

# MINISTER FOR INFRASTRUCTURE AND PLANNING AND MINISTER FOR NATURAL RESOURCES

## OVERVIEW

Agency	Budget 2004-05 \$m	Budget 2005-06 \$m	Variation %
<b>Heritage Office</b>			
Total Expenses .....	7.7	8.7	12.2
Capital Expenditure .....	...	...	...
<b>Department of Infrastructure, Planning and Natural Resources</b>			
Total Expenses .....	421.8	544.2	29.0
Capital Expenditure .....	27.2	31.1	14.5
<b>Environmental Planning and Assessment Act</b>			
Total Expenses .....	22.9	26.3	14.8
Capital Expenditure .....	35.0	73.0	208.6
<b>Growth Centres Commission<sup>(a)</sup></b>			
Total Expenses .....	...	41.4	n.a.
Capital Expenditure .....	...	...	...
<b>Honeysuckle Development Corporation</b>			
Total Expenses .....	10.6	12.5	17.4
Capital Expenditure .....	0.3	0.3	...
<b>Catchment Management Authorities<sup>(b)</sup></b>			
Total Expenses .....	129.3	192.0	48.4
Capital Expenditure .....	...	0.3	n.a.
<b>Total, Minister for Infrastructure and Planning and Minister for Natural Resources<sup>(c)</sup></b>			
Total Expenses .....	<b>473.4</b>	<b>644.7</b>	<b>36.2</b>
Capital Expenditure .....	<b>62.5</b>	<b>104.7</b>	<b>67.5</b>

(a) Legislative amendments to establish the agency are expected to be finalised in June 2005.

(b) The Catchment Management Authorities were created in January 2004 and have taken over certain functions of the Department of Infrastructure, Planning and Natural Resources.

(c) The grant from the Department of Infrastructure, Planning and Natural Resources to the Catchment Management Authorities of \$180.3 million is included in the 2005-06 recurrent expenditure totals for both agencies (\$118.9 million in 2004-05). To avoid double counting the amount is included only once in the Minister's total.

## **HERITAGE OFFICE**

The Heritage Office manages the administration of the Government's heritage policies. It has a major educational and promotional role to encourage conservation of the State's heritage assets.

### **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

The Heritage Office's expenses include the conservation of heritage assets through policy advice and the administration of heritage grants.

In 2005-06, total expenses are projected to be \$8.7 million compared to budgeted total expenses of \$7.7 million in 2004-05.

### **STRATEGIC DIRECTIONS**

The Heritage Office's strategic directions are to:

- ◆ complete a comprehensive register of the State's significant heritage items;
- ◆ develop the community's understanding of heritage as an essential component of our culture;
- ◆ achieve best practice standards in the conservation and re-use of heritage items;
- ◆ assist and support local councils and State Government agencies with the management of their heritage assets;
- ◆ streamline heritage approvals processes; and
- ◆ demonstrate the benefits of the conservation of the State's heritage resources.

### **2005-06 BUDGET**

#### **Total Expenses**

Total expenses of \$8.7 million in 2005-06 include \$2.5 million for Heritage Assistance grants.

#### **Capital Expenditure**

An allocation of \$19,000 is provided for minor equipment purchases only.

## **DEPARTMENT OF INFRASTRUCTURE, PLANNING AND NATURAL RESOURCES**

The Department of Infrastructure, Planning and Natural Resources sets the strategic framework for urban development, environmental protection and economic growth through its role in:

- ◆ landscape management;
- ◆ land use planning systems and development control;
- ◆ leadership of transport and infrastructure investment and land use planning; and
- ◆ managing the allocation, conservation and use of water.

### **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

The Department has led improvement in natural resource management and land use planning through the establishment of Catchment Management Authorities with nearly \$130 million in investment strategies already approved; the operational introduction of the *Water Management Act 2000* including thirty one water sharing plans; reforms to the management of native vegetation; and a major overhaul of the planning system.

The Department has continued to develop strategies to manage sustainable growth and change in Sydney and across the Greater Metropolitan Region. Planning for around 8,000 lots per year has commenced.

Regional strategies have commenced to integrate land use and natural resource planning at both regional and local levels, particularly in coastal areas.

Processes have been improved to align infrastructure planning and investment with strategic and land use planning. This ensures that releases of new urban land are managed to coincide with population growth and infrastructure delivery. It also ensures that funding from developer contributions and Government is secured for a regional infrastructure package of around \$7.8 billion for land release in the north west and south west sectors of Sydney over 30 years.

