



PERFORMANCE AUDIT

27 JULY 2021

# Fast-tracked Assessment Program

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

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# THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of state public sector and local government entities' financial statements. We also audit the Consolidated State Financial Statements, a consolidation of all state public sector agencies' financial statements.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to Parliament. In combination, these reports give opinions on the truth and fairness of financial statements, and comment on entity internal controls and governance, and compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an entity is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities.

As well as financial and performance audits, the Auditor-General carries out special reviews, compliance engagements and audits requested under section 27B(3) of the *Government Sector Audit Act 1983*, and section 421E of the *Local Government Act 1993*.



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In accordance with section 38E of the *Government Sector Audit Act 1983*, I present a report titled '**Fast-tracked Assessment Program**'.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

**Margaret Crawford**  
Auditor-General for New South Wales  
27 July 2021

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## **Section one**

### Fast-tracked Assessment Program

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# Executive summary

In April 2020, the Department of Planning, Industry and Environment (DPIE) introduced programs aimed at providing immediate support to the construction industry during the COVID-19 crisis. One of these was the Fast-tracked Assessment Program. This program identified planning proposals and development applications (DAs), across six tranches, that were partially-assessed and could be accelerated to determination.

In accordance with the program objectives, the planning proposals and DAs selected for fast-tracked assessment had to:

- deliver jobs – particularly in the construction industry
- be capable of progressing to the next stage of development within six months of determination
- deliver public benefit.

At the same time, the Fast-tracked Assessment Program was to lay a foundation for future reform of the planning system by piloting changes in the assessment process that could be adopted in the medium to long term.

This audit assessed whether the Fast-tracked Assessment Program achieved its objectives while complying with planning controls. The audit focused on tranches three to six of the program, which were determined between July 2020 and October 2020. The rationale for focusing on these four tranches was that the program design had been slightly modified after the first two tranches to address identified risks.

## Conclusion

**Through tranches three to six of the Fast-tracked Assessment Program, DPIE successfully accelerated the final stages of 53 assessments. DPIE's internal monitoring indicates that 31 DAs and 16 planning proposals selected in these tranches proceeded to the next stage of development within six months of determination. DPIE achieved this while also successfully managing the risk of non-compliance with planning controls arising from the accelerated process. While DPIE has incorporated components of the Fast-tracked Assessment Program into other longer-term reforms, it has not evaluated the program and is not able to demonstrate the extent to which the program provided support to the construction industry during COVID-19.**

Between April and October 2020, DPIE adopted a case management approach to accelerate the final stages of assessment for 42 planning proposals and 59 DAs in six tranches. Tranches three to six were the focus of this audit and included 22 planning proposals and 31 DAs. Applicants involved in the program were expected to progress their projects to the next stage of development within six months of determination. While DPIE had no way of compelling applicants to do this and relied on non-binding commitments obtained from applicants, DPIE's internal monitoring indicates that 47 of the 53 applicants selected in tranches three to six honoured this commitment.

Fast-tracked assessment only applied to the final stages of assessment and required DPIE staff and other stakeholders to work towards a determination deadline. DPIE effectively used a case management approach to manage the risk that the accelerated timeframe could result in planning controls not being fully compliant with legislation. There is some room for improvement in the process, as four of 28 staff assessing planning proposals and DAs had not lodged current conflict of interest declarations.

Based on the results of and learnings from the Fast-tracked Assessment Program, DPIE has incorporated some elements of the program into other longer-term reforms. There is now increased transparency about when applicants can expect to receive a planning determination and DPIE has also introduced a case management approach for strategic and high priority planning applications. Applicants benefiting from case-managed assessment are now required to commit to a formal service charter that specifies the obligations of both DPIE and the applicant.

DPIE has not evaluated the Fast-tracked Assessment Program to understand the costs and benefits of the program, nor which aspects of the program were most effective as a basis for future reform.

## 1. Key findings

### **Selection criteria were consistently applied when identifying projects for fast-tracking**

The following three criteria were used to select planning proposals and DAs for fast-tracked assessment:

- estimated number of jobs created, including both construction and ongoing jobs, calculated using an objective tool and based on the Capital Investment Value of each planning proposal or DA
- DAs had to be capable of moving to construction within six months of determination and planning proposals had to be capable of lodging a DA within six months
- demonstration of public benefit.

DPIE arranged for the Independent Commission Against Corruption (ICAC) to review the selection criteria and provide advice to mitigate risks in the selection process.

