property, plant and equipment ¹ (Note 10)	(1,629)	(4,144)
	<u>59,250</u>	<u>22,404</u>
5 Other gains / (losses)		
Impairment of assets held for sale (Note 9)	-	(268)
	<u>-</u>	<u>(268)</u>

FINANCIAL STATEMENTS

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	2017 \$'000	2016 \$'000
6 Current assets - cash and cash equivalents		
Cash at bank and on hand	15,591	28,629
Short-term deposits ¹	636	-
TCorp Hour-Glass cash facilities	6,345	4,677
	<u>22,572</u>	<u>33,306</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)	<u>22,572</u>	<u>33,306</u>
Closing cash and cash equivalents (per Statement of cash flows)	<u>22,572</u>	<u>33,306</u>
Refer to Note 21 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.		
¹ Restricted investments included in short-term deposits:		
Short-term deposits - Shepherd Estate ²	<u>636</u>	<u>-</u>
	<u>636</u>	<u>-</u>
² This represents the cash set aside per the <i>Land Acquisition (Just Terms Compensation) Act 1991</i> for the compensation of the compulsory acquisition of property from the Shepherd Estate. Identification of legal claimants has progressed and release of these funds is imminent.		
7 Current receivables		
GST receivable	90	-
Rents receivable	683	1,156
Sundry receivables	1,310	827
	<u>2,083</u>	<u>1,983</u>
Refer to Note 21 for details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired.		
8 Current assets - other financial assets		
Investments - Term Deposits		
Balance at beginning of year	105,935	104,622
Acquisitions during the year	46,115	1,313
Redemptions during the year	(24,634)	-
Balance at end of year	<u>127,416</u>	<u>105,935</u>
Refer to Note 21 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.		
Restricted investments included in other financial assets:		
Investments - Term Deposits - Penrith Lakes ¹	3,994	3,892
Investments - Term Deposits - Shepherd Estate	-	621
	<u>3,994</u>	<u>4,513</u>
¹ This 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.		

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	2017 \$'000	2016 \$'000
9 Current assets - non-current assets held for sale		
Balance at 1 July	23,159	21,185
Less:		
• Land sold or disposed	(18,759)	(9,375)
• Impairment losses	-	(268)
Add:		
• Net transfers from/(to) Property, plant and equipment	(3,574)	11,617
Balance at 30 June	826	23,159

Amounts recognised in other comprehensive income relating to assets held for sale

Property, plant and equipment asset revaluation increments/(decrements)

-	-
-	-

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.

10 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 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
At 30 June 2017 - fair value						
Gross carrying amount	3,704	49,817	722,436	625,662	-	1,401,619
Accumulated depreciation	(2,498)	(29,728)	-	-	-	(32,226)
Net carrying amount	1,206	20,089	722,436	625,662	-	1,369,393

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 2017						
Net carrying amount at beginning of year	1,244	5,413	655,465	548,132	-	1,210,254
Additions	14	-	28,185	1,544	-	29,743
Disposals (Note 2(d))	-	-	(146)	-	-	(146)
• Land transfers to local Councils	-	-	(33)	(1,596)	-	(1,629)
• Other transfers	-	-	(33)	(1,596)	-	(1,629)
Net asset transfers through equity (Note 16)	-	(164)	(26,445)	-	-	(26,609)
Net revaluation ¹	106	15,422	60,046	79,413	-	154,987
Transfers from/(to) assets held for sale (Note 9)	-	-	-	3,574	-	3,574
Transfers between classes	-	-	5,405	(5,405)	-	-
Write off of assets (Note 2(b))	-	(62)	(41)	-	-	(103)
Depreciation (Note 2(c))	(158)	(520)	-	-	-	(678)
Net carrying amount at end of year	1,206	20,089	722,436	625,662	-	1,369,393

¹In March 2017, Heritage assets were recognised at \$9.2 million based on depreciated replacement cost approach through valuations conducted by CBRE.

Residential buildings were revalued upwards in March 2017 by \$6.2 million based on a depreciated replacement cost approach through valuations conducted by CBRE.

An interim valuation was conducted by CBRE in June 2017 across all land assets, Penrith Whitewater Stadium Buildings and Plant & Equipment. The movement was applied to all those assets.

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10 Non-current assets - property, plant and equipment (continued)

	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 prior year 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 16)	-	-	(494)	1,975	-	1,481
Net revaluation ²	(280)	2,412	(650,413)	350,315	-	(297,966)
Transfers from/(to) assets held for sale (Note 9)	-	-	588	(12,205)	-	(11,617)
Transfers between classes ³	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

²A full comprehensive revaluation was conducted by CBRE as at 31 March 2016 across all land assets and Penrith Whitewater Stadium buildings and plant and 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 12(b).

Residential buildings were recognised at \$1.2 million based on a Net Present Value calculation.

³In March 2016, pumping equipment and conveyor tracks at Penrith Whitewater Stadium was reclassified from buildings to plant and equipment to better reflect the nature and use of these assets.

11 Non-current assets - intangible assets

	Property interests ¹ \$'000	Software \$'000	Total \$'000
At 1 July 2016 - fair value			
Gross carrying amount	189	405	594
Accumulated amortisation	-	(405)	(405)
Net carrying amount	189	-	189
At 30 June 2017 - fair value			
Gross carrying amount	189	405	594
Accumulated amortisation	-	(405)	(405)
Net carrying amount	189	-	189

¹Property interests represents a permanent easement which is not amortised.

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Notes to the financial statements

11 *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 2017			
Net carrying amount at beginning of year	189	-	189
Additions	-	-	-
Disposals	-	-	-
Net carrying amount at end of year	189	-	189
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

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 2016			
Net carrying amount at beginning of year	189	-	189
Additions	-	-	-
Disposals	-	-	-
Net carrying amount at end of year	189	-	189

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12 Fair value measurement of non-financial assets

(a) Fair value hierarchy

2017

	Level 1	Level 2	Level 3	2017 Total
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment (Note 10):				
Land	-	1,343,849	4,249	1,348,098
Buildings	-	10,991	9,098	20,089
Plant and equipment	-	1,196	-	1,196
	-	1,356,036	13,347	1,369,383

There were no transfers between Level 1 or 2 during the year.

2016

	Level 1	Level 2	Level 3	2016 Total
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment (Note 10)				
Land	-	1,203,597	-	1,203,597
Buildings	-	5,413	-	5,413
Plant and equipment	-	1,244	-	1,244
Non-current assets held for sale (Note 9)	-	23,159	-	23,159
	-	1,233,413	-	1,233,413

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 the following significant building and plant assets:

- Penrith Whitewater Stadium assets
- residential buildings, and
- heritage assets.

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, excluding heritage assets and lands subject to peppercorn leases, are considered to be at Level 2. Heritage assets and lands subject to peppercorn leases are considered to be at Level 3.

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 and residential buildings – depreciated 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 tables above because it is measured at depreciated historical cost as an approximation of fair value.

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Notes to the financial statements

12 Fair value measurement of non-financial assets (continued)

(b) Valuation techniques, inputs and processes (continued)

Method of valuation – heritage assets - depreciated replacement cost approach - Level 3

Various inputs have been considered in this valuation process. These include:

- Property attributes e.g.. location, construction type, condition, age, building areas,
- Price per square metre for the building derived from Rawlinsons Construction Handbook and research of actual costings for comparable assets,
- Quoted prices for similar assets or liabilities in active and non-active markets,
- Market trends and economic outlook,
- Total and remaining economic life.

Relationship of unobservable inputs to Fair Value

Unobservable inputs have an impact on the fair value of building assets. The fair value of buildings may increase if construction costs increase. The Fair Value of buildings will increase if the useful life of the building increases (e.g.. due to refurbishment). The fair value of buildings will generally decrease as the building deteriorates in condition.

The replacement cost of each Heritage Item has been assessed in line with Treasury Policy TPP 14-01 Section 7.4.2: "Replication (reproduction cost) would assume reconstruction with modern materials, but sympathetic with the original heritage design and structure, to the extent that this is feasible."

The gross replacement cost has been determined using inputs referred to above. The remaining economic life in terms of years for each asset individually based upon the total economic life, condition, upgrades/renovations and other building attributes.

The valuation of buildings was undertaken based upon full building inspections for the majority of assets. In some cases where access was restricted, additional information and documentation was supplied by NSW Department of Planning and Environment to the Valuers to be used in addition to aerial mapping. The documentation provided and relied upon included documents such as Heritage Reports, Condition Reports and plans.

Method of valuation – lands subject to peppercorn leases - net present value approach - Level 3

The fair values applied have been calculated from land values derived from analysis of sales evidence (observable inputs) which were projected forward (compounded to end of Lease term) by applying growth rates with reference to historical market data (observable inputs). It was considered that a prospective purchaser would take a conservative approach to the compound rate in a hypothetical market situation.

The projected future value of each asset was then brought back to a net present value by applying a discount rate which comprised a base rate of return based on projection of historical market data in addition to a risk factor adjustment (unobservable input).

(c) Reconciliation of recurring Level 3 fair value measurements

	Buildings \$'000	Land \$'000	Total Recurring Level 3 fair value \$'000
Fair value as at 1 July 2016	-	-	-
Revaluation increments recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment'	9,116	705	9,821
Transfers from Level 2	72	3,544	3,616
Depreciation expense	(90)	-	(90)
Net carrying amount at end of year	9,098	4,249	13,347

Movement from Level 2 to Level 3 has been effected on valuation advice from Valuers.

	2017 \$'000	2016 \$'000
13 Current liabilities - payables		
Creditors*	2,005	2,347
Unearned revenue	377	401
GST payable	-	1,579
Accrued interest*	2,692	3,116
Security and contract deposits	104	202
Deferred revenue	4,476	2,435
Other liabilities	4,630	4,513
	14,284	14,593

*Refer to Note 21 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables.

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	2017 \$'000	2016 \$'000
14 Current/non-current liabilities - borrowings		
TCorp borrowings*		
Balance at beginning of year	215,154	217,801
Borrowings during the year	-	-
Repayments during the year	(27,401)	(2,647)
Balance at end of year	<u>187,753</u>	<u>215,154</u>
The above borrowings are classified as current and non-current based on their maturity dates:		
Current	18,269	31,156
Non-current	169,484	183,998
Total borrowings	<u>187,753</u>	<u>215,154</u>
*Refer to Note 21 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.		
15 Non-current liabilities - provision		
Restoration costs	-	72
	<u>-</u>	<u>72</u>
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	(72)	
Carrying amount at end of year	<u>-</u>	

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.

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	2017 \$'000	2016 \$'000
16 Increase/(decrease) in net assets from equity transfers		
<u>Asset description</u>	<u>Receiving/contributing authority</u>	
• South West Rail Link lands	Transport for NSW	(2)
• Community Parklands	Western Sydney Parklands Trust	-
• North West Rail Link lands	Transport for NSW	-
• General lands	National Parks and Wildlife Service	-
• General lands	Government Property NSW	(492)
• Buildings on Community Parklands	Western Sydney Parklands Trust	-
• General lands	Roads and Maritime Services	1,975
	(26,609)	1,481

17 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	2,973	6,700
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	2,973	6,700

The Corporation also currently has acquisitions under negotiation. Please refer to Note 18 for more details.

(b) Operating lease commitments		
<u>Entity as lessee</u>		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	58	9
Later than one year and not later than five years	183	-
Later than five years	-	-
Total	241	9

The Corporation has entered into operating lease agreements with third parties for provision of office accommodation for the corporation's purposes.

<u>Entity as lessor</u>		
Future non-cancellable operating lease rentals not provided for and receivable:		
Not later than one year	443	
Later than one year and not later than five years	164	
Later than five years	193	
Total	800	

The Corporation has entered into operating lease agreements relating to the rental of residential and heritage buildings.

The total commitments above include input tax credits of \$42,082 (2016: \$861 receivable) that are expected to be paid to the Australian Taxation Office.

18 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.

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 (trading as 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.

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Notes to the financial statements

18 Contingent liabilities and contingent assets (continued)

(a) Contingent liabilities (continued)

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. The Court has issued that the parties progress to mediation.

Acquisitions under negotiation

As at 30 June 2017, the Corporation had made offers to purchase properties totalling \$15.4 million. These offers are dependent on the actions of the landowners to either accept or reject the Corporation's offer. Offers to purchase made by the Corporation lapse if the landowner does not accept the offer.