Further implementing the NSW planning reforms will deliver a modern planning system so that land use decisions are made at the most appropriate level of government. For example most state significant developments previously subject to Ministerial approval will be returned to local government for assessment and approval. This will ultimately reduce the cost of administration and red tape, improve effectiveness and redirect more resources to communities and farmers.

## **STRATEGIC DIRECTIONS**

The Department's goal is to improve the economic performance, environmental sustainability and the quality of life for the NSW community through the following outcome areas.

### **Landscape health and productivity**

- ◆ Setting a strategic direction focused on integrated catchment management through a Natural Resources Policy and sector strategies (for example for agriculture and forests); guiding regulations and investment decisions; and monitoring the achievement of standards and targets set by the Natural Resources Commission.
- ◆ Supporting the Catchment Management Authorities so that natural resource investment decisions are made locally and landholders and communities are empowered to manage catchments in a sustainable way. This involves establishing simple, consistent and fair land management rules and processes (such as property vegetation planning), providing funding to the Authorities and targeting 80 percent of investment in on-ground, on-farm works, and ensuring that decisions are backed up by world class science.

### **Effective land use planning systems and development control**

- ◆ Simplifying planning and building systems (e.g. removal of 1,100 concurrences) to reduce transaction costs and unnecessary delays and provide greater certainty and focus on sustainable development.
- ◆ Implementing the BASIX Web-based tool, which targets reductions in water and energy use.
- ◆ Supporting local government using Planning Reform Funds to undertake upfront strategic planning and deliver modernised planning instruments, which will reduce the number of Local Environment Plans from 5,500 to 152.
- ◆ Improving the regulatory framework for public and private infrastructure and major development to enhance investment opportunities.

### **Leadership of transport and infrastructure investment and land use planning**

- ◆ Continuing to lead the development and implementation of the Metropolitan Strategy which outlines actions to manage sustainable growth and change in Sydney and the Greater Metropolitan Region (such as providing 160,000 lots over the next 30 years in the north west and south west sectors of Sydney).

- ◆ Integrating land use and natural resource planning at both regional and local levels through regional strategies for the Far North Coast, the Lower Hunter, the Central Coast and the Illawarra and South Coast.
- ◆ Aligning infrastructure planning and investment with strategic and land use planning to ensure release of new land is managed to coincide with population growth, existing infrastructure is better utilised and available sources of investment for infrastructure are optimised.

### **Sustainable management of the allocation, conservation and use of water**

- ◆ Allocating water in a sustainable way between users and the environment through implementing water sharing plans to return an average 220 gigalitres of water to the environment and provide increased security for users.
- ◆ Implementing the National Water Initiative, increasing water-use efficiency and promoting an open and fair water market that encourages the most valuable use of water resources.
- ◆ Engaging communities in water management and implementing systems that make entitlements to water more secure, such as moving water licences onto the Land and Property Information register.
- ◆ Restoring and protecting river health while maintaining strong agricultural and urban communities through programs such as groundwater structural adjustment.

## **2005-06 BUDGET**

### **Total Expenses**

Total expenses in 2005-06 are estimated at \$544.2 million. This compares with a 2004-05 Budget estimate of \$421.8 million.

The additional \$122 million in 2005-06 largely reflects a significant increase in grants. Grants to the Catchment Management Authorities are expected to be higher by \$61.2 million and total \$180.3 million because of a combination of natural growth and an expected increase in Commonwealth grants in 2005-06. Grants for the Living Murray water initiative, Wetland Recovery Strategy, Growth Centres Commission and local government programs are also budgeted to increase significantly.

The extent to which the Catchment Management Authorities are taking on more of the Department's day-to-day activities and services is evident in the reduction in other operating expenses in 2005-06.

During 2005-06 the Department will focus on consolidating and delivering the reforms which were announced in 2004-05 to better manage natural resources and streamline the land use planning system. This will involve actions such as getting the Property Vegetation Planning system (PVP) implemented to support the ways farmers manage their properties to improve both production and conservation outcomes. The National Water Initiative will be implemented returning water to the environment and restoring the health of river systems.