The selection criteria were consistently applied when selecting projects for accelerated or 'fast-tracked' assessment. There was no upper limit on the number of planning proposals and DAs that could be fast-tracked. All planning proposals and DAs that met the criteria could be included provided they were already in the DPIE system and the assessment was underway. DPIE staff reported that all planning proposals and DAs in DPIE's system that met the selection criteria were included in the program.

DPIE made public announcements about the planning proposals and DAs selected in each tranche, the number of estimated jobs enabled or created, and the timeframe for achieving determination.

### **The fast-tracked process of assessment managed the risk of non-compliance with planning controls, but there are gaps in the management of conflicts of interest**

Assessment of planning proposals and DAs was compliant with legislative requirements and consultation requirements and in line with delegations. However, there were gaps in the management of conflicts of interest.

It is important that public servants involved in assessing DAs and planning proposals declare and manage any conflicts of interest as planning – in particular assessment of DAs – is a high-risk area for personal conflicts.

Four of 28 staff who were involved in assessing planning proposals and DAs did not have a conflict of interest declaration that was current during the fast-tracked assessment period. In addition, DPIE engaged a probity advisor for the program but did not check whether the advisor had any conflicts of interest relating to this program.

### **DPIE has not evaluated the costs, benefits and outcomes of the program**

DPIE has not evaluated or costed the program. It is important that DPIE evaluates the costs and benefits of the approach, given that it was new and rapidly implemented, so that it can understand which aspects of the program were most effective as a basis for further reform.

When developments were selected for inclusion, DPIE made announcements in the media about the number of jobs created or enabled in each tranche. This will be difficult to evaluate as these are estimates and construction may take place over a number of years meaning that the number of jobs enabled by a development project may vary over those years. Also, the estimate includes ongoing jobs, some of which may not be realised for many years following determination.

There was no additional funding for this program but DPIE staff reported working additional hours to meet the determination deadlines. This approach is unlikely to be sustainable in the longer term and DPIE will need to consider what additional resourcing is required if some aspects of this program continue into the future. DPIE has also not fully evaluated the impact of prioritising some planning proposals and DAs over those that were not selected.

Implementing a differentiated assessment process over the longer term may introduce risks to impartiality if applicants lobby for accelerated assessment. Careful consideration of equity and impartiality should be given to the design of any further programs that prioritise some applicants over others.

### **Not all applicants involved in the program formally committed to or achieved their fast-tracking obligations**

The intention of the program was to provide relief to the construction industry during and immediately following the COVID-19 crisis so it was important that the DAs selected for the program moved forward into construction within the six-month period to realise these benefits. Planning proposals selected for the program were expected to lead to a DA lodged within six months of determination.

DPIE managed the risk that DAs would not move forward into construction within six months by asking applicants to commit to this outcome in writing. However, DPIE is unable to demonstrate that this commitment was sought for three of the seven DAs we examined. In tranches five and six, DPIE introduced a condition of consent that required developers to report to the Secretary about construction status six months after determination.

DPIE is not able to compel applicants to commence construction within six months of their DA being approved as the *Environmental Planning and Assessment Act 1979* (EP&A Act) allows for five years. With regard to planning proposals, there is no legislated time limit for lodging a DA following approval. However, ten of the 12 projects we examined met their six-month obligation. Overall, DPIE's internal monitoring indicates that 47 of the 53 applicants selected in tranches three to six progressed to the next stage of development within six months: 31 DAs and 16 planning proposals.

### **DPIE has incorporated learnings from the Fast-tracked Assessment Program into other longer-term reforms**

The Fast-tracked Assessment Program was intended to form a foundation for future reform of the planning system. Aspects of the Fast-tracked Assessment Program have been incorporated into two longer-term reforms. Horizons Projects are partly-completed assessments expected to reach a determination in the following month. These are announced on a monthly basis. This is a new level of transparency over the progress and status of planning assessments.

The Priority Assessment Program selects strategic and high priority concept plans, planning proposals and DAs at an early stage in their assessment and applies a case management process to accelerate assessment timeframes. There is no expectation that assessment will be completed within one month as was the case with the fast-tracked assessments, but applicants participating in the Priority Assessment Program commit to assessment timeframes through a formal service charter that is signed by both the applicant and a DPIE representative.