(b) Contingent assets

The Corporation is not aware of any contingent assets.

19 Budget review

Net result

The actual net result was a profit of \$47.1 million compared to a budget loss of \$63.7 million, resulting in a favourable variance of \$110.8 million. This consists of expenses which are \$66.3 million favourable and revenue (including gain on disposal) which is \$44.5 million favourable.

Expenses

Expenses including other gains/(losses) were \$66.3 million lower than budget primarily due to: grants to local government were \$54.9 million favourable due to timing of the transfer of lands to local councils and thus the costs incurred on land transfers to local government were also \$3.1 million favourable. Finance costs were \$4.4 million favourable due to debt repayment and lower debt interest rates and other operating expenses were favourable by \$3.7 million primarily due to savings in staff costs resulting from staff vacancies.

Revenue

Revenue (including gain on disposal) was \$44.5 million higher than budget primarily due to:

- gains on disposals \$39.9 million favourable as a consequence of a strong property market;
- other income \$2.7 million favourable due to the receipt of land free of charge relating to Penrith Lakes and investment revenue \$1.1 million favourable because of higher sale proceeds being invested in term deposits.

Assets and liabilities

Total current assets were higher than budget by \$12.5 million due to several factors. Cash balances were \$14.7 million favourable due to \$3.1 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 \$4.4 million lower than budget due to lower debt balances.

Total non-current assets were higher by \$227.2 million than the budget. This is primarily because of movements to the asset revaluation reserve during the year. In particular, the interim valuation of the entire land and building portfolio performed in June 2017 primarily led to the net revaluation increment of \$155.0 million. Furthermore, there were also \$54.9 million fewer land transfers to local councils.

Total current liabilities were \$5.6 million lower than budget primarily due to lower borrowings resulting from debt repayment.

Total non-current liabilities were \$28.5 million favourable due to repayment of borrowings and market movements.

Cash flows

Net cash flows from operating activities were \$13.4 million favourable primarily due to \$8.2 million in GST receipts on land sales of Huntingwood East and Bonnyrigg Heights and lower finance costs of \$4.0 million due to lower interest rates and borrowings balance.

Net cash flows from investing activities were \$15.1 million higher than budget mainly due to \$36.3 million higher sale proceeds from the Huntingwood East sale and lower than budget asset purchases of \$7.9 million offset by a net increase in investments by \$29.2 million.

Net cash flows from financing activities were \$33.4 million lower than budget as the repayment of debt was not budgeted.

Corporation Sole
'Minister Administering the *Environmental Planning and Assessment Act 1979*'

Notes to the financial statements

	2017 \$'000	2016 \$'000
20 Reconciliation of cash flows from operating activities to net result		
Net cash flows from operating activities	(14,423)	(11,670)
Depreciation and amortisation	(606)	(255)
Increase in receivables	100	384
Increase/(decrease) in other assets	2,530	(28,766)
(Decrease)/Increase in payables	309	(2,285)
Write-off of assets	(103)	(55)
Loss on revaluation decrement	-	(268)
Net gain on disposal of land	59,250	22,404
Net result	<u>47,057</u>	<u>(20,511)</u>

21 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*

Financial assets	Notes	Category	Carrying amount 2017 \$'000	Carrying amount 2016 \$'000
<u>Class:</u>				
Cash and cash equivalents	6	N/A	22,572	33,306
Receivables ¹	7	Loans and receivables (at amortised cost)	1,993	1,983
Other financial assets	8	Loans and receivables (at amortised cost)	127,416	105,935

Corporation Sole
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Notes to the financial statements

21 Financial instruments (continued)

(a) Financial instruments categories (continued)

Financial liabilities	Notes	Category	Carrying amount 2017 \$'000	Carrying amount 2016 \$'000
<i>Class:</i>				
Payables ²	13	Financial liabilities measured at amortised cost	13,803	12,411
Borrowings	14	Financial liabilities measured at amortised cost	187,753	215,154

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 and cash equivalents

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.

Corporation Sole
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Notes to the financial statements

21. *Financial instruments (continued)*

(b) *Credit risk*

Receivables - trade debtors - cont'd

	Total \$'000	Past due but not impaired \$'000	Considered impaired \$'000
2017			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2016			
< 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 2.37% (2016: 2.48%) on a weighted average balance during the year of \$6.3 million (2016: \$4.7 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.

	2017 \$'000	2016 \$'000
TCorp debt facility	230,000	230,000
Sums drawn	(187,753)	(215,154)
Unused facility	<u>42,247</u>	<u>14,846</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 9.78% (2016: 10.28%).

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Notes to the financial statements

21 Financial instruments (continued)

(c) Liquidity risk - continued

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
2017								
Payables	N/A	13,803	-	-	13,803	13,803	-	-
Borrowings:								
TCorp borrowings								
• Loan: Rail Link	4.63	103,231	103,231	-	-	13,252	47,790	42,189
• Loan: Corporation	5.05	96,790	96,790	-	-	13,352	48,282	35,156
• Loan: Erskine Park	4.53	24,720	24,720	-	-	951	16,749	7,020
		238,544	224,741	-	13,803	41,358	112,821	84,365
2016								
Payables	N/A	12,411	-	-	12,411	12,411	-	-
Borrowings:								
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
		273,439	261,028	-	12,411	54,146	112,051	107,242

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 2016. The analysis assumes that all other variables remain constant.

Corporation Sole
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Notes to the financial statements

21 *Financial instruments (continued)*

(d) *Market risk - continued*

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
2017					
<i>Financial assets</i>					
Cash and cash equivalents	21,936	219	219	(219)	(219)
<i>Financial liabilities</i>					
Payables	13,803	(138)	(138)	138	138
2016					
<i>Financial assets</i>					
Cash and cash equivalents	33,306	333	333	(333)	(333)
<i>Financial liabilities</i>					
Payables	12,411	(124)	(124)	124	124

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	2017 \$'000	2016 \$'000
Cash	Cash and money market instruments	Up to 1.5 years	6,345	4,677

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
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Notes to the financial statements

21 Financial instruments (continued)

(d) *Market risk - continued.*

Other price risk – TCorp Hour-Glass investment facilities

	Change in unit price \$'000	Impact on profit/loss	
		2017 \$'000	2016 \$'000
Hour-Glass investments			
Cash facility	+/- 1%	63	47

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.

	2017 Carrying Amount \$'000	2017 Fair Value \$'000	2016 Carrying Amount \$'000	2016 Fair Value \$'000
Financial liabilities				
Borrowings	187,753	203,033	215,154	239,536

(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	2017 Total \$'000
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Financial assets at fair value

TCorp Hour-Glass Investment Facility	-	6,345	-	6,345
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	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2016 Total \$'000
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Financial assets at fair value

TCorp Hour-Glass Investment Facility	-	4,677	-	4,677
--------------------------------------	---	-------	---	-------

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.

Corporation Sole
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Notes to the financial statements

22 Joint arrangements

The Corporation is involved in two joint operations.

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.

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
2017			
Assets	25,637	4,570	30,207
Liabilities	-	-	-
Revenue	22,810	-	22,810
Expenses	17,792	-	17,792
2016			
Assets	27,341	3,866	31,207
Liabilities	-	-	-
Revenue	46,435	-	46,435
Expenses	36,220	-	36,220

23 Related party disclosures

(a) Key management personnel compensation

During the year, the Corporation incurred \$193,454 in respect of the key management personnel services that are provided by the Department of Planning and Environment ("the Department").

The key management personnel compensation excludes the Minister for Planning. Ministerial compensation is paid by NSW legislature, and not the Corporation. It also excludes long service leave and defined benefit superannuation which is assumed by the Crown Finance Entity.

The Corporation did not provide any non-monetary benefits to Cabinet Ministers, their close family members or entities controlled or jointly controlled thereof during the year.

(b) Transactions with key management personnel

The Corporation did not enter into any related party transactions with key management personnel, their close family members or entities controlled or jointly controlled thereof during the year.

Corporation Sole
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Notes to the financial statements

23 Related party disclosures (continued)

(c) Transactions with Government entities

During the year, the Corporation entered into the following individually significant arm's-length transactions with other entities that are controlled by the NSW Government:

- Personnel services fees paid to the Department of Planning and Environment of \$2.3 million, of which \$178,216 is recognised as accrued expense at year end;
- Interest paid to the New South Wales Treasury Corporation of \$9.4 million, which relates to the \$187.8 million in borrowings from the New South Wales Treasury Corporation;
- Payments to Landcom of \$5.7 million, which relates to property sales agreements in Rouse Hill and Riverstone;
- Payments to Western Sydney Parklands Trust of \$8.0 million, which relates to property sales agreement in East Huntingwood;
- Receipts from Landcom of \$5.0 million, which relates to Rouse Hill property sales agreement; and
- Waste royalty income received from Waste Assets Management Corporation of \$4.6 million, of which \$331,893 is recognised as accrued income at year end.

The Corporation also entered into transactions with other entities that are controlled by the NSW Government. These transactions are conducted at arm's length and are not individually significant. These include costs associated with corporate shared service and reimbursement of expenses to Department of Planning and Environment; audit services from the Audit Office of NSW and property sale agent fees paid to Government Property NSW.

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.



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 2017, the statement of comprehensive income, statement of changes in equity and 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 2017, 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 the standards are 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 requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing 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 the preparation and fair presentation of the financial statements 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 and fair presentation of the financial statements that 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 except where the Corporation will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of 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
- 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 description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. 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
- about any other information which may have been hyperlinked to/from the financial statements.



Reiky Jiang
Director, Financial Audit Services

18 September 2017
SYDNEY

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Appendix

HUMAN RESOURCES

1



Human Resources

The human resources statistics include staff in the Department and the Greater Sydney Commission.

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
2016-17	Men	427	12	60	18	0	68	585
	Women	377	105	80	33	0	59	654
	Total	804	117	140	51	0	127	1239

* 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.

Machinery of government

Following the government's new Administrative Orders issued in April 2017 the Department of Planning and Environment transitioned teams and people from the Department of Industry and arts staff from the Department of Justice (including Create NSW).

Exceptional movements in salaries and wages 2016-17

There were no exceptional movements in salaries and wages for the reporting period.

Industrial relations policies and practices 2016-17

The Department maintained a constructive relationship with the Public Service Association through consultations and information exchange during 2016-17.

Department policies and practices 2016-17

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 Government Sector Employment

The Government Sector Employment Act 2013 (GSE Act) replaced the Public Sector Employment and Management Act 2002 on 24 February 2014. The Department commenced transitioning executives in September 2014 and completed the transition in February 2017 in accordance with the Senior Executive Implementation Plan submitted to the Public Service Commission.

Management and senior executives

Senior executive contracts

	2014-15		2015-16		2016-17	
Senior Executive Bands	Male	Female	Male	Female	Male	Female
Band 4	0	1	0	1	0	1
Band 3	2	2	4	2	4	6
Band 2	7	4	11	6	20	10
Band 1	44	33	21	22	44	42
Total*	53	40	36	31	68	59

* 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

	2015-16 \$	Average \$	2016-17 \$	Average \$
Band 4	441,201 – 509,750	509,733	452,251 – 522,500	507,350 plus a discretionary remuneration range of up to 12% in addition to the base remuneration
Band 3	313,051 – 441,200	365,625	320,901 – 452,250	386,469
Band 2	248,851 – 313,050	269,737	255,051 – 320,900	280,228
Band 1	174,500 – 248,850	205,998	178,850 – 255,050	207,723

Senior executive employee related expenditure

At 30 June 2017, 17.72 per cent of employee related expenditure was attributed to senior executives and equivalent officers, compared to 15.73 per cent in 2015-16.

The following table lists the names, offices and qualifications of principal officers of the Department.