The Department's natural resource management programs have a total expense of \$318.9 million. Key initiatives that are ongoing or commencing in 2005-06 will be:

- ◆ \$52 million over several years towards the NSW Salinity Strategy, with expenditure on the Strategy recognised as part of New South Wales' \$198 million contribution to the \$396 million National Action Plan on Salinity and Water Quality (NAP). This plan is a joint State and Commonwealth program spread over several years and involves the Catchment Management Authorities preparing investment strategies in consultation with local communities;
- ◆ \$18.1 million as the State's share of operating costs and works programs for irrigation areas in 2005-06 with similar ongoing expenditure;
- ◆ \$7.9 million for Forest Industry Structural Adjustment;
- ◆ \$2 million in 2005-06 as part of a \$5 million Aboriginal Water Trust to assist the Aboriginal community in the development of water-based farming and aquaculture enterprises;
- ◆ \$13.4 million allocated to the Wetland Recovery Strategy to improve the management of rivers and the efficiency of water supply systems in areas such as the Macquarie Marshes and Gwydir Wetlands; and
- ◆ \$5.5 million for conserving and restoring groundwater resources of the Great Artesian Basin under the Cap and Pipe the Bores Program.

In addition, the Department will distribute structural adjustment assistance to groundwater users to correct the problem of over-allocation and to achieve a sustainable yield. New South Wales' share of this assistance program amounts to \$58.4 million, including a contribution to rural communities through a community development fund. Rural communities will also benefit from the increased certainty and investment security resulting from a sustainable allocation of water. For this program to proceed, it requires the Commonwealth to provide matching funding of \$55 million. It is now likely that this expenditure will not occur until 2006-07 due to delays in negotiations with the Commonwealth.

The Department's environmental planning programs have a total expense of \$91.3 million. Key initiatives for 2005-06 are:

- ◆ implementing the planning system reform which will involve completing the regional strategies and supporting local councils to prepare Local Environmental Plans by providing financial assistance from the Planning Reform Fund; and
- ◆ supporting the planning and development work of the new Growth Centres Commission in the new land release areas of Sydney's north west and south west sectors through grant funding, with \$12.6 million in 2005-06 including operating costs estimated at \$6 million and \$6.6 million capital grants for new infrastructure.

### **Total Revenue**

Total revenue in 2005-06 is estimated at \$67.6 million. This includes the planning reform fee, fees for development assessment services, funding from the Murray Darling Basin Commission and contributions from industry.

### **Capital Expenditure**

The capital expenditure programs for 2005-06 are estimated at \$31.1 million. Major new works include \$6.4 million for projects to support core service delivery in areas such as computer equipment replacement (\$3.1 million) and purchase of satellite imagery to support natural resource decision making (\$2.6 million).

A further \$6.3 million has been provided to continue Water Management Information Systems projects and \$4.1 million for systems to support vegetation management. Other items include coastal land acquisitions and building infrastructure works in Newcastle and at the Department's historically significant Bridge Street building.

## **ENVIRONMENTAL PLANNING AND ASSESSMENT ACT**

Under the *Environmental Planning and Assessment Act 1979*, the Sydney Region Development Fund was established to acquire land for planning purposes within the Sydney region. This includes land suitable for regional open space, vacant land for future freeway and transport corridor construction purposes and land for projects such as the Rouse Hill Regional Centre.

### **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

Expenditure is mainly incurred for land acquisition, sale of surplus land, administration and borrowing costs. Grants for the ongoing improvement of open space land and new foreshore open space are also provided in partnership with local councils and community organisations.

Land acquisition continues to focus on regional open space and road programs. Most of the land identified for the Western Sydney Regional Parklands has now been acquired. The first stage of capital works has been announced to develop the long term recreational and conservation potential of the parklands.

The Fund holds land that is no longer required for planning purposes as well as fragments that can be aggregated and sold. Land sales are the main source of funding and the Fund continues to identify surplus land for disposal.

The sale of major industrial sites at Prospect and Eastern Creek is progressing. Disposal of land in partnership with Landcom continues at Bonnyrigg, Minto, Willoughby and Menai, and other land sales are planned at Seaforth and South Turramurra.

There is continuing development of the Rouse Hill Regional Centre on land purchased by the Fund. This regional centre will include retail, commercial, community, education, recreational, transport and residential uses, developed in partnership with Landcom and the private sector.

Land owned by the Fund at Eastern Creek and leased by the Waste Recycling and Processing Corporation is expected to return rental revenue of \$5 million per year over the next four years.

Various NSW Government agencies have collaborated to develop a proposed business park on land owned by the Fund at Eastern Creek. The land has been rezoned for employment purposes under *State Environmental Planning Policy No 59* and arrangements for its sale are progressing.