## 2. Recommendations

**By December 2021, the Department of Planning, Industry and Environment should:**

1. strengthen controls over conflicts of interest to ensure that:
  - all officers complete an annual conflict of interest declaration
  - officers working on planning assessments do not have any unmitigated conflicts of interest
  - officers are not in a position to be influenced by another officer with a conflict of interest
  - advisors and consultants do not have any conflicts of interest
2. evaluate the Fast-tracked Assessment Program to:
  - quantify the costs and benefits of the case management approach
  - assess which aspects of the program were most effective as a basis for further reform
  - understand the impact on developments not accelerated.

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# 1. Introduction

## 1.1 Planning System Acceleration Program

The Planning System Acceleration Program is a series of reforms that were introduced in April 2020 to provide immediate support to the construction industry during the COVID-19 crisis.

The program intended to deliver:

- fast-tracked assessments of planning proposals and development applications (DAs) for State Significant Developments (SSDs) and State Significant Infrastructure (SSI)
- support for councils and planning panels to fast-track assessments
- additional funding to bring forward construction of new community infrastructure in north-west Sydney.

While focused on immediate support for the construction industry, the program also intended to lay foundations for future planning reform by piloting changes in the assessment process that could potentially be adopted in the medium to long term.

## 1.2 Fast-tracked Assessment Program

This performance audit focused on the Fast-tracked Assessment Program, which was part of the Planning System Acceleration Program and was in place between April 2020 and October 2020. The program aimed to accelerate the final stages of assessment for planning proposals and development applications that were already in the planning system to move projects into construction as early as possible.

Over a period of six months, assessment of 42 planning proposals and 59 DAs was finalised and the outcome determined using accelerated or 'fast-tracked' assessment. These included planning proposals and DAs determined by DPIE, the Minister for Planning and Public Spaces and the Independent Planning Commission. Further information about the determination pathways for planning proposals and DAs assessed by DPIE is in Appendix two.

The fast-tracked planning proposals and DAs were announced and determined monthly in six tranches. Following announcement of a tranche, DPIE, the applicants and other stakeholders prioritised these assessments over other work and focused on completing remaining assessment tasks and achieving determination by the end of that month.

Applicants involved in the program were required to commit to achieving the next step in planning or construction within six months of determination. For planning proposals, this meant that a DA was to be lodged within six months. For DAs, construction was to commence within six months.

## 1.3 About the audit

The audit assessed the effectiveness of the Fast-tracked Assessment Program. Effectiveness was defined for this audit as:

- planning outcomes were not compromised due to the fast-tracked assessment
- program objectives were achieved:
  - the fast-tracked planning proposals and DAs proceeded to the next stage of development within six months of determination
  - the Fast-tracked Assessment Program provided a suitable foundation for development of medium and longer-term planning reforms.

The audit assessed the effectiveness of the program using the following criteria:

- selection of DAs and planning proposals for fast-tracking was objective and transparent
- planning controls ensured the assessment process delivered optimal planning outcomes
- objectives of the Fast-tracked Assessment Program were achieved.

The audit focused on tranches three to six of the program, which were determined between July 2020 and October 2020. The rationale for focusing on these four tranches was that the program design had been slightly modified after the first two tranches to address identified risks.

The audit included a detailed examination of seven fast-tracked DAs and five planning proposals from the 31 DAs and 22 planning proposals determined in tranches three to six. This sample was selected to include:

- government and private applicants
- planning proposals and DAs expected to generate the largest number of jobs as reported by DPIE
- planning proposals and DAs with high value
- a mix of different types of DAs including transport, mining, education, housing and commercial developments
- representation from all four tranches included in the audit scope.

The audited agency is the Department of Planning, Industry and Environment (DPIE). Further information on audit scope, criteria and approach is at Appendix three.

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## 2. Audit findings

### 2.1 Selection process

#### **Selection criteria were consistently applied when identifying projects for fast-tracked assessment**

At the start of the program, criteria were established for selecting planning proposals and DAs suitable for accelerated assessment, or 'fast-tracking'. During the program design stage, DPIE recognised that applicants whose planning proposals and DAs were being fast-tracked were receiving preferential treatment and arranged for the Independent Commission Against Corruption (ICAC) to review the selection criteria and provide advice to mitigate risks in the selection process.