Senior officers' qualifications

Name	Role	Qualification
Carolyn McNally	Secretary	Bachelor of Arts GAICD
Dr Liz Develin	Deputy Secretary, Energy, Water & Portfolio Strategy	Doctor of Business Administration Master of Public Health Bachelor of Human Movement
Brendan Nelson	Deputy Secretary, Growth, Design & Programs	Bachelor of Environmental Science Graduate Diploma in Urban and Regional Planning (with Distinction)
Alison Frame	Deputy Secretary, Policy, Strategy & Governance	Master of Public Administration Bachelor of Speech Pathology Bachelor of Arts
Marcus Ray	Deputy Secretary, Planning Services	Master of Laws Bachelor of Laws (Hons) Bachelor of Arts (Hons)
Simon Officer	Cluster Chief Financial & Operating Officer	Bachelor of Business Chartered Accountant
James Hebron	General Counsel	Bachelor of Laws Bachelor of Arts (Politics) Graduate Diploma (Resources and Energy)
Oona Nielssen	Executive Director, Community and Stakeholder Engagement	Master of Arts (Organisational Communication) Bachelor of Arts
Gary White	Chief Planner	Graduate Diploma Business Administration Bachelor, Regional and Town Planning
Kylie Hargreaves	Deputy Secretary, Resources and Geoscience	Bachelor of International Business (Hons)
Alex O'Mara	Deputy Secretary Arts, Screen and Culture	Masters of Administrative Law and Policy Bachelor of Arts/Bachelor of Laws (Hons) Admission as a Legal Practitioner (Solicitor) to the Supreme Court of NSW in 1999
Lee Shearer APM	Coordinator General for the Central Coast; Resources Regulator	Conjoint Professor of Practice University of Newcastle Faculty of Business and Law

Requirements arising from employment arrangements

The Department provided employee services to the following agencies.

- Central Coast Regional Development Corporation
- Greater Sydney Commission
- 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. In 2016 a diversity team was established to focus on delivering Premier's Priorities, best practice programs and initiatives from the six action plans.

Indigenous employees

The Department is committed to growing, developing and retaining a talented and versatile Aboriginal workforce.

The Department in 2016-17:

- increased the number of Aboriginal and Torres Strait Islander staff employed through targeted and identified recruitment activities
- established two traineeships for Aboriginal employees in the regions
- piloted an Indigenous summer legal clerk program
- promoted NAIDOC week to all staff through events and education
- implemented a cluster wide Aboriginal and Torres Strait Islander Cultural Awareness online and face-to-face training program for all staff
- engaged a new employee assistance provider that can assist Aboriginal staff in a culturally safe way.

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 2016-17:

- promoted the United Nations sanctioned International Day of People with Disability with a "Don't Dis My Ability" presentation with guest speakers
- encouraged staff to update their diversity information, recognising that a person's disability status can change over time. Acknowledge the need to understand our workforce to deliver better programs and initiatives.

Employees from a multicultural background

The Department in 2016-17:

- celebrated Harmony Day and recognised staff contributions to multiculturalism
- engaged in the Refugee Resettlement Program by attending DPC Public Sector information day and championing meetings
- Created employment pathways for candidates from a refugee background into the public sector. Employees and their managers attended the DPC training Supporting Newly Arrived Refugees in the Workplace
- promoted the Community Language Allowance Scheme on the Department's intranet.

Women

The Department in 2016-17:

- supported women's initiatives by organising a women in leadership panel on "Taking Risks in your Career" and a "Workplace Confidence" seminar
- staff celebrated International Women's Day by attending a panel discussion on "Cultural Diversity and Women"
- implemented a "Women in Senior Leadership" pilot mentoring program with 21 women participating as mentees and mentors
- promoted White Ribbon Day and made more than 90 donations to "It's in the Bag" initiative in conjunction with OEH Spokeswomen.

Young Professionals and Mature Age Workforce

The Department undertook a range of initiatives to support young and mature age people throughout the year. Some of these included:

- continued support of the Young Professionals Network which included their Design Seminar and Coffee Series, Meet the Minister and debate with Treasury about housing affordability in Sydney

Appendix 1: HUMAN RESOURCES

- Sponsoring a study tour to Orange to explore the role of Planners in managing land use in rural and regional context which also included a "I Work for NSW" careers expo for students at Orange High School
- employing young workers under the student planner, paraplanner and graduate programs
- scheduled a career transition program "Envisage your Career" for mature workers
- twenty-four staff participated in a knowledge transfer partnership as a part of a formal mentoring program.

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.

Workforce diversity group	Target	2014-15	2015-16	2016-17
Women	50.0%	53.5%	54.4%	53.1%
Aboriginal and Torres Strait Islanders	3.3%	0.0%	0.2%	1.1%
People whose first language spoken as a child was not English	23.2%	24.7%	21.9%	10.6%
People with a disability	N/A	4.8%	3.6%	2.5%
People with a disability requiring work-related adjustment	N/A	1.2%	0.9%	0.8%

Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: The NSW Public Sector Aboriginal Employment Strategy 2014-17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 3: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 4: Work is underway to improve the reporting of disability information in the sector to enable comparisons with population data. For this reason, no benchmark has been provided for People with a Disability or for People with a Disability Requiring Work-Related Adjustment.

Workforce diversity group	Target	2014-15	2015-16	2016-17
Women	100	94	96	93
Aboriginal and Torres Strait Islanders	100	N/A	N/A	N/A
People whose first language spoken as a child was not English	100	95	96	98
People with a disability	100	95	96	96
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A

Note 1: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Note 2: The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

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
- increased frequency and scope of reporting to the Executive Leadership Committee of WHS matters
- an online incident and hazard reporting system.

During 2016-17, the Department provided return to work and post-incident care to injured workers in collaboration with its insurer. 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 Greater Sydney Commission.

Accessibility policies and services

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.

In addition to the Plan, 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
- ensuring the SEPP 65 guide meets WCAG 2.0 compliance
- supported staff to maintain compliance with the WCAG 2.0 AA guidelines by pro-actively monitoring for improvements, training and immersion in the wider digital community.

Multicultural policies and services

The Department is committed to reaching culturally and linguistically diverse (CALD) audiences and embodying the principles in the *Multicultural NSW Act 2000*. The Department undertook a number of activities to advance its commitment to multiculturalism during 2016 -2017. These included:

- increased funding for multicultural outreach and CALD engagement
- images and photography; translation of content; and outreach strategies were developed for CALD audiences
- Department plans and consultations having a meaningful CALD strategy
- The draft Sydenham to Bankstown Urban Renewal Strategy used extensive web and print translation into four community languages: Greek, Simplified Chinese, Arabic and Vietnamese. Multilingual staff and qualified translators were present at community sessions
- social media was used to reach new multicultural audiences. The Department's Centre for Demography, Economics and Research data was used to targeted audiences on select holidays, religious festivals, national days and cultural celebrations.

Best practice eLearning

The Department has established an eLearning program to deliver training modules targeting key areas of staff responsibility and accountability. The program provides 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 have been finalised. Seven additional modules: Code of Conduct; Workplace Bullying and Harassment, Public Access to Government Information; Fraud and Corruption Awareness; Corporate Induction; Security Awareness; and, Aboriginal Cultural Competence training have been developed and released.

In addition to compliance and mandatory e-learning the Step-Up learning portal provides access to more than 100 online instructional videos to assist staff with career development and just-in-time learning. A variety of face-to-face training courses can also be accessed through the Step-Up learning portal.



Appendix

LEGAL & RISK

2

Legal Change

Summary of significant judicial decisions

Successful enforcement of approval conditions - Secretary, Department of Planning and Environment v Charbon Coal Pty Ltd [2016] NSWLEC 10

The defendant Charbon Coal Pty Ltd pleaded guilty to an offence against s 125(1) of the Environmental Planning and Assessment Act 1979 (EP&A Act) in not complying with the conditions of approval for the Charbon Colliery near Kandos. The defendant built a haul road in a location other than the approved location, resulting in the clearing of a small area of a threatened ecological community.

The Court reinforced that upholding the integrity of the statutory scheme is vitally important and held that the fact the offence was committed negligently made it more serious. The defendant was fined \$175,000 and ordered to pay the Department's costs of \$55,000.

Successful enforcement of political donation disclosure requirements - Secretary, Department of Planning and Environment v AGL Energy Limited and AGL Upstream Infrastructure Investments Pty Limited [2017] NSWLEC 2

The defendants pleaded guilty to 11 charges of failure to disclose political donations when making applications for approval of or modifications to development, contrary to section 147 of the EP&A Act. The Court found that the failures were due to inadequacy of internal systems and were not deliberate.

The Court noted the need to deter others about recording and reporting arrangements being in place in a failsafe fashion, to ensure protection of the integrity of the planning system and the seriousness with which such offences should be regarded.

The Defendant was fined \$124,000 and ordered to pay the Department's costs.

Secretary's categorisation of development upheld - Besmaw Pty Ltd v Secretary of the Department of Planning and Environment [2017] NSWLEC 74

These were judicial review proceedings where an applicant challenged the Secretary's decision that its proposed development was not State Significant Development under the EP&A Act and *State Environmental Planning Policy (State and Regional Development) 2011*. The proposal was for construction of an integrated leisure, tourism, health,

residential and employment precinct on land it owns on the Kurnell Peninsula.

The Court upheld the Secretary's determination that the proposed condominiums and commercial land uses were not sufficiently related to the SSD components (the leisure, tourism, hotel and health facility aspects). The appeal was dismissed and the applicant ordered to pay the Secretary's costs.

PAC's assessment process upheld - Millers Point Fund Incorporated v Lendlease (Millers Point) Pty Ltd [2016] NSWLEC 166

These judicial review proceedings concerned the proposed Crown Casino Hotel Resort at Barangaroo which was approved by the Planning Assessment Commission (PAC) as delegate of the Minister for Planning.

The applicant, Millers Point Fund Inc, unsuccessfully contended that the PAC had misconstrued the *Casino Control Act 1992* (which made provision for the location of the proposed building) and its impact on the PAC's powers, duties and functions under the EP&A Act. Essentially the applicant argued that the PAC misconstrued how the CC Act impacted its consideration of the merits of alternate locations for the building.

The proceedings were brought against five respondents - Lendlease (Millers Point) Pty Ltd, the Sydney Harbour Foreshore Authority, Crown Sydney (Property) Pty Ltd, the Barangaroo Delivery Authority, and the Minister for Planning.

The Court held that the PAC had not failed to properly exercise its own powers, duties and functions under the EP&A Act with regard to its assessment of the hotel building location having regard to the CC Act and the proceedings were dismissed.

Successful work health and safety prosecution - Nash v Silver City Drilling (NSW) Pty Ltd; Attorney General for New South Wales v Silver City Drilling (NSW) Pty Ltd

On 12 August 2012, an employee of Silver City Pty Ltd (Silver City) suffered serious injuries, resulting in quadriplegia, while operating a drilling rig at the Ashton Coal Mine.

The Prosecutor charged Silver City under section 32 of the *Work Health and Safety Act 2011* (NSW) (the WHS Act) for

Appendix 2: **LEGAL & RISK**

a breach of the duty imposed by section 19(1) of the WHS Act. Silver City entered a plea of guilty to the charge. On 12 August 2016, Curtis DCJ sentenced Silver City to a fine of \$112,000, with moiety to the Prosecutor. The sentencing judge declined the Prosecutor's application for costs.

The Prosecutor subsequently appealed to the NSW Court of Criminal Appeal against both the sentence and the refusal of the Prosecutor's costs application. The Court of Appeal allowed the appeal, doubling the undiscounted fine to \$250,000 (or \$212,500, taking into account the discount for the guilty plea), and ordered that Silver City pay the Prosecutor's costs.

Bay Simmer Investments Pty Ltd v The State of New South Wales [2016] NSWLEC 123

The Department approved the Stage 1 concept proposal for the Walsh Bay Arts Precinct in May 2015. This determination was initially the subject of an appeal with the Land and Environment Court and then subsequently to the Court of Appeal.

The Court of Appeal declared the development consent for the Walsh Bay Arts Precinct invalid. The Court held that the proposal was not a staged development application (a new ground introduced by the objector in the Court of Appeal) and construction-related impacts should be considered in the assessment of staged development applications, including concept proposals.

On 8 August 2017, a Bill was passed to amend the EP&A Act to make it clear that staged development applications can include only a concept approval and a single detailed application, and provide clarity around the level of assessment required for concept proposals.

The amendments do not operate retrospectively to validate either the concept approval declared invalid by the Court of Appeal or the Stage 2 SSD application for the Walsh Bay Arts Precinct. This means that one or multiple new separate (non-staged) development applications needed to be lodged for the future redevelopment of Walsh Bay.