The Fund has planned significant metropolitan open space precincts and has funded programs such as the Greenspace program, Cooks River Foreshore program and the Sydney Harbour Access program to improve liveability in areas of Sydney. The Fund also manages a heritage asset management program, under the *Heritage Act 1977*.

## **STRATEGIC DIRECTIONS**

The Sydney Region Development Fund has a range of strategies for the future including:

- ◆ prudent financial management to ensure adequate capital funding needs and to achieve an optimal return on surplus assets;
- ◆ ongoing review and disposal of surplus land and land to be acquired; and
- ◆ a focus on implementing the intended outcomes for open space land strategies and lands purchased for other planning purposes.

## **2005-06 BUDGET**

### **Total Expenses**

Total recurrent expenses for 2005-06 are estimated at \$26 million, including \$3.6 million for grants to improve open space land, \$5 million for lands transferred to other government bodies and \$6.9 million for borrowing costs. Expenses involved in managing, selling, acquiring and developing land total \$10.5 million.

### **Total Revenue**

Total revenue for 2005-06 is estimated at \$49.1 million, including a grant of \$26 million from the Growth Centres Commission to purchase land for a possible rail corridor in south west Sydney, contributions from local councils and the NSW Government of \$12.7 million and net rental income of \$6.2 million.

### **Capital Expenditure**

Land required for planning purposes such as regional open space and major road reservations is purchased through the capital program. Expenses associated with land purchase, such as planning studies for redevelopment, are also capitalised.

In 2005-06, acquisition costs are estimated at \$73 million, including \$26 million to buy land for a possible rail corridor in the south west Sydney area. Asset disposal is estimated at \$40 million.

Capital expenditure can vary from year to year and is difficult to accurately predict. They depend on the timing of approaches from owners to acquire their land, the completion of negotiations and property settlements.

## **GROWTH CENTRES COMMISSION**

In December 2004, the NSW Government announced its new land release plan for the north west and south west sectors of Sydney. Up to 160,000 homes will be built in these sectors over the next 30 years.

A key feature of the land release plan is to ensure that Sydney's growth occurs in a sustainable way and that new infrastructure is appropriately planned, funded and linked to a properly sequenced release of land.

Since the announcement, preliminary work on the establishment of a new agency and initial planning and development work has been undertaken.

The Growth Centres Commission will be established under the *Growth Centres (Development Corporations) Act 1974* by June 2005.

The Growth Centres Commission will coordinate the orderly roll out of land release and infrastructure and will be accountable to the Minister for Infrastructure and Planning and to the Treasurer in the role of shareholder.

## **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

During 2004-05, funding of \$2.9 million has covered the costs of initial studies to support release areas and costs in setting up the new agency. It is expected the Board of the Growth Centres Commission, a General Manager and an Infrastructure Manager will be appointed by June 2005.

## **STRATEGIC DIRECTIONS**

The Commission will be responsible for delivering around \$7.8 billion of infrastructure over 30 years to serve the new communities in the north west and south west sectors.

In 2005-06, up to \$60 million of capital works are anticipated for the new release areas including road projects for Camden Valley Way and Narellan Road. The Commission will provide direct funds of \$33.9 million, and other State agencies will fund the remainder.

The key tasks of the Commission will be:

- ◆ to develop land use and infrastructure plans;
- ◆ to manage the funding and delivery of infrastructure;
- ◆ to make recommendations to Government on an orderly sequencing of land release so that the roll out of infrastructure is co-ordinated; and
- ◆ to help co-ordinate small land holders in the land release areas.

The Commission will manage:

- ◆ the delivery of infrastructure according to the approved infrastructure plans and co-ordinated with other State agencies; and
- ◆ the administration of both the developer contributions, which will raise 75 percent of the cost of infrastructure, and the NSW Government's contribution of 25 percent.

The Commission will also be responsible for managing any borrowings required from time to time to fund infrastructure that is constructed before the collection of the full amount of developer contributions.

## **2005-06 BUDGET**

### **Total Expenses**

Total expenses for the Commission in 2005-06 are \$41.4 million. This covers grants of \$33.9 million towards new capital works in the north west and south west sectors, operating expenses of \$6 million, and borrowing costs estimated at \$1.5 million.

Grants and subsidies for capital works totalling \$33.9 million for 2005-06 are:

- ◆ \$26 million grant to the Sydney Region Development Fund to purchase a corridor for a possible South West Rail Link;
- ◆ \$7.5 million to contribute towards road works on Camden Valley Way in the south west sector in 2005-06; and
- ◆ \$0.4 million for general land conservation works.