A controls framework was established for the program in May 2020 and published on DPIE's website to inform the industry about the program and how it would be administered. The three selection criteria described in the controls framework were:

- **Estimated number of jobs created including both construction and ongoing jobs**  
This was calculated using an independent calculator developed by Landcom and based on the Capital Investment Value of each planning proposal or DA.
- **Timeframe for delivery**  
DAs had to be capable of moving to construction within six months of determination. Planning proposals had to be capable of lodging a DA within six months.
- **Demonstration of public benefit**  
This included considerations of:
  - build-to-rent, social or affordable housing or key worker housing
  - project relationship to state or regional infrastructure
  - public spaces, green infrastructure, environmental benefits and quality design
  - project relationship to directions and priorities articulated in commonwealth, state, regional or district plans.

These criteria were consistently applied when selecting projects for fast-tracked assessment. There was no upper limit on the number of planning proposals and DAs that could be fast-tracked. All planning proposals and DAs that met the criteria could be included provided they were already in the DPIE system and assessment was underway. DPIE staff reported that all planning proposals and DAs in DPIE's system that met the selection criteria were included in the program.

The Secretary was provided with information about how the selected planning proposals and DAs met the criteria when approving each tranche.

DPIE made public announcements about the planning proposals and DAs selected in each tranche, the number of estimated jobs enabled or created and the timeframe for achieving determination.

#### **There are gaps in the management of conflicts of interest**

DPIE's Code of Ethics and Conduct (the DPIE Code) requires staff to make annual declarations about private interests and all staff to make annual and as-required declarations about actual, perceived or potential conflicts of interest. These declarations are important for planners as ICAC has found that planning, in particular assessment of DAs, is a high-risk area for personal conflicts.

Four of 28 staff involved in assessing planning proposals and DAs did not have a conflict of interest declaration that was current during the period of the program. This indicates that DPIE's procedures were not effective in ensuring that staff involved in assessing planning proposals and DAs did not have conflicts of interest.

One senior executive declared a conflict that was associated with a DA assessed by a direct report. This was not a breach of the DPIE Code, as the Code does not provide explicit guidance about managing a perception of conflict created through a reporting relationship.

In addition, DPIE engaged a probity advisor for the program but did not check whether the advisor had any conflicts of interest relating to this program.

### **DPIE communicated with applicants throughout the selection process**

DPIE staff reported that there was a high level of interest in the Fast-tracked Assessment Program. More than 800 industry groups, consultants and applicants self-nominated for inclusion in the program. DPIE prepared a briefing pack for industry groups explaining the program and the reasons that the assessment of some applications could not be accelerated as part of this program. DPIE's rationale for not including applications in the program included:

- unable to meet key criteria for the program (21 per cent)
- not in the planning system (21 per cent)
- under the jurisdiction of councils, planning panels or independent bodies for assessment, not DPIE (47 per cent)
- close to finalisation or already determined (11 per cent).

DPIE staff were asked to communicate with applicants whose planning proposals and DAs were under consideration for accelerated assessment. If these were subsequently not selected, DPIE communicated this to the applicant and provided additional details on request.

## **2.2 Compliance with planning controls**

A tranche of planning proposals and DAs was announced each month starting from April 2020, with the final tranche announced in September 2020: six tranches in all. Much of the assessment work for the fast-tracked planning proposals and DAs had been completed prior to the announcement of their inclusion in the program.

The program design required that remaining assessment work for planning proposals and DAs included in each tranche had to be completed in one month. This required reallocation of resources within DPIE to prioritise the planning proposals and DAs included in each tranche while it was underway.

The audit examined a sample of five planning proposals and seven DAs where the final stages were accelerated to provide assurance that the assessments were compliant with planning controls prescribed in the *Environmental Planning and Assessment Act (1979)* (the EP&A Act) including Secretary's Environmental Assessment Requirements (SEARs), State Environmental Planning Policies (SEPPs) and Gateway Determinations.

### **DPIE effectively ensured risks of non-compliance with planning controls were managed**

The EP&A Act prescribes requirements for the assessment of planning proposals and DAs. The Minister for Planning has formal responsibility for assessment of planning proposals. Following initial assessment, a Gateway Determination is prepared which includes the Minister's decision about whether the planning proposal can proceed, as well as other matters including further studies that must be undertaken by the applicant, and directions regarding stakeholder consultation.

Once all the required studies and consultation are complete, and adjustments are made to the planning proposal as required, the Minister issues a Plan Finalisation Report.

For the five planning proposals examined as part of this audit, DPIE's assessment work was well underway prior to announcement of inclusion in the program. The remaining assessment work, and the assessment work completed prior to inclusion in the program, was compliant with legislative requirements and in line with the Minister's delegations. Consultation with stakeholders met the requirements outlined in the relevant Gateway Reviews.