Changes in Acts and subordinate legislation

Legislation

Mining and Petroleum Legislation Amendment Act 2017 (commenced on assent 27 June 2017)

Environmental Planning Instruments

For details of new and amended NSW Environmental Planning Instruments (LEPs, SEPPs) made 1 July 2016 to 1 July 2017, see:

<https://www.legislation.nsw.gov.au/#/table/asMadeEPs/20160701/20170701?sort=alpha>

Risk Management and Insurance

Risk management

The Department has established and maintained a risk management framework which complies with the core requirements of the NSW Treasury's Internal Audit and Risk Management Policy for the NSW Public Sector (Policy and Guidelines Paper TPP 15-03) and is consistent with AS/NZS ISO 31000-2009 Risk management – Principles and Guidelines.

The framework sets out the process for integrating risk management into the Department's operations and describes arrangements for designing, implementing, monitoring, reviewing and continually improving risk management.

The Department's risk management is integrated with strategic and business planning and is implemented at an enterprise, divisional, project management and initiative

planning. Ongoing work is undertaken to help identify, mitigate and where possible, control risk, and to monitor and update risk profiles.

As an essential component of the Department's governance arrangements, effective risk management supports the achievement of the Department's objectives and provides assurance to the Secretary, Audit and Risk Committee, and Executive that risks are being managed appropriately.

Audit and Risk Committee

During 2016-2017, the Department had an Audit and Risk Committee (ARC) in place, compliant with Treasury Circular TPP 15-03 – Internal Audit and Risk Management Policy for the NSW Public Sector (TPP 15-03), 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. The ARC is comprised of independent members, selected from the panel of prequalified individuals maintained by the Department of Finance and Services. The ARC met five times over the year.

Internal audit function

The Department maintains an internal audit function that is consistent with International Standards for the Professional Practice of Internal Auditing and governed by a Charter that is aligned with the content of the 'model charter' in Treasury Policy TPP 15-03. The Charter has been approved by the Secretary.

Internal Audit provides an independent and objective review and advisory service which seeks to evaluate and improve the effectiveness and efficiency of the Department's governance, risk management, legislative compliance and internal control processes. To achieve this, the internal audit function undertakes a range of risk-based audits to deliver on the Internal Audit Plan that has been endorsed by the ARC and approved by the Secretary.

The Chief Audit Executive, who heads the Internal Audit function, has an independent reporting line to the Chair of the Audit and Risk Committee and attends each committee meeting to present audit findings and report on the status of management's actions to address previous findings.

The Department's internal auditor is externally sourced, with services provided by Ernst and Young (EY).

Shared arrangements

Consistent with Treasury Policy and Guidelines Paper TPP 16-02, Guidance on Shared Arrangements and Subcommittees for Audit and Risk Committees, the Department has a Treasury-approved Principal Department-led Shared Arrangement (Shared Arrangement) with the following agencies for the sharing of its ARC, secretariat, internal audit function and Chief Audit Executive:

- Central Coast Regional Development Corporation
- Corporation Sole 'Minister administering the Environmental Planning and Assessment Act 1979'
- Greater Sydney Commission
- Lord Howe Island Board
- Office of Local Government.

In December 2016, NSW Treasury approved the inclusion of the Hunter Development Corporation (HDC) to the Shared Arrangement.

Insurance

The Department had insurance arrangements in place through participation 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.

Internal Audit and Risk Management Attestation Statement for the 2016-17 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 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

Role	Name	Start term date	Finish term date
Chair, Independent Member	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*

(signed)

Carolyn McNally
Secretary
Department of Planning and Environment
Date: 23 October 2017

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 2016-2017 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 being undertaken during the 2016-2017 financial year and was completed in August 2016. Evidence of certification is enclosed.

(signed)

Carolyn McNally

Secretary

Department of Planning and Environment

Date: 19 October 2017



Appendix

FINANCE

3

Mineral Resources Fund Reports

Following machinery of government changes effective 1 April 2017, the Department incurred the expenditures below. The following information covers the period 1 April 2017 to 30 June 2017.

Minerals and Petroleum Administrative Fund

The Department incurred expenditure of \$6.151 million, which was funded from the Minerals and Petroleum Administrative Fund. The break-up of the expenditure is as follows:

Activity	Expenditure (\$000)
Rehabilitation of Derelict Mines	3,343
Environmental regulation of minerals, petroleum and mining activities	1,106
Compliance and enforcement of obligations created by the grant of a right to explore, extract or produce petroleum or minerals	422
Enhanced communication and community liaison functions	248
Other regulatory and administrative activities including titles, geoscience land use and overheads in relation to the minerals and petroleum industries	1,032
Total	6,151

Minerals and Petroleum Investment Fund

The Department incurred expenditure of \$2.389 million, which was funded from the Minerals and Petroleum Investment Fund. The break-up of the expenditure is as follows:

Activity	Expenditure (\$000)
Explore NSW	79
Cooperative Drilling	535
Geoscience Acquisition & Synthesis	1,320
Geoscience Information	352
Petroleum, Renewables and Resource Advice	103
Total	2,389

Small-Scale Titles Levy Fund

The Department incurred expenditure of \$0.012 million, which was funded from the Small-Scale Titles Levy Fund. The break-up of the expenditure is as follows:

Activity	Expenditure (\$000)
Road works	7
Rehabilitation works	-
Mullock Dump works	5
Total	12

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 2016-17 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 2016-17.

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

No properties of more than \$5 million in value were disposed of by the Department during 2016-17.

Three properties of more than \$5 million in value were disposed of by the Corporation Sole during 2016-17. These three properties were part of the Huntingwood East industrial land sale at Prospect.

The Corporation Sole disposed of 100 properties (lots) with a total value of \$79.6 million during 2016-17.

General surplus lots from the Rouse Hill Town Centre project were sold for \$5.09 million. Surplus lands at Huntingwood East Industrial site and Bonnyrigg Heights residential site were sold for a total of \$74.66 million. All sales followed a competitive sales process. The proceeds from these sales were reinvested in the Sydney Region Development Fund for the acquisition of regional open space.

In 2016-17, OSL transferred to the Parklands an additional 81 hectares of regional open space with an original book value of \$45 million. These assets were revalued to \$19.1 million at the date of transfer to the Parklands.

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 2016-17, the following funds were granted by the Department to non-government community organisations.

Note: this list only includes those grants, or portions of grants paid during the period 1 April 2017 – 30 June 2017.

Negotiated Funding

Program	Name of Individual / Organisation	Amount (Excl. GST)	Purpose
Major Performing Arts Company (Projects)	The Bell Shakespeare Company	\$116,667.00	Rental Subsidy for the Argyle Stores (2016-2018) Year 2
Major Performing Arts Company	Australian Chamber Orchestra	\$99,235.00	Year 2 of Multiyear Program Funding (2016-2018)
Major Performing Arts Company	Bangarra Dance Theatre Australia Ltd	\$301,409.00	Year 2 of Multiyear Program Funding (2016-2018)
Major Performing Arts Company	Brandenburg Ensemble Ltd	\$234,387.00	Year 2 of Multiyear Program Funding (2016-2018)
Major Performing Arts Company	Company B Ltd	\$501,217.00	Year 2 of Multiyear Program Funding (2016-2018)
Major Performing Arts Company	Musica Viva Australia	\$272,658.00	Year 2 of Multiyear Program Funding (2016-2018)
Major Performing Arts Company	Opera Australia	\$948,729.00	Year 2 of Multiyear Program Funding (2016-2018)
Major Performing Arts Company	Sydney Dance Company	\$136,949.00	Year 2 of Multiyear Program Funding (2016-2018)
Major Performing Arts Company	Sydney Symphony Orchestra Holdings Pty Ltd	\$1,646,485.00	Year 2 of Multiyear Program Funding (2016-2018)
Major Performing Arts Company	Sydney Theatre Company Ltd	\$262,077.00	Year 2 of Multiyear Program Funding (2016-2018)
Major Performing Arts Company	The Australian Ballet	\$346,473.00	Year 2 of Multiyear Program Funding (2016-2018)
Major Performing Arts Company	The Bell Shakespeare Company	\$389,851.00	Year 2 of Multiyear Program Funding (2016-2018)

Appendix 3: **FINANCE**

Program Funding (incl. Service Organisations and Devolved Funding)

Program	Name of Individual / Organisation	Amount (Excl.GST)	Purpose
Annual Program (inc. Service Organisations)	Hawkesbury City Council	\$105,000.00	2017 Annual Program funding for Hawkesbury Regional Gallery and Museum
Annual Program (inc. Service Organisations)	Hunter Writers Centre Inc	\$70,000.00	2017 Annual Program
Multiyear 2016-2018 (Year 2)	City of Parramatta Council	\$125,000.00	Multiyear Program Funding for Parramatta Artist Studios (2016-2018) Year 2
Multiyear 2016-2018 (Year 2)	Dubbo City Council	\$110,000.00	Multiyear Program Funding for Western Plains Cultural Centre (2016-2018) Year 2
Multiyear 2016-2018 (Year 2)	Liverpool City Council	\$250,000.00	Multiyear Program Funding for Casula Powerhouse Arts Centre (2016-2018) Year 2
Multiyear 2016-2018 (Year 2)	Manly Council	\$50,000.00	Multiyear Program Funding for Manly Regional Art Gallery and Museum (2016-2018) Year 2
Multiyear 2016-2018 (Year 2)	Milk Crate Theatre	\$80,000.00	Multiyear Program Funding (2016-2018) Year 2
Service Organisation Multiyear Program 2016-2018 (Year 2)	University of Melbourne - Asialink	\$50,000.00	Asialink Arts Residency Program 2016 - 2018

Projects

Program	Name of Individual / Organisation	Amount (Excl.GST)	Purpose
Arts & Cultural Projects	Gurehlgam Corporation Limited	\$5000.00	The Dreaming Trails exhibition
Arts & Cultural Projects	National Young Writers' Festival Inc	\$35,000.00	The 2017 National Young Writers' Festival, Newcastle
Arts & Cultural Projects	NSW Aboriginal Culture Heritage & Arts Association Inc	\$35,000.00	From Our Place ACHAA exhibition tour
Regional Capital	Orange City Council	\$54,500.00	Internal refurbishment of Orange Regional Gallery, Stage 2
Performing Arts Touring Multiyear	Sydney Dance Company	\$143,919.00	Multiyear Year 3 - Sydney Dance Company Regional NSW Touring Program (2016-2017)
Aboriginal Regional Arts Fund	ACE Community Colleges Ltd	\$7,150.00	Cultural research and development through printmaking
Aboriginal Regional Arts Fund	Beyond Empathy Limited	\$20,000.00	From the Horse's Mouth
Aboriginal Regional Arts Fund	Kempsey Shire Council	\$20,000.00	Dhanggati Wirriyn Yapang - Dunghutti Story Trail
Aboriginal Regional Arts Fund	Eurobodalla Shire Council	\$18,850.00	Wonga and the Waratah
Aboriginal Regional Arts Fund	West Darling Arts Inc	\$18,790.00	Where Contemporary and Traditional Collide
Aboriginal Regional Arts Fund	Orana Arts Inc	\$20,000.00	CETA: Creative Environment Technology Arts
Aboriginal Regional Arts Fund	South East Arts (NSW) Inc	\$20,000.00	Koori Music Activation
Aboriginal Regional Arts Fund	Bluesfest Services Pty Ltd	\$20,000.00	Boomerang Festival

Professional Development

Program	Name of Individual / Organisation	Amount (Excl. GST)	Purpose
NSW Artist with Disability Fellowship	Mr John A Douglas	\$30,000.00	An international creation, skills, research and development program
Western Sydney Arts Fellowship	Mr Khadim Ali	\$50,000.00	A twelve month program of activities in Australia and overseas
Artist Support Round 2	Dr Andrée Greenwell	\$5,000.00	Performances of 'Gothic' at Mantova Chamber Music Festival, Italy
2016 Young Regional Artist Scholarships Round 1	Miss Amie Patching	\$10,000.00	A 12-month performance skills program at the National Circus School of Montreal, Canada