## **Total Revenue**

Total revenue for the Commission in 2005-06 is estimated at \$20 million, consisting of \$7.4 million from developer contributions and \$12.6 million as a grant through the Department of Infrastructure, Planning and Natural Resources for the Commission's operating costs (\$6 million) and the Government's contribution to infrastructure (\$6.6 million).

## **HONEYSUCKLE DEVELOPMENT CORPORATION**

The Corporation assists in the revitalisation of inner Newcastle. The area being revitalised is situated adjacent to the Newcastle Central Business District (CBD) and comprises 50 hectares of former industrial land located on the shores of Newcastle Harbour.

### **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

Until 1996-97, the Corporation was funded through budget contributions from the Building Better Cities program. Since that time, the Corporation has been funded through land sales and borrowings.

The Corporation has made community contributions of \$84.8 million over the life of the project in the form of grants to other organisations, housing, public domain and open space landscaping.

Some 42 sites have been released to the market with 40 settled, one under conditional contract, and another in negotiation. The total end value of works associated with the sites is estimated to be over \$742 million.

### **STRATEGIC DIRECTIONS**

The Corporation undertakes programs to fulfil its role in assisting the revitalisation of inner Newcastle. The major features of the Corporation's strategic directions are to:

- ◆ develop the city into an effective capital of the Hunter region;
- ◆ develop a mix of affordable and other housing choices;
- ◆ improve the quality of life within the CBD and inner suburbs and to open community access to the harbour foreshore areas and enhance the attractiveness of the city;
- ◆ manage the acquisition and disposal of surplus government land holdings; and
- ◆ facilitate the provision of adequate infrastructure to promote and encourage development and investment in the area.

## **2005-06 BUDGET**

### **Total Expenses**

Total expenses for the Corporation for 2005-06 are budgeted at \$12.5 million. The primary components are the cost of selling land and property of \$3.2 million and community contributions of \$5.6 million.

The variation in expenses between the 2004-05 projection and 2005-06 Budget is approximately \$2.2 million. This is due to an increase in the level of contributions to the community (grants and subsidies), which reflects the timing of when certain works are required.

The forecast deficit in 2005-06 is primarily due to the level of community contributions.

### **Capital Expenditure**

In accordance with accounting standards, the Corporation's property development activities are capitalised as inventory not property assets.

The capital allocation of \$0.3 million in 2005-06 will provide for the relocation of the Corporation's office from its current site to Honeysuckle House II.

## **CATCHMENT MANAGEMENT AUTHORITIES**

The thirteen Catchment Management Authorities (CMAs) were established to engage communities in the management of natural resources within their catchment. They are formally constituted as independent statutory authorities with a responsible and accountable Board reporting directly to the Minister for Natural Resources.

The CMAs co-ordinate regional involvement in natural resource decisions to ensure that local communities have a greater say in how their natural resources are managed. Specific functions of the CMAs include preparing and implementing catchment action plans and associated investment strategies.

## **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

The *Catchment Management Authorities Act 2003* commenced on 23 January 2004. Board members have been appointed to the CMAs and offices established in each of the catchments across New South Wales. The Authorities are responsible for maintaining the roll out of various Commonwealth and New South Wales Government programs, in particular the National Action Plan for Salinity and Water Quality, the Natural Heritage Trust and the New South Wales Land and Water Management Plan investment funds.

## **STRATEGIC DIRECTIONS**

The Authorities are responsible for the new system of managing many natural resources at the catchment scale including native vegetation. Key priorities include preparing catchment action plans and developing associated investment strategies to direct funds to local on-ground works and activities.

The CMAs will be responsible for issuing native vegetation consents under the *Native Vegetation Conservation Act 2003*, and will provide data to landholders to enable them to prepare Property Vegetation Plans. The CMAs will also be responsible for establishing environmental water trusts to deliver environmental flows to depleted water systems.

Over the next four years the Authorities will establish investment strategies for funding totalling \$436 million. The strategies will seek to meet the standards and targets set by the Natural Resources Commission and the funding requirements of both the Commonwealth and New South Wales Governments.

## **2005-06 BUDGET**

### **Total Expenses**

Total Expenses for 2005-06 are estimated at \$192 million, including \$142.6 million for grants and subsidies for sustainable natural resource management in line with catchment action plans.

### **Capital Expenditure**

The 2005-06 budget includes \$0.3 million for plant and equipment purchases.