DPIE is responsible for assessing DAs for State Significant Projects. These fall into two categories: State Significant Developments (SSDs) and State Significant Infrastructure (SSIs). Both SSDs and SSIs are assessed under the EP&A Act.

Stakeholder consultation requirements for DAs are specified in a Secretary's Environmental Assessment Requirement (SEARs).

The audit examined the assessment of the seven sampled DAs in their entirety, including the work that had been completed prior to the inclusion of each DA in a tranche.

DPIE's assessment of all DAs reviewed as part of this audit was compliant with legislative requirements and the Minister's delegations. All relevant stakeholders were consulted in line with requirements documented in SEARs.

## 2.3 Achievement of program objectives

The objectives of the program were articulated in the Program Controls Framework as follows:

- to support the recovery of the NSW economy during and after the COVID-19 pandemic
- reprioritise DPIE's resources and bring forward 'shovel-ready' projects for assessment
- activate the economy via the pipeline of planning projects and create investment certainty and confidence in the planning system
- cut red tape and fast-track the planning processes to keep people in jobs and the construction industry moving throughout the COVID-19 crisis.

A further objective of the program is articulated on the DPIE website as laying a foundation for future reform and economic recovery.

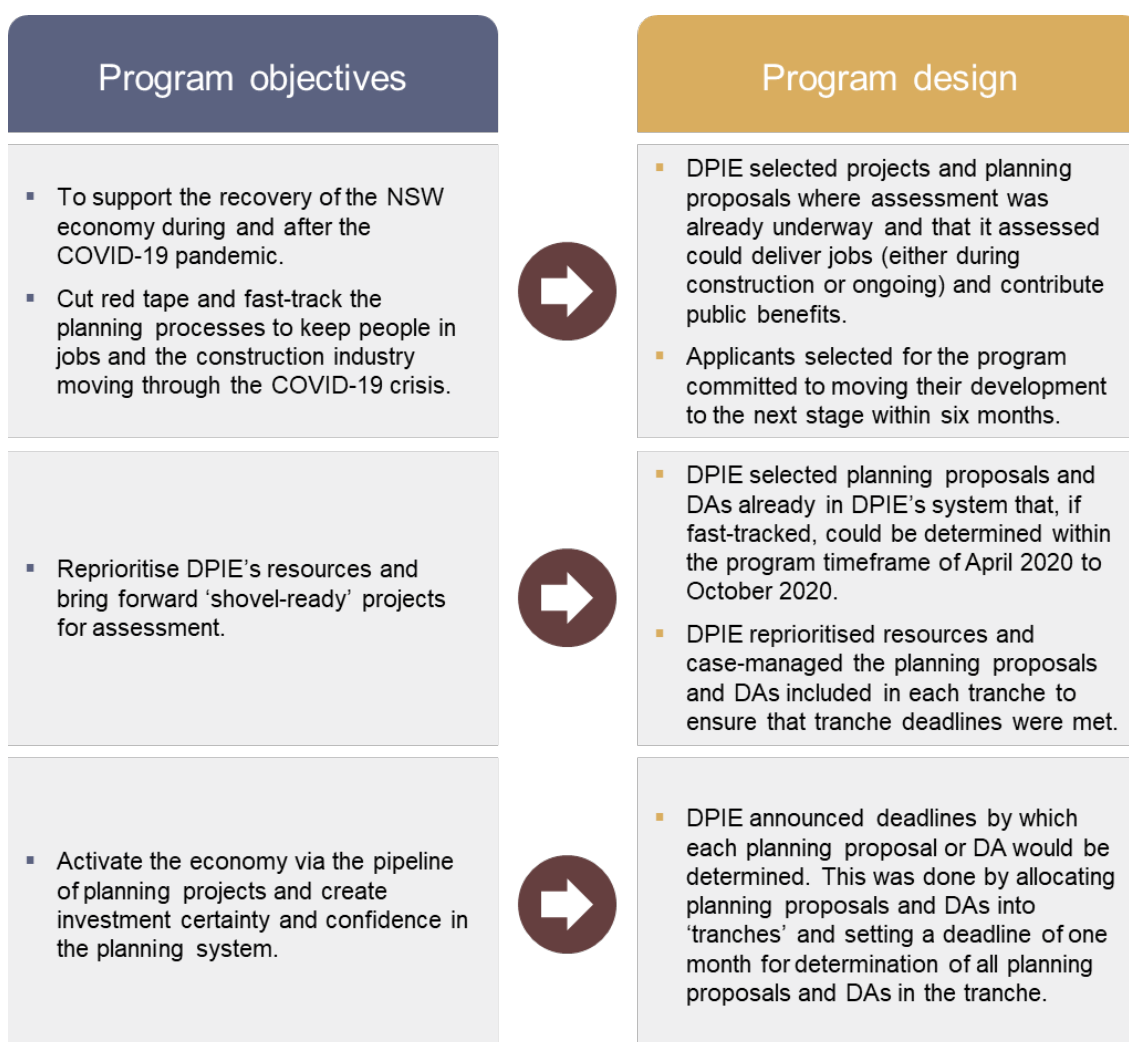
These objectives were to be achieved by accelerating or 'fast-tracking' DAs that could be in construction and planning proposals that could proceed to a DA within six months of determination.