Appendix 3: FINANCE

Program	Name of Individual / Organisation	Amount (Excl. GST)	Purpose
2016 Young Regional Artist Scholarships Round 1	Miss Chloe Nott	\$10,000.00	Undertaking a bluegrass music mentorship and professional development program in the United States.
2016 Young Regional Artist Scholarships Round 1	Miss Diella Wade	\$10,000.00	Undertaking professional development with leading ballet dance companies in the United Kingdom
2016 Young Regional Artist Scholarships Round 1	Miss Emily Imeson	\$10,000.00	Undertaking a painting residency, a mentorship and skills development in regional NSW
2016 Young Regional Artist Scholarships Round 1	Miss Sarah Leete	\$10,000.00	Mentorship with Catherine Britt, recording and marketing of Country music brand
2016 Young Regional Artist Scholarships Round 1	Miss Virginia Tapp	\$10,000.00	Undertaking a professional development regional writing program
2016 Young Regional Artist Scholarships Round 1	Mr Millan Pintos-Lopez	\$10,000.00	Undertaking a professional development program at the Bauhaus Archive and Bauhaus School in Europe
2016 Young Regional Artist Scholarships Round 1	Mr Nicholas Cummins	\$10,000.00	A music production internship program in the United Kingdom and Europe
2016 Young Regional Artist Scholarships Round 1	Mr Tyler Grace	\$10,000.00	Undertaking a photography mentorship with Andrew Pearce as well as a skills development and exhibition at the Murray Art Museum Albury
2016 Young Regional Artist Scholarships Round 1	Ms Amy Flannery	\$10,000.00	An intensive dance program at the Broadway Dance Centre, New York City
2016 Young Regional Artist Scholarships Round 2	Miss Breanna-Jade Krauss	\$10,000.00	Intensive Musician Mentorship Program
2016 Young Regional Artist Scholarships Round 2	Miss Emily Flannery	\$10,000.00	Kibbutz Contemporary Dance Company International Dance Journey
2016 Young Regional Artist Scholarships Round 2	Miss Gabriela Green	\$10,000.00	Collaborations, Creations and Transformations for a Young Regional Dancer
2016 Young Regional Artist Scholarships Round 2	Miss Jade Cicak	\$10,000.00	Moving; Making - A mentorship and material exploration with Rick Ball
2016 Young Regional Artist Scholarships Round 2	Miss Jayden Muir	\$10,000.00	Creation of new work under Alan Flower's Mentorship
2016 Young Regional Artist Scholarships Round 2	Miss Jessica Forster	\$10,000.00	Jess Forster Sustainable Textiles
2016 Young Regional Artist Scholarships Round 2	Miss Sarah Dugan	\$10,000.00	Red Gate Beijing artist residency
2016 Young Regional Artist Scholarships Round 2	Miss Siobhan McKenna	\$10,000.00	A personal development program in Contemporary Dance in Australia.
2016 Young Regional Artist Scholarships Round 2	Mr Ethan Andrews	\$10,000.00	Comedy performance and production professional development program
2016 Young Regional Artist Scholarships Round 2	Mr Jackson Manson	\$10,000.00	3 internships and making of new circus.

Program	Name of Individual / Organisation	Amount (Excl. GST)	Purpose
2016 Young Regional Artist Scholarships Round 2	Mr Joshua Cameron-Thomas	\$10,000.00	Professional Photojournalism Experience in Mexico City
2016 Young Regional Artist Scholarships Round 2	Mr Kayah Guenther	\$10,000.00	Taking Flight
2016 Young Regional Artist Scholarships Round 2	Mr Matthew Letton	\$10,000.00	The West End Musical Theatre Training Program
2016 Young Regional Artist Scholarships Round 2	Mr Michael Graham	\$10,000.00	Desert Pea Media Facilitator Mentorship/ Internship Program - Michael Graham
2016 Young Regional Artist Scholarships Round 2	Ms Imogen McKenzie	\$10,000.00	Creation and Development of a Manuscript for First Novel

Strategic Funding

Program	Name of Individual / Organisation	Amount (Excl. GST)	Purpose
Aboriginal Negotiated	Country Music Association of Australia Inc	\$10,000.00	Two Indigenous CMAA Senior Academy of Country Music scholarships
Aboriginal Negotiated	NAISDA Ltd	\$70,000.00	Garabara Ngurra 17
Aboriginal Negotiated	The Sydney Festival Ltd	\$25,000.00	Bayala - Let's Speak Sydney Language
Aboriginal Quick Response	Birpai LALC	\$5,000.00	Participation in the Barunga Festival
Aboriginal Quick Response	Mr Kristian Benton	\$5,000.00	Youth Performance Opportunity in Vietnam
Aboriginal Quick Response	Mr Lewis Burns	\$5,000.00	Lewis Burns - Poland - USA Tour
Premier's Literary and History Awards	Library Council of NSW	\$270,000.00	Prize monies for the NSW Premier's Literary and History Awards (2016-2017)
Strategic Funds	APRA AMCOS trading as Live Music Office	\$225,000.00	Regional NSW Live and Local Initiative
Strategic Funds	Australasian Performing Rights Association Ltd	\$150,000.00	Live and Local Western Sydney Strategic Initiative
Strategic Funds	Music NSW Incorporated	\$50,000.00	To establish a pilot contemporary music regional touring devolved funding program
Strategic Funds	Regional Arts NSW Ltd	\$200,000.00	Artstate Lismore
Strategic Funds	Studio ARTES Northside Inc	\$33,500.00	Strategic funding to enable studio relocation and fit out

Appendix 3: FINANCE

Program	Name of Individual / Organisation	Amount (Excl.GST)	Purpose
Strategic Funds (Program) Multiyear	City of Parramatta Council	\$200,000.00	Year 3 of Multiyear Program Funding for Riverside Theatres (2014/15-17/18)
Strategic Funds (Program) Multiyear	Sculpture by the Sea Incorporated	\$300,000.00	Multiyear Program Funding (2015-2018) Year 3
Request for Proposals - Employment	Australian Design Centre	\$34,700.00	Indigenous Creative Producer & Researcher
Request for Proposals - Employment	Boomalli Aboriginal Artists Co-operative Ltd	\$56,280.00	Emerging Curator
Request for Proposals - Employment	Murray Arts Inc	\$54,531.00	Emerging Aboriginal Curator for Murray Arts Burraja Arts Enterprise & Gallery
Request for Proposals - Employment	Northern Rivers Performing Arts Inc	\$35,000.00	Associate Director
Request for Proposals - Employment	The Performance Space Ltd	\$22,600.00	Aboriginal Employment Program
Request for Proposals - Employment	The Red Room Company Ltd	\$80,000.00	Aboriginal Arts Manager
Request for Proposals - Employment	Urban Theatre Projects	\$63,514.00	First Nations Curator
Western Sydney Making Spaces Initiative	Cumberland Council	\$60,000.00	Arab Theatre Studio- Creative Hub
Western Sydney Making Spaces Initiative	Dance Makers Collective	\$60,000.00	Activate Dance Residencies across Western Sydney
Western Sydney Making Spaces Initiative	Liverpool City Council	\$60,000.00	Urban Screen Studio Residencies
Western Sydney Making Spaces Initiative	Penrith City Council	\$60,000.00	Digi Space – (Penrith Creative Digital Making Space)
Western Sydney Making Spaces Initiative	Shopfront Arts Co-op Ltd	\$30,000.00	Lomandra Storytime
Western Sydney Making Spaces Initiative	The Council of Camden	\$15,000.00	Creative Camden Hub
Western Sydney Making Spaces Initiative	Think & Do Tank Foundation Limited	\$60,000.00	In Other Words at Lost In Books
Western Sydney Making Spaces Initiative	WestWords Ltd	\$60,000.00	Western Sydney Writing Rooms

Screen Funding

2016-17 Screen Investment Funding

Program	Name of Individual / Organisation	Amount (Excl.GST)	Project Title
360 Vision Virtual Reality Initiative	Curious Works	\$16,000.00	Colony: Departure
360 Vision Virtual Reality Initiative	Erth Visual & Physical Inc.	\$16,000.00	Into The Prehistoric Aquarium
360 Vision Virtual Reality Initiative	Hardy White Pictures Pty Ltd	\$4,000.00	Aussie Cops
360 Vision Virtual Reality Initiative	Proxi VR Pty Ltd	\$20,000.00	The Church
Advanced Development & Marketing	GFN Productions Pty Ltd	\$6,400.00	The Household Guide to Dying
Advanced Development & Marketing	Goalpost Pictures Australia Pty Ltd	\$3,000.00	I Am Woman
Advanced Development & Marketing	Samson Productions Pty Ltd	\$5,903.00	Ladies in Black
Amplifier	Swing Wing Pty Ltd	\$26,500.00	Does My Head Look Big in This?
Amplifier	Wildflower Films Pty Ltd	\$20,000.00	The Seed
Development - Festival Travel	Jacobie Jane Gray	\$1,000.00	The Beehive
Development - Festival Travel	Aquarius Films Pty Ltd	\$1,500.00	Berlin Syndrome
Development - Festival Travel	Mike Daly, Sedona Productions Pty Ltd	\$3,000.00	Through The Dark
Development - Festival Travel	Scarlett Pictures Pty Ltd	\$2,000.00	Black Comedy Series
Development - Festival Travel	Victoria Wharfe McIntyre	\$1,000.00	Miro
Development - Festival Travel	Cheeky Little Media Pty Ltd	\$1,000.00	Monster Teddies
Development - Festival Travel	Cyna Rose and Christina Davies Strachan	\$3,000.00	Adult
Early Stage Development	Aquarius Film Pty Ltd	\$4,000.00	The Night Game*
Early Stage Development	GFN productions Pty Ltd	\$1,600.00	Synchronicity*

Appendix 3: FINANCE

Program	Name of Individual / Organisation	Amount (Excl.GST)	Project Title
Early Stage Development	Film Camp Pty Ltd	\$3,200.00	The Proof of the Puddin'*
Early Stage Development	Country Road Films Pty Ltd	\$12,800.00	The Blue Tin
Early Stage Development	Generator Pictures Pty Ltd	\$1,600.00	The Natural Way of Things
Early Stage Development	Yumi Stynes	\$2,200.00	Cockatoo Island Ghost Stories
Early Stage Development	Annamax Media Pty Ltd	\$14,160.00	Norfolk
Early Stage Development	Annamax Media Pty Ltd	\$8,040.00	Traumatised
Advanced Development & Marketing	Let's Play Productions Pty Ltd	\$3,000.00	All the Queen's Men*
Early Stage Development	Blackfella Films Pty Ltd	\$2,000.00	The Prospector
Early Stage Development	Cordell Jigsaw Productions Pty Ltd	\$8,000.00	Muhammed Jones
Early Stage Development	Arenamedia Pty Ltd	\$9,600.00	National Wake
Early Stage Development	Essential Media and Entertainment Pty Ltd	\$22,400.00	13 Acacia Avenue
Early Stage Development	FremantleMedia Australia Pty Ltd	\$6,000.00	Company
Early Stage Development	Handmaid Media Pty Ltd	\$8,000.00	Laurinda
Early Stage Development	Handshake Films Pty Ltd	\$1,600.00	Bang Bang City
Early Stage Development	Infinity Pictures Pty Ltd	\$2,000.00	The Backtrack Boys
Early Stage Development	Kojo Productions Pty Ltd	\$3,000.00	Square the Circle
Early Stage Development	Oze-Male Pty Ltd	\$9,600.00	Lessons From The Grave
Early Stage Development	PJ Pictures Pty Ltd	\$3,400.00	CherryWhistle
Early Stage Development	Revolver Films Pty Ltd	\$2,800.00	Panyee FC

Program	Name of Individual / Organisation	Amount (Excl.GST)	Project Title
Early Stage Development	RKPix Pty Ltd	\$8,000.00	Bluebirds
Early Stage Development	Sticky Pictures Pty Ltd	\$1855.00	The Hedgehog Dilemma
Early Stage Development	Indefatigable Pictures Pty Ltd t/a The Steve Jaggi Company	\$6,000.00	Flying Doctor
Early Stage Development	This is Arcadia Pty Ltd	\$5,000.00	Splitters
Early Stage Development	Magic Films Pty Ltd	\$3,000.00	Female Pleasure
Early Stage Development	Lucy Durack Productions Pty Ltd	\$4,628.00	LIFT
Emerging Filmmakers Fund	Aquarius Films Pty Ltd	\$8,000.00	GEFF Mentor Services
Emerging Filmmakers Fund	Nicole Marree Coventry	\$10,500.00	Sherbert Rozencrantz, You're Beautiful
Made in NSW - TV Drama	Clandestine Beyond Pty Ltd	\$40,000.00	Pulse
Made in NSW - TV Drama	Endemol Shine Australia Pty Ltd	\$285,000.00	Wake in Fright
Made in NSW - TV Drama	The Other Guy Productions Pty Ltd	\$57,000.00	The Other Guy
Made in NSW - TV Drama	Playmaker Media Pty Ltd	\$210,000.00	Friday On My Mind, The Easybeats
Made in NSW - TV Drama	Playmaker Media Pty Ltd	\$315,000.00	Love Child Season 4
Made in NSW - TV Drama	Screentime Pty Ltd	\$320,000.00	The Secret Daughter Series 2
Made in NSW - TV Drama	See-Saw Films (TV) Pty Ltd	\$60,000.00	Monkey
Market Travel Fund	Cobbstar Productions Pty Ltd	\$2,000.00	Patricia Moore
Market Travel Fund	J'Aimee Skippon Volke	\$3,000.00	Moments
Market Travel Fund	Invisible Republic Pty Ltd	\$2,500.00	Slam
Market Travel Fund	Porchlight Films Pty Ltd	\$4,000.00	True History of the Kelly Gang

Appendix 3: FINANCE

Program	Name of Individual / Organisation	Amount (Excl.GST)	Project Title
Market Travel Fund	SixtyFourSixty Pty Ltd	\$3,500.00	Angel of Mine
Market Travel Fund	We Are Arcadia Pty Ltd	\$3,500.00	Arcadia Slate
Production Finance	Catherine Hunter Productions Pty Ltd	\$2,000.00	Glenn Murcutt Architect*
Production Finance	Amnesia Productions Pty Ltd	\$10,200.00	The Shadowland*
Production Finance	Eyespy Productions Pty Ltd	\$5,000.00	Ice Wars*
Production Finance	Miracle Hospital Pty Ltd	\$6,800.00	Miracle Hospital*
Production Finance	Hide and Seek Productions Pty Ltd	\$6,000.00	Hyde and Seek*
Production Finance	Doctor Doctor Productions Pty Ltd	\$4,000.00	Doctor Doctor*
Production Finance	Werner Film Productions Pty Ltd	\$6,000.00	Dance Academy - The Comeback*
Production Finance	Screentime Pty Ltd	\$4,237.00	The Secret Daughter*
Production Finance	Amnesia Productions Pty Ltd	\$18,000.00	Kimberley Project
Production Finance	Carolyn Johnson Films Pty Ltd	\$19,000.00	The Last Goldfish
Production Finance	Essential Media and Entertainment Pty Ltd	\$60,000.00	Uncharted with Sam Neill
Production Finance	Worldwide production Services Pty Ltd	\$11,250.00	Bond
Production Finance	Flying Bark Productions Pty Ltd	\$22,500.00	The Wild Adventures Of Blinky Bill
Production Finance	Fredbird Entertainment Pty Ltd	\$16,000.00	Justine Clarke's Ta Da!
Production Finance	Mememe Productions Pty Ltd	\$14,432.00	Get Grubby - TV Series
Production Finance	New Town Films Pty Ltd	\$2,550.00	Let's Talk About Season 2
Production Finance	Rocket Compulsion Pty Ltd	\$35,000.00	Own The Sky

Program	Name of Individual / Organisation	Amount (Excl.GST)	Project Title
Production Finance	Goalpost Pictures Australia Pty Ltd	\$13,500.00	Cleverman Season 2
Production Finance	See Pictures Pty Ltd	\$5,625.00	Remembering Agatha
Production Finance	Serendipity Productions Pty Ltd	\$1,000.00	The Surgeon and the Soldier (aka A Leg To Stand On)
Production Finance	Southern Pictures Pty Ltd	\$32,000.00	Hawke: The Larrikin In The Lodge aka Hawke
Production Finance	Stranger than Fiction Films Pty Ltd	\$6,500.00	Story of Australian Cinema AKA David Stratton: A Cinematic Life
Production Finance	Endemol Shine Australia Pty Ltd	\$4,000.00	The High Road
Regional Filming Fund	Endemol Shine Australia Pty Ltd	\$80,000.00	Wake in Fright
Regional Filming Fund	Screentime Pty Ltd	\$3,000.00	Life on the Line
Regional Filming Fund	Zakpage Ptd Ltd	\$2,900.00	Nyami Ngaarlu-gundi (Water Woman)
Regional Filming Fund	Jotz Productions Pty Ltd	\$25,175.00	Teach a Man to Fish
Seed Regional Shorts	Eye Spy Productions Pty Ltd	\$350,000.00	Employable Me
Seed Regional Shorts	Gia Frino	\$3,000.00	Apricot
Seed Regional Shorts	Jason King	\$2,000.00	Lost Sheep
Seed Regional Shorts	Good Eye Deer Pty Ltd	\$1,000.00	Table For One
Seed Regional Shorts	S Hector & PC Walker	\$3,000.00	Drummer Girl
Seed Regional Shorts	Seeding Time Pictures Pty Ltd	\$1,000.00	Dark Waters

* Carried forward from 2015-16 grant program

Appendix 3: FINANCE

Strategic Opportunities Program

Program	Name of Individual / Organisation	Amount (Excl.GST)	Purpose
Strategic Opportunities Program	Sydney Film Festival	\$ 979,559.00	Sydney Film Festival
Strategic Opportunities Program	Worldwide Production Services Pty Ltd	\$ 8,882.5	Muslims like Us
Strategic Opportunities Program	Gnomon Live	\$15,000.00	Gnomon Live
Strategic Opportunities Program	AFTRS	\$20,000.00	Talent Camp
Strategic Opportunities Program	Every Cloud Productions Pty Ltd	\$ 5,000.00	Producer attachment - Deadlock - Rebecca Ingram

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	18,368,583	952,150	57,672	1,601	16,521
December	23,133,966	363,089	372,559	10,441	20,838
March	16,840,770	1,487,711	277,193	119,045	40,742
June	36,656,577	4,510,187	1,016,586	2,217,272	223,640
Small business suppliers (\$)					
September	19,579	-	-	-	-
December	9,205	-	-	-	-
March	10,800	-	-	-	-
June	18,850	-	-	-	-

* 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.

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	2,868,286	1,854	-	-	-
December	982,639	36,298	-	3,213	-
March	2,436,099	68,362	293	2,493	4,059
June	4,010,684	2,466	-	-	83
Small business suppliers (\$)					
September	8,250	-	-	-	-
December	10,230	-	-	-	-
March	-	-	-	-	-
June	-	-	-	-	-

* 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.

Appendix 3: FINANCE

Department of Planning and Environment – accounts due or paid within each quarter

Measure	Sep 2016	Dec 2016	Mar 2017	Jun 2017
All suppliers (\$)				
Number of accounts due for payment	3,917	4,403	3,889	6,431
Number of accounts paid on time	3,806	4,280	3,307	5,225
Actual percentage of accounts paid on time (based on number of accounts)	97.2%	97.2%	85.0%	81.2%
Dollar amount of accounts due for payment	19,396,527	23,900,893	18,765,462	44,624,263
Dollar amount of accounts paid on time	18,368,583	23,133,966	16,840,770	36,656,577
Actual percentage of accounts paid on time (based on \$)	94.7%	96.8%	89.7%	82.1%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-
Small business suppliers (\$)				
Number of accounts due for payment to small businesses	4	1	2	3
Number of accounts due to small businesses paid on time	4	1	2	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	19,579	9,205	10,800	18,850
Dollar amount of accounts due to small businesses paid on time	19,579	9,205	10,800	18,850
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	-	-	-	-
Interest paid to small businesses on overdue accounts	-	-	-	-

Corporation Sole – accounts due or paid within each quarter

Measure	Sep 2016	Dec 2016	Mar 2017	Jun 2017
Small business suppliers (\$)				
Number of accounts due for payment	363	260	328	284
Number of accounts paid on time	360	241	301	278
Actual percentage of accounts paid on time (based on number of accounts)	99.2%	92.7%	91.8%	97.9%
Dollar amount of accounts due for payment	2,870,139	1,022,150	2,511,307	4,013,233
Dollar amount of accounts paid on time	2,868,286	982,639	2,436,099	4,010,684
Actual percentage of accounts paid on time (based on \$)	99.9%	96.1%	97.0%	99.9%
Number of payments for interest on overdue accounts				
Interest paid on overdue accounts				

Implementation of Price Determination

The Department was not subject to any price determinations or recommendations during 2016-17.

Consultants

Department of Planning and Environment

Total consultancy spend by the Department was \$4,055,068.

Consultancies of value less than \$50,000

Number of consultancy engagements less than \$50,000: 69

Total value of consultancy engagements less than \$50,000: \$1,079,816

Appendix 3: FINANCE

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		
OFFICE OF ENVIRONMENT & HERITAGE	Data Warehousing Self Service BI & Reporting	93,000
Management services		
DEPARTMENT OF INDUSTRY SKILLS & REGIONAL DEVELOPMENT	Energy Security Taskforce	447,896
WSP AUSTRALIA P/L	Economic Analysis-Mining	200,264
MI ASSOCIATES PTY LTD	Provision of Operational Advisory Services to support Walsh Bay Arts Precinct (WBAP) planning and development services	130,000
MACROPLAN HOLDINGS PTY LTD	Retail Ministerial Advisory Committee	100,447
GROSVENOR MANAGEMENT CONSULTING P/L	Agency Accreditation Project	98,516
THE NOUS GROUP PTY LTD	Community, media and stakeholder engagement organisational design	94,000
CONYBEARE MORRISON INTERNATIONAL P/L	Strategic Planning	82,070
DOLL MARTIN ASSOCIATES P/L	Manufacturing Critical-Path Time (MCT) Process Mapping	68,000
Planning		
PRICEWATERHOUSECOOPERS CONSULTING (AUSTRALIA) P/L	Review of Fees Levies	153,464
GALVIN AND ASSOCIATES PTY LTD	Dendrobium report reviews	52,800
JBA URBAN PLANNING CONSULTANTS P/L	Urban Vegetation State Environmental Planning Policies (SEPP)	110,967
INDEPENDENT PRICING & REGULATORY TRIBUNAL	IPART Benchmark determination FY17-18	60,000
Environmental		
CRC CARE P/L	Environmental Consultation Services	165,000
EARTH SYSTEMS CONSULTING P/L	Earthworks Assessment, Supervision, Reporting	79,494
RJA P/L	Energy Policy Consultancy Services	77,000
ENERGETICS P/L	Clean Energy Strategy	67,800
2XE P/L	Clean Energy Strategy	63,000
NDEV ENVIRONMENTAL P/L	Clean Energy Strategy	52,325
Engineering		
INGAUGE ENERGY P/L	Well decommissioning activities	385,266
GHD P/L	Technical Design and Supervision	179,138
O'KANE CONSULTANTS P/L	Groundwater works and monitoring	158,650
CUTLER MERZ P/L	Engineering related consultancy	56,155
Organisational review		
Nil		
Training		
Nil		
Total	23	2,975,252

There were no consultants used in the finance and accounting/tax, legal, environmental, engineering, and training categories.

Corporation Sole

Total consultancy spend by Corporation Sole EPA Act was \$199,080 excluding GST.