### **DPIE has not evaluated the costs, benefits and outcomes of the program**

The program has not been evaluated, nor costed. It is important that DPIE evaluates the costs and benefits of the approach, given that it was new and rapidly implemented and so that DPIE can understand which aspects of the program were most effective as a basis for further reform.

Program objectives articulated in the Program Controls Framework were operationalised as described in Exhibit 1.

## Exhibit 1: Program objectives and program design



Source: Audit Office research.

When developments were selected for inclusion, DPIE made announcements in the media about the number of estimated jobs created or enabled in each tranche. This will be difficult to evaluate as these are estimates and construction may take place over a number of years meaning that the number of jobs enabled by a development project may vary over those years. Also, the estimate includes ongoing jobs, some of which may not be realised for many years following determination.

There was no additional funding for this program. DPIE staff reported working additional hours to meet the determination deadlines. This approach is unlikely to be sustainable in the longer term and DPIE will need to consider what additional resourcing is required if some aspects of this program continue into the future. DPIE has also not fully evaluated the impact of prioritising some planning proposals and DAs over those that were not selected. DPIE internal reporting indicates that 55 DAs and nine planning proposals were assessed using non-accelerated assessment in parallel with the 59 fast-tracked DAs and 42 fast-tracked planning proposals. DPIE did not formally track whether these assessments took longer than usual, nor whether this number was significantly different to the same period in the prior year.

Implementing a differentiated assessment process over the longer term may introduce risks to impartiality if applicants lobby for accelerated assessment. Careful consideration of equity and impartiality should be given to the design of any further programs that prioritise some applicants over others.

### **Not all applicants involved in the program formally committed to or achieved their fast-tracking obligations**

The intention of the program was to provide relief to the construction industry during and immediately following the COVID-19 crisis. This meant it was important that the DAs selected for the program moved forward into construction to provide the envisaged pipeline of construction work. There was a risk that this would not occur as the planning legislation allows for five years between determination and the start of construction.

DPIE attempted to mitigate this risk by requiring assessment teams to obtain written confirmation from applicants that their planning proposal or DA would be ready to move to the next stage of development within six months of determination if they were selected for fast-tracked assessment. Not all applicants committed in writing that they could achieve the six-month timeframe and DPIE could not provide evidence that this confirmation was sought for all applicants. Despite this, ten of the 12 projects we examined for this audit met their six-month obligation. Two planning proposal applicants in the sample did not lodge DAs within six months and had not lodged a DA by the time the audit fieldwork was completed (ten months following determination).

Overall, DPIE's internal monitoring indicates that 47 of the 53 applicants selected in tranches three to six progressed to the next stage of development within six months: 31 DAs and 16 planning proposals.

### **DPIE has incorporated learnings from the Fast-tracked Assessment Program into other longer-term reforms**

The Fast-tracked Assessment Program, along with other aspects of the overall Planning System Acceleration Program, was intended to form a foundation for future reform of the planning system.

Two longer-term initiatives associated with planning reform build upon elements of the Fast-tracked Assessment Program. Both were initiated in November 2020, following completion of the Fast-tracked Assessment Program.

#### **Horizons Projects**

DPIE staff that participated in the Fast-tracked Assessment Program identified transparent assessment deadlines as a benefit of the program. Horizons Projects are partly-completed assessments expected to reach a determination in the following month. These are announced on a monthly basis. This is a new level of transparency over the progress and status of planning assessments.