Consultancies of value less than \$50,000

Number of consultancy engagements less than \$50,000:
\$0

Total value of consultancy engagements less than \$50,000:
\$0

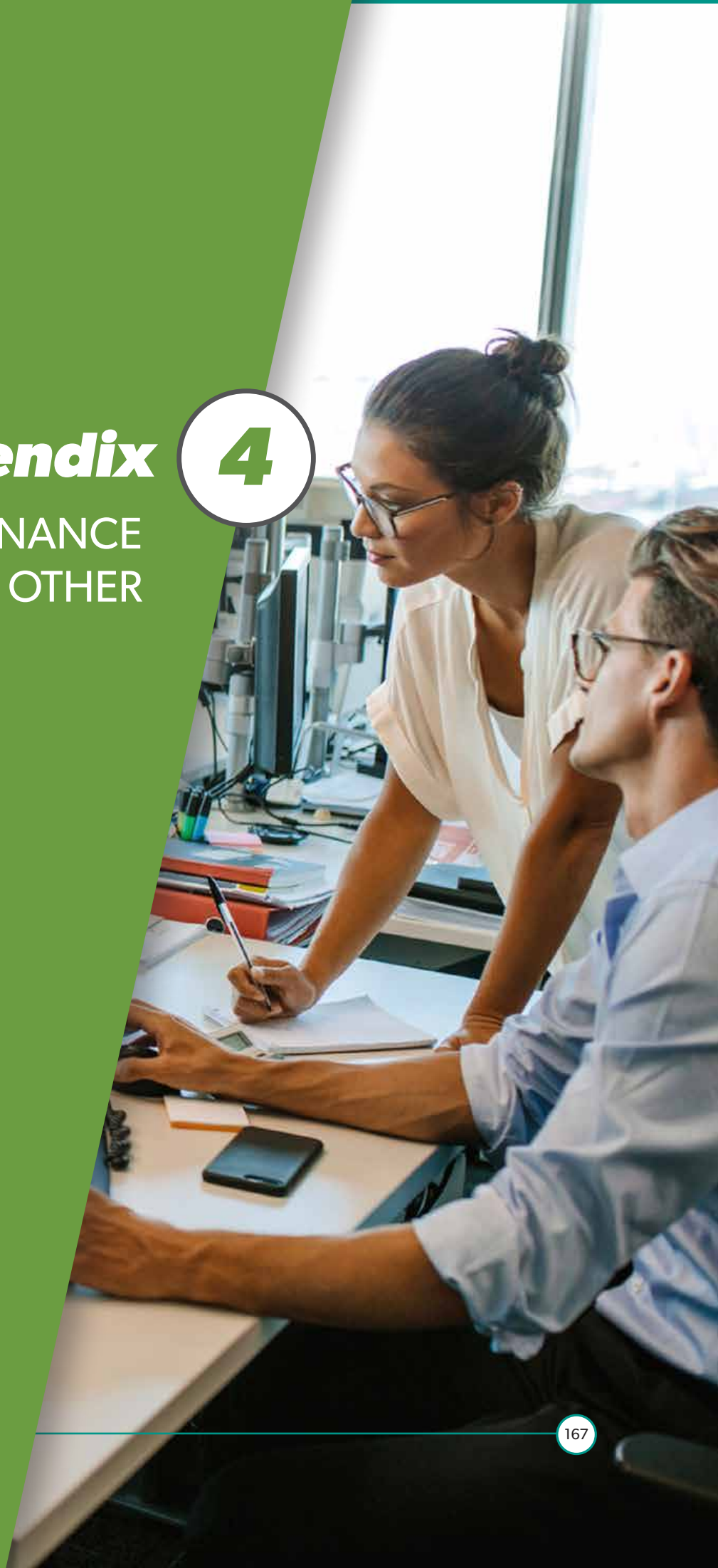
Consultancies of value equal to or more than \$50,000

Category of consultant	Number of engagements	Amount \$
Management services		
KPMG AUSTRALIA PTY LTD	CSEPA Strategic Business Plan	199,080

Appendix

GOVERNANCE AND OTHER

4



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	1
2	Total number of public interest disclosures relating to possible or alleged: <ul style="list-style-type: none"> a. Corrupt conduct b. Maladministration c. Serious and substantial waste of public or local government money d. Government information contraventions e. Local government pecuniary interest contraventions 	0 1 0 0 0
3.	Total number of public interest disclosures received	1
4.	Number of public interest disclosures that have been finalised	1

*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.

In 2016-17, 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
- the Department's *Public Interest Disclosures Policy* was updated to ensure currency.

Privacy and Personal Information Protection

Privacy

Under the *Privacy and Personal Information Protection Act 1998* (the PPIP Act), in the 2016-17 reporting period:

- there were no requests for access to documents
- there were two complaints relating to breaches of privacy
- one complaint relating to an alleged breach of privacy was carried forward from the 2016-17 year into the 2017-18 reporting period.

The complaint that was resolved in 2016-17 was an allegation that the Department published the personal information of a submitter on its website. No breach was found but the Department removed information from the website to address the complainant's concerns.

The Department has an online eLearning privacy module which 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.

Appendix 4: **GOVERNANCE & OTHER**

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: (02) 9860 1440

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 2016-17, 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.

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 132 access applications during the reporting year.

This number included:

- withdrawn applications (11)
- applications which were invalid when initially received and did not become valid (nine)
- transferred applications (five).

Four applications were brought forward from 2015-16 (three decided, one withdrawn) and 27 applications were carried forward into the 2017-18 year.

In the 2016-17 year, 95 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 refused (one in full, eight 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 2015-16 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	5	0	0	0	0	0	0	0
Members of Parliament	1	6	1	3	1	1	0	1
Private sector business	14	3	0	4	0	0	0	4
Not for profit organisations or community groups	5	4	0	2	0	1	0	1
Members of the public (application by legal representative)	16	3	0	1	0	0	0	3
Members of the public (other)	13	2	1	2	1	0	0	2
Total	54	18	2	12	2	2	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.

Appendix 4: GOVERNANCE & OTHER

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*	2	0	0	0	0	0	0	0
Access applications (other than personal information applications)	52	18	2	12	2	2	0	11
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0
Total	54	18	2	12	2	2	0	11

Table C: Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	9
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	12
Invalid applications that subsequently became valid applications	3

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	5
Executive Council information	0
Contempt	0
Legal professional privilege	4
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 times consideration used*
Responsible and effective government	5
Law enforcement and security	0
Individual rights, judicial processes and natural justice	7
Business interests of agencies and other persons	3
Environment, culture, economy and general matters	1
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Appendix 4: **GOVERNANCE** & OTHER

Table F: Timeliness*

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	85
Decided after 35 days (by agreement with applicant)	9
*Not decided within time (deemed refusal):	1
Total	95

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	1	1	2
Review by Information Commissioner*	3	0	3
Internal review following recommendation under section 93 of Act	0	1	1
Review by NCAT	0	0	0
Total	4	2	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	5
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	1

*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	2
Applicant-initiated transfers	3

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*
- Planning assessment panel appointed under section 118 of the *Environmental Planning and Assessment Act 1979*.

As part of the changes to the machinery of government, Resources and Geoscience, Resources Regulator and Energy sections moved from the Department of Industry to the Department on 1 April 2017.

The Arts, Screen and Culture Division was created and located in the Department from 1 April 2017.

The statistics above include applications actioned by the Department after 1 April 2017 relating to those functions.

Consumer Response (including Complaints and Complaints Handling)

In 2016-17, 17 complaints about the Department were case managed and recorded in the complaints register for the period 1 July 2016-30 June 2017.

Some of the issues raised in complaints included customer service related concerns, 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.

Dedicated complaint handling workshops were held during 2016-17. The workshops focused on frontline complaint handling and managing unreasonable complainant conduct. These were conducted in house, facilitated by the NSW Ombudsman.

The complaints manager provides reports to identify trends and to improve Department service quality. Additionally, the Department's Complaints Manager visits regional teams and offices across the state to provide support and guidance in managing complaints.

Research and Development

Demography and Economics Branch

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. 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.

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.

Geological Survey Collaborative Projects

In 2016-17, the Geological Survey of NSW (GSNSW) participated in numerous geoscientific collaborations as outlined below.

AusLAMP

The Australian Lithospheric Architecture Magnetotelluric Project aims to establish baseline deep crustal conductivity between 11 km and 100 km depth across Australia. GSNSW and Geoscience Australia signed a National Collaborative Framework (NCF) agreement to fund and support the NSW component of this three-year project.

DETCRC

The Deep Exploration Technologies Cooperative Research Centre (2010-18) is a \$145 million collaboration that develops faster, cheaper, technically superior and safer ways to drill, analyse and target deep mineral deposits. GSNSW is an Affiliate Member of the DETCRC.

AMIRA UNCOVER Roadmap

The AMIRA UNCOVER Roadmap: this is a 12-month desktop study that maps out the research and funding mechanisms required to support mineral exploration in covered terrains.

PALM Palaeomagnetic Laboratory

The PALM paleomagnetic and rock magnetic laboratory at the Newcastle Institute for Energy and Resources uses palaeomagnetism to help constrain geological models and aid the accuracy of exploration drill targeting. This is externally funded through the Institute of Frontiers Geoscience, Newcastle.

Coonabarabran airborne geophysical survey

This is collaborative project with Geoscience Australia to acquire airborne geophysical data in the Coonabarabran area, Central NSW. The data acquisition is aimed at imaging 'Cadia gold-mine' type targets for exploration.

CODES Macquarie Arc ARC Linkage

GSNSW is part of a collaboration between academia, industry and other government geoscience agencies in the 2016-2019 Australian Research Council (ARC) Linkage project "Ore deposits and tectonic evolution of the Lachlan Orogen", led by the University of Tasmania's ARC Centre of Excellence in Ore Deposits.

GSNSW is contributing to analytical work costs and in-kind support through two Partner Investigators: John Greenfield and Robert Musgrave. The results from the project will be used to identify areas of high potential for economic ore deposits, enabling more efficient prioritisation of mineral exploration.

Southern Thomson ARC Linkage

This project aims to develop models to explain the tectonic development of the southern Thomson Orogen and comprises researchers from The University of Newcastle (UoN), the Queensland University of Technology (QUT),

The University of Queensland (UQ), the Geological Survey of Queensland (GSQ) and the Geological Survey of New South Wales (GSNSW), led by Professor Bill Collins (UoN).

Other collaboration with the University of Newcastle

Included postgraduate research projects in the East Riverina project and geochronology in the Koonenberry Belt.

In the East Riverina, Deepika Venkataramani completed her Masters project interpreting deep crustal seismic and potential field modeling across the Gilmore Fault Zone, and Michael Bell continued structural mapping of the Gilmore Fault Zone and Tumut Trough. In addition, Sean Melehan completed a facies mapping and sequence stratigraphy project in the northern Sydney.

Financially-supported projects

The Geological Survey of NSW (GSNSW) contributed financially to the following geoscientific research collaborations under the Department of Planning and Environment in 2016-17:

- The Southern Thomson Orogen Project is a four-year collaborative project with Geoscience Australia and the Geological Survey of Queensland (2013-17) to carry out geophysical and geochemical data collection, as well as local stratigraphic drilling to help understand the mineral potential of the far northwest of NSW. GSNSW expenditure in 2016-17 was \$325,282 including staff salaries and collaborative contributions.
- AuScope National Virtual Core Library (NVCL) is a collaborative infrastructure project led by Commonwealth Scientific and Industrial Research Organisation (CSIRO) that supports mineral exploration by researching Australian mineral systems through extensive hyperspectral logging and imaging of archival and newly submitted drillcore. GSNSW is the operator of the NSW node of the virtual library.
- GSNSW expenditure on the NVCL in 2016-17 was \$90,202 which included staff salaries and operating expenditure.
- Newcastle University: collaboration resulting from the Unearthed Hunter "Hackathon", an IT/science event that challenges software programmers to create new software (during the event). Programmers created new software for an automated imaging system for Hylogger core.

Coal Innovation Fund

The Coal Innovation Administration Act 2008 established the Coal Innovation NSW Fund. The purpose of the fund includes the provision of funding for research into, and development of, low emissions coal technologies, as well as to increase public awareness and acceptance of the importance of reducing greenhouse gas emissions through the use of low emissions coal technologies. The key programs implemented under Coal Innovation NSW have been the Delta Carbon Capture and Storage Demonstration Project, NSW CO₂ Storage Assessment Program (including the Darling Basin Drilling Program), the Research, Development and Demonstration (RD&D) program and the Future of NSW Coal Fired Electricity Generation Study. These projects involved work with a number of research bodies, including the University of Newcastle and the CSIRO.

Details of active projects in 2016-17 are as follows.

NSW CO₂ Storage Assessment Program

NSW CO₂ Storage Assessment Program, including the Darling Basin Drilling Program, was previously jointly funded with the Commonwealth and the Australian Coal Association Low Emissions Technologies Limited (ACALET), with a total investment of \$27 million. The aim of this program is to find and assess long-term storage options for CO₂ captured from fossil fuel electricity generators and industry.

During 2013 and 2014, two wells were drilled in the Darling Basin near Cobar and Wilcannia. Preliminary results have been positive for the last well drilled and computer modelling from data received reveals that the porous sandstones may be capable of permanently storing 50 years of CO₂ emissions from one of NSW's coal fired power stations.