#### **Priority Assessment Program**

The Priority Assessment Program identifies strategic and high priority concept plans, planning proposals and DAs at an early stage in their development and applies a case management process with the aim of accelerating assessment timeframes. There is no expectation that assessment will be completed within one month as was the case with the fast-tracked assessments, but applicants participating in the Priority Assessment Program commit to assessment timeframes through a formal service charter that is signed by both the applicant and a DPIE representative. This partly mitigates the risk, identified during fast-tracked assessments, that DPIE invests resources in case management without obtaining sufficient assurance that an applicant is committed to meeting the accelerated timeframes.

## **Section two**

### Appendices

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# Appendix one – Response from agency



**Planning,  
Industry &  
Environment**

**Office of the Secretary**

IRF21/2970

Ms Margaret Crawford  
Auditor-General for New South Wales

Via email: [REDACTED]

Dear Ms Crawford

Thank you for the opportunity to consider and respond to your Performance Audit – Fast-tracked Assessment Program.

I welcome the findings and recommendations from the audit, which recognise the special efforts of our staff to assist during the COVID pandemic and identify areas for improving the Department of Planning, Industry and Environment (the Department) operations.

The audit found that the assessment of planning proposals and DAs was compliant with legislative requirements and consultation requirements and in line with delegations. Importantly it made just two recommendations: that we 1) strengthen controls over conflicts of interest and, 2) evaluate the Fast-tracked Assessment Program.

The Department accepts these recommendations and will implement responses to both.

I would like to express my appreciation for the significant work undertaken by the audit team and their ongoing commitment to working through issues with my team.

Yours sincerely

A handwritten signature in black ink that reads 'Jim Betts'.

**Jim Betts**  
**Secretary**

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# Appendix two – Planning determination pathways

The following assessment pathways are relevant to the planning proposals and DAs included in the Fast-tracked Assessment Program.

## State Significant Development

DPIE assesses all DAs for State Significant Developments (SSDs).

These are then determined by either the Minister, DPIE staff under delegation from the Minister, or the Independent Planning Commission (IPC).

The IPC determines the following DAs for SSDs:

- The development is not supported by the relevant council(s).
- DPIE has received more than 50 unique public objections.
- The applicant has disclosed a reportable political donation in connection with the DA.

## State Significant Infrastructure

DPIE manages the assessment and determination for all DAs for State Significant Infrastructure (SSI).

These are then determined by the Minister, or DPIE staff under delegation from the Minister.

Any projects deemed to be Critical State Significant Infrastructure are determined by the Minister.

## Planning Proposals

Planning Proposals are assessed by DPIE and determined by the Minister for Planning and Public Spaces, who may appoint the Secretary of DPIE, a regional planning panel or a Sydney planning panel to determine the outcome of the proposal.

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# Appendix three – About the audit

## Audit objective

The audit assessed the effectiveness of the Fast-tracked Assessment Program. Effectiveness was defined for this audit as:

- planning outcomes were not comprised due to the fast-tracked assessment
- program objectives were achieved:
  - the fast-tracked planning proposals and DAs proceeded to the next stage of development within six months of determination
  - the fast-tracked assessment process provided a suitable foundation for development of medium and longer-term planning acceleration.

## Audit criteria

We addressed the audit objective by assessing the program against the following criteria:

1. The selection of projects and planning proposals for fast-tracking was objective and transparent.
2. Planning controls ensured the assessment process delivered optimal planning outcomes.
3. Objectives of the fast-tracked assessment process were achieved.

## Audit scope and focus

In assessing the criteria, we checked the following aspects:

1. The selection of projects and planning proposals for fast-tracking was objective and transparent.
  - a) DAs and planning proposals were selected based on clear and measurable criteria.
  - b) Conflicts of interest were managed and addressed effectively.
  - c) Applicants with projects or planning proposals not selected for fast-tracking were advised of the reasons.
2. Planning controls ensured the assessment process delivered optimal planning outcomes.
  - a) Assessment was carried out according to the requirements of the relevant planning instruments.
  - b) Relevant stakeholders were consulted as required by the NSW planning framework.
  - c) Determinations were approved in line with delegations.
3. Objectives of the fast-tracked assessment process were achieved.
  - a) Fast-tracked DAs proceeded to construction within six months.
  - b) Fast-tracked planning proposals proceeded to development application within six months.
  - c) DPIE assessed the Fast-tracked Assessment Program and incorporated recommendations into the Priority Assessment Program and Horizons Projects.

The audit focused on tranches three to six of the program, which were determined between July 2020 and October 2020. The rationale for focusing on these four tranches was that the program design had been slightly modified after the first two tranches to address identified risks.

The audit was informed through a detailed examination of seven fast-tracked DAs and five planning proposals. This sample was selected to include:

- government and private applicants
- planning proposals and DAs expected to generate the largest number of jobs as reported by DPIE
- planning proposals and DAs with high value
- a mix of different types of DAs including transport, mining, education, housing and commercial developments
- representation from all four tranches included in the audit scope.

The audited agency is the Department of Planning, Industry and Environment (DPIE).

## Audit exclusions

The audit did not:

- re-assess DAs or planning proposals
- question the merits of government policy objectives.

## Audit approach

Our procedures included:

1. interviewing DPIE officers who were involved in the program
2. examining documents:
  - a) relevant legislation, regulations and policies
  - b) DAs and planning proposals and associated documents
  - c) assessment and determination reports
  - d) program design documents
  - e) correspondence between DPIE and applicants
  - f) internal DPIE reporting and reports to the Minister
  - g) media releases
  - h) minutes of meetings
  - i) delegations
  - j) conflict-of-interest declarations.

The audit approach was complemented by quality assurance processes within the Audit Office to ensure compliance with professional standards.

## Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standard ASAE 3500 Performance Engagements and other professional standards. The standards require the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with requirements specified in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

## Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by DPIE staff.

## Audit cost

Total cost of this audit including disbursements is estimated to be \$172,000.

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# Appendix four – Performance auditing

## What are performance audits?

Performance audits determine whether state or local government entities carry out their activities effectively, and do so economically and efficiently and in compliance with all relevant laws.

The activities examined by a performance audit may include a government program, all or part of an audited entity, or more than one entity. They can also consider particular issues which affect the whole public sector and/or the whole local government sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake performance audits is set out in section 38B of the *Government Sector Audit Act 1983* for state government entities, and in section 421B of the *Local Government Act 1993* for local government entities.

## Why do we conduct performance audits?

Performance audits provide independent assurance to the NSW Parliament and the public.

Through their recommendations, performance audits seek to improve the value for money the community receives from government services.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, state and local government entities, other interested stakeholders and Audit Office research.

## How are performance audits selected?

When selecting and scoping topics, we aim to choose topics that reflect the interests of parliament in holding the government to account. Performance audits are selected at the discretion of the Auditor-General based on our own research, suggestions from the public, and consultation with parliamentarians, agency heads and key government stakeholders. Our three-year performance audit program is published on the website and is reviewed annually to ensure it continues to address significant issues of interest to parliament, aligns with government priorities, and reflects contemporary thinking on public sector management. Our program is sufficiently flexible to allow us to respond readily to any emerging issues.

## What happens during the phases of a performance audit?

Performance audits have three key phases: planning, fieldwork and report writing.

During the planning phase, the audit team develops an understanding of the audit topic and responsible entities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the audited entity, program or activities are assessed. Criteria may be based on relevant legislation, internal policies and procedures, industry standards, best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork, the audit team meets with management representatives to discuss all significant matters arising out of the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with management representatives to check that facts presented in the draft report are accurate and to seek input in developing practical recommendations on areas of improvement.

A final report is then provided to the head of the audited entity who is invited to formally respond to the report. The report presented to the NSW Parliament includes any response from the head of the audited entity. The relevant minister and the Treasurer are also provided with a copy of the final report. In performance audits that involve multiple entities, there may be responses from more than one audited entity or from a nominated coordinating entity.

## **Who checks to see if recommendations have been implemented?**

After the report is presented to the NSW Parliament, it is usual for the entity's audit committee to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament's Public Accounts Committee to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report received by the NSW Parliament. These reports are available on the NSW Parliament website.

## **Who audits the auditors?**

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards.

The Public Accounts Committee appoints an independent reviewer to report on compliance with auditing practices and standards every four years. The reviewer's report is presented to the NSW Parliament and available on its website.

Periodic peer reviews by other Audit Offices test our activities against relevant standards and better practice.

Each audit is subject to internal review prior to its release.

## **Who pays for performance audits?**

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament.

## **Further information and copies of reports**

For further information, including copies of performance audit reports and a list of audits currently in-progress, please see our website [www.audit.nsw.gov.au](http://www.audit.nsw.gov.au) or contact us on 9275 7100.

## OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

## OUR PURPOSE

To help Parliament hold government accountable for its use of public resources.

## OUR VALUES

Pride in purpose

Curious and open-minded

Valuing people

Contagious integrity

Courage (even when it's uncomfortable)

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