During 2016-17, planning continued on the next stage of the program, which involves seismic acquisition as a precursor to further drilling to verify existing data and determine the extent of storage capacity. Planning for the seismic campaign is well advanced, with survey routes confirmed, access agreements with relevant landowners secured, local government approval to access public roads, a procurement strategy with Geoscience Australia developed, and planning approval processes near complete. Based on a well-established timeline for securing the relevant approvals and contracting a suitable survey company, the seismic acquisition is expected to occur in late 2017 or early 2018.

Appendix 4: GOVERNANCE & OTHER

Coal Innovation NSW expenditure for this program under the Department of Planning and Environment in 2016-17 (1 April 2017 – 30 June 2017) was \$55,090.

2010 RD&D Round

Three projects of the Coal Innovation NSW RD&D Program remain ongoing in 2016-17 from the 2010 RD&D Round. They are:

- The Direct Carbon Fuel Cell, with the University of Newcastle, investigating efficient electricity generated directly from coal through the chemical oxidation of coal which has been ground and purified of contaminants
- Mineral Carbonation International, a joint venture with the University of Newcastle, Orica, Greenmag and Australian Government trialling the mineral carbonation process that transforms captured CO₂ emissions into forms of carbonate rock for potential use as new building materials in the construction industry
- Demonstration of Ventilation Air Methane Regenerative After Burner technology with Centennial Coal, to mitigate fugitive methane emissions escaping from underground coal mines.

Coal Innovation NSW expenditure for this program under the Department of Planning and Environment in 2016-17 was \$239,644.

2015 RD&D Round

During 2016-17 eight successful applicants to the 2015 RD&D Round were notified. By January 2017 eight funding deed agreements were negotiated and signed, enabling these two-year projects to carry out investigations in the following areas:

- Membrane Gas-Solvent Contactors demonstration project with CO₂CRC in trialling a combination of gas separation technologies for the capture of CO₂ from flue gas in a pilot plant at the Vales Point Power Station. The project will establish the viability of this new hybrid technology and provide the necessary data to enable design scaling to support a potential large scale demonstration for CO₂ capture
- Rotating Liquid Sheet Contactor pilot scale project with CSIRO that will test a new efficient type of gas separation technology for the capture of CO₂ from real flue gas in a pilot plant at the Vales Point Power Station

- Development of a new method of CO₂ capture with the University of NSW through the use of new high performance membrane material that physically separates or sieves out CO₂ from flue gas in a pilot plant at the Vales Point Power Station
- Aerosol Formation study by CSIRO on the potential for pollutant emissions produced whilst using a post combustion capture process on coal fired power stations
- Demonstrating an advanced aqueous ammonia based post-combustion CO₂ capture process developed by CSIRO and carrying out parallel pilot plant trials and lab based research for proof of the concept and prototyping of an entirely new process, "Trimonia Process", that utilises high concentration aqueous ammonia as a CO₂ capture medium
- Build on previous studies on the Direct Carbon Fuel Cell (DCFC) with further fundamental studies to support the ultimate development of a 10 kW DCFC demonstration plant
- Development of an energy storage unit termed "Redox Energy Storage (RES)" with the University of Newcastle, that can help power stations to better manage their load by storing energy in off-peak periods for later dispatch
- Development of a CO₂ capture process with CSIRO that generates electricity through direct electrochemical conversion of the products of the reaction between CO₂ and amines (solvents used in the process).

Coal Innovation NSW expenditure for this program under the Department of Planning and Environment in 2016-17 (1 April 2017 – 30 June 2017) was \$1,449,314.

Future of NSW Coal Fired Electricity Generation Study

During 2016-17, Coal Innovation NSW continued work with Ernst & Young to develop a Future of NSW Coal Fired Electricity Generation Study. The Study examined baseline generation data including emissions, future modelling of demand and associated emissions, options to reduce emissions and resultant energy mixes and technologies to drive outcomes.

Coal Innovation NSW expenditure for this study under the Department of Planning and Environment in 2016-17 (1 April 2017 – 30 June 2017) was \$12,248.

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

During 2016-17 the Department relocated its head office from 23-33 Bridge Street Sydney to 320 Pitt Street Sydney. The new head office recycled 45.225 tonnes of paper and cardboard.

The diversion of paper and cardboard equates to a saving of:

- 18 tonnes of CO₂ (the equivalent of removing four cars from the road)
- 146 cubic metres of landfill
- 814 gigajoules of energy (enough to power 38 homes)
- 1072 kilolitres of water (19 backyard swimming pools)

In addition, through association with post-consumer recycling provider 'Close the Loop' 652.82 kilograms of toner cartridges and the like were diverted from landfill as follows:

Item	Weight (Kilograms)
Bottles & Waste Collectors	472.46
Toner Cartridges	14.56
Inkjet	0.40
Mobile Phones	0.0
Other	165.40
Total	652.82

Per 'Close the Loop', this diversion is equivalent to laying 127.39 km of road since 1 July 2016.

NABERS rating

Under the National Australian Built Environment Rating System (NABERS), the Department's head office, 320 Pitt Street, attained the following ratings:

- 4.5-star energy rating
- 4.5-star water rating.

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 uses 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.

In addition, the Department utilises GoGet car share vehicles having divested its head office pool vehicles.

Technology

The Department has increased its use of technology to further reduce 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
- 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 commercial, multi-tenanted premises, it is often difficult to measure their performance in terms of waste management and recycling independent of other tenants.

The percentage of waste diverted from landfill at several NSW Government office blocks where the Department is one of the tenants is excellent:

- 10 Valentine Avenue Parramatta – 49 per cent
- 11 Farrer Place, Queanbeyan – 64 per cent
- 84 Crown Street Wollongong – 63 per cent.

International Travel

In 2016-17 the following overseas visits were undertaken by Department employees and officers.

- The NSW Government Architect, Mr Peter Poulet, travelled to Barcelona and London to speak at the following conferences:
 - “The Figure of State Architect for the Definition of a Modern Country” at the Palau de la Generalitat, Barcelona
 - “Tomorrow's Cities: Building the Future” International Network for Traditional Building Architecture and Urbanism (INTBAU) Congress, RIBA London

These presentations in Barcelona and London have strengthened and enhanced the position of Government Architect in NSW as expert, professional, impartial and innovative.

Return travel to and accommodation in Barcelona was funded by the Catalan Government. The Department funded the return travel between Barcelona and London and accommodation in London.

- The Senior Manager Screen Attraction in the Division of Arts, Screen and Culture, Mr Matt Carroll, travelled to Beijing, China to attend the Ausfilm/Department of Foreign Affairs and Trade (DFAT) delegation to meet with Chinese film production executives.

This was the sixth annual Beijing event organised by Ausfilm and DFAT. The benefits of this regular interaction between Create NSW and Chinese production companies, is seeing very large Chinese productions filming in NSW. In 2016-17, over \$130 million has been spent in NSW on three Chinese-funded productions.

- The Chief Executive of Create NSW, Mr Michael Brealey, and Director Sector Investment, Ms Sophia Zachariou, travelled to Los Angeles to participate in the Ausfilm Partner with Australia event that directly promoted the NSW screen industry and raised the global profile of NSW creative talent and resources. The event provides a platform to initiate future partnerships and joint ventures leading to economic benefit in the form of NSW production expenditure and NSW jobs.

Since this visit, NSW has had follow-up visits and interest expressed in locating production in NSW from major US studios, including Columbia, Universal and Paramount. Should these projects locate in NSW, it could result in up to \$160 million in direct expenditure and support hundreds of NSW jobs.

- The Deputy Secretary of Planning Services, Mr Marcus Ray, Executive Director of Priority Project Assessments, Mr David Gainsford, and Team Leader Transport Assessments, Ms Lisa Mitchell travelled to London and Amsterdam in September 2016 to learn any lessons that might be applied to the NSW Government's key public transport project, Sydney Metro City and Southwest and future projects. The delegates from the Department of Planning and Environment visited with regulatory and project staff involved on both the Crossrail project in London and the Noord-Zuid Line in Amsterdam.

Delegates gathered substantial understanding of key aspects of these projects in regards to regulatory frameworks, stakeholder and community engagement, complaints management, noise management, traffic management and sustainability. These insights have been and continue to be applied to the Department's assessment and regulatory roles in the Sydney Metro projects as well as other linear transport infrastructure projects. The Department funded all travel and accommodation expenses of the Department's delegates.
- The Director Engagement, Partnerships and Development, Create NSW travelled to Singapore in May 2017 to represent Sydney UNESCO City of Film in a series of meetings with Melbourne City of Literature, Adelaide City of Music and Singapore City of Design. The visit was supported by the federal Department of Communications and the Arts, through the Australia Singapore Arts Group to begin the development of collaborative projects and relationships between the cities. As a result of the trip, an initial opportunity for practitioners from NSW, South Australia and Victoria has been developed, for activity during Singapore Design Week.

Appendix

ADDITIONAL INFORMATION

5

Contact Information

Department of Planning and Environment

Head office

320 Pitt Street, Sydney NSW 2000
GPO Box 39, Sydney NSW 2001
Tel: 1300 305 695

Language assistance

Call 13 14 50 and ask for an interpreter in your language and request to be connected to 1300 305 695. Local call cost from fixed phones. Calls from mobiles will be charged at applicable rates.

Access

Business hours for the Department of Planning and Environment are 9am to 5pm Monday to Friday.

ePlanning

320 Pitt Street, Sydney NSW 2000
GPO Box 39, Sydney NSW 2001
Tel: 13 77 88
Email: epanning@planning.nsw.gov.au

Media inquiries

Media unit

320 Pitt Street, Sydney NSW 2000
GPO Box 39, Sydney NSW 2001
Tel: 9274 6128
Email: mediaunit@planning.nsw.gov.au

Regional Offices

Sydney Region East

320 Pitt Street, Sydney NSW 2000
GPO Box 39, Sydney NSW 2001
Tel: 1300 305 695
Email: metrocbd@planning.nsw.gov.au

Sydney Region West

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Newcastle office

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Email: hunter@planning.nsw.gov.au

Gosford office

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Tel: 02 4348 5000
Email: centralcoast@planning.nsw.gov.au

Singleton office - compliance

Suite 14, Level 1, 1 Civic Ave, Singleton
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Email: compliance@planning.nsw.gov.au

Wollongong office

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Email: wollongong@planning.nsw.gov.au

Queanbeyan office

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Email: wollongong@planning.nsw.gov.au

Jindabyne office

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Appendix 5: **ADDITIONAL INFORMATION**

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Email: northcoast@planning.nsw.gov.au

Tamworth office

Ground Floor, 155-157 Marius Street, Tamworth
PO Box 949, Tamworth NSW 2340
Tel: 02 6701 9689
Email: northcoast@planning.nsw.gov.au

Dubbo regional 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

320 Pitt Street, Sydney NSW 2000
GPO Box 39, Sydney NSW 2001
Tel: 1300 305 695
Email: oslproperty@planning.nsw.gov.au

Abbreviations

Term	Explanation
ABCB	Australian Building Codes Board
ABS	Australian Bureau of Statistics
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
CSEPA	Corporations Sole 'Minister administering the <i>Environmental Planning and Assessment Act 1979</i> '
DA	Development Application
EDRMS	Electronic Document and Records Management System
EIS	Environmental Impact Statement
EP&A Act	<i>Environmental Planning and Assessment Act 1979</i>
FY	Financial Year
GIPA Act	<i>Government Information (Public Access) Act 2009</i>
GSC	Greater Sydney Commission
GSE Act	<i>Government Sector Employment Act 2013</i>
GST	Goods and Services Tax
HDC	Hunter Development Corporation
HR	Human Resources
ICT	Information and Communications Technology
JRPP	Joint Regional Planning Panel
LGA	Local Government Area
LEP	Local Environmental Plan
NABERS	National Australian Built Environment Rating System

Term	Explanation
NCC	National Construction Code
OEH	Office of Environment and Heritage
OLG	Office of Local Government
OSL	Office of Strategic Lands
PAC	Planning Assessment Commission
PID Act	<i>Public Interest Disclosures Act 1994</i>
PID	Public Interest Disclosure
PIIP Act	<i>Privacy and Personal Information Protection Act 1998</i>
PSC	Public Service Commission
PSSE	Public Service Senior Executive
SEPP	State Environmental Planning Policy
SES	Senior Executive Service
SIC	State Infrastructure Contribution
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
TPP	NSW Treasury Policy and Guidelines Paper
WCAG	Web Content Accessibility Guidelines
WHS	Work, Health and Safety

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