The Hon. Rob Stokes MP
Minister for Planning and Public Spaces

Ref: IRF20/3182

Ms Helen Minnican
Clerk of the Legislative Assembly
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear ~~Ms Minnican~~ Helen,

I am writing to provide you with an update on the work being undertaken by the Department of Planning, Industry and Environment (Department) to respond to the Public Accounts Committee (Committee) recommendation that the Office of Strategic Lands (OSL) develop and publish a long-term plan to guarantee its future long-term financial and operational viability. The Committee's recommendation followed the Examination of the Auditor-General's Performance Audit Report May 2017 – December 2017.

I previously advised that the Department had accepted the Committee's recommendation and had engaged an independent consultant, KPMG, to assist in the review of the OSL's existing Strategic Business Plan and funding and business model to develop a Plan for future long-term financial and operational viability. I am pleased to inform you that this work has now been completed.

The Department has prepared a Long-term Financial and Operational Sustainability Plan (Sustainability Plan) (**Attachment A**) which identifies five major funding problems faced by OSL and provides a set of recommendations to assist in the management of each problem. The Department has also prepared a revised Strategic Business Plan (**Attachment B**) to ensure that the implementation of the Sustainability Plan is incorporated into the OSL's long-term strategic planning and objectives.

The Department has already commenced work in response to the recommendations of the Sustainability Plan and intends to publish the revised Strategic Business Plan on the Department's website shortly.

If you require further information about these Plans, you are welcome to contact [redacted]

Yours sincerely

The Hon. Rob Stokes MP
Minister for Planning and Public Spaces

Attachment A: Long-term Financial and Operational Sustainability Plan
Attachment B: Revised Strategic Business Plan

Department of Planning, Industry and Environment

Long-term Financial and Operational Sustainability Plan

Planning Ministerial Corporation

July 2020

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Title: Long term Financial and Operational Sustainability Plan

Subtitle: Planning Ministerial Corporation

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About this document

In 2020, the Planning Ministerial Corporation (PMC), administered by the Office of Strategic Lands (OSL), engaged an external consultant to review its funding model and identify options and recommendations for improving the organisation's long term financial and operational sustainability. This document summarises the consultant's findings and recommendations.

Executive summary

Since 1985, OSL has been operating under a self funding model. Its main funding sources are proceeds from the sale of surplus land and New South Wales Treasury Corporation (TCorp) loans (both used to fund land acquisitions). It also sources funding from any revenues OSL can generate from leasing or licensing its asset portfolio as well as interest it earns on temporary investments. Through the Sydney Region Development Fund (SRDF), a statutory fund established under the provisions of the *Environmental Planning and Assessment Act 1979* (EP&A Act), the OSL receives all the funding on which it relies. The SRDF also includes funding from an annual levy from 34 local government areas (LGAs) within the Sydney region. The funding from this levy helps fund the interest payments on the TCorp loan and contribute to the repayment of the debt.

There are limits on the financial value of land and assets OSL can acquire and divest each year. The aim is to create a self balancing funding model in which acquisition and divestment costs negate each other.

Although the OSL self funding model has operated successfully for a number of years, the long term sustainability of the model has been in question for some time. Over the past decade, OSL has been resourceful at identifying short term solutions to ensure it can deliver on its mandate. However, the office has yet to agree on and implement a solution to its long term financial sustainability.

Currently, OSL faces five major funding problems that impact its financial sustainability (see **Figure 1**). Some of these problems have emerged as short to medium term challenges that need addressing as soon as possible.

Figure 1

Key short , medium and long term funding problems.

Short-term | Up to 18 months

Problem 1	**Fragile equilibrium**	The funding balance between acquisitions and proceeds from surplus land sales is fragile and may lead to negative cashflow in the short term.

Medium-term | 18 months to five years

Problem 2	**Asset-management costs**	Asset management costs were not considered in the self balanced funding model $5.9 million as of the financial year ending June 2019.
Problem 3	**Borrowing commitments**	The OSL cannot reduce its borrowings using the SRDF levy alone. With no additional debt, the OSL would have to repay as much as $330 million in principal, plus $113 million in accumulated interest over the next 10 years. The total expected accumulated SRDF levy for the period is $96 million.

Long-term | More than five years

Problem 4	**Extended acquisitions**	Expected surplus proceeds are insufficient to meet even the current acquisition commitments, with a current gap of more than $1 billion.
Problem 5	**Expanding role**	The OSL cannot take on any additional roles without a corresponding funding source.

The OSL has examined nine potential options involving the different funding levers currently available and in use by the OSL to address these five problems (see **Table 1**). However, the analysis indicates that these levers will be insufficient to address the systemic funding challenges facing OSL. The OSL will require further funding from government, additional levies or alternative infrastructure contributions because of the overall amount of funding (more than $1 billion) necessary to meet OSL's current long term land acquisition commitments. With land prices in Sydney continuing to increase over the medium to long term, this funding gap will likely expand over time.

Table 1. Analysis of potential options

Option	Description	Analysis
Change disposal plan pace *(relevant to problem 1)*	Accelerating the pace at which the OSL disposes of land and implementing a more strategic approach to the sale of surplus lands than the current annual disposal target of $45 million	OSL has prepared an accelerated divestment plan for the next four years based on its current resources, with annual expected proceeds from $70 million to $133 million. This divestment plan requires ministerial approval. The fact that the OSL divestment plan has not been approved for the past two year is the primary driver of the current cashflow issues. Therefore, the speed of decision making and agility in both the disposal approach and the approval process are key.
Change acquisition pace *(relevant to problem 1)*	Changing the pace at which the OSL fulfills acquisition commitments and undertaking a more strategic approach to acquisitions than the current annual target of $45 million	This option applies to the OSL undertaking only acquisitions based on the cash available to it. However, the OSL's ongoing obligations influence its ability to slow the pace of acquisitions. The office currently depends on an owner initiated acquisition process that places pressure on the OSL's ability to effectively plan and budget for its forward acquisition program.
Uplift revenue from land the OSL holds (leases/licences) *(relevant to problem 2)*	Enhancing the revenue generated from land the OSL holds for an interim period (through leases and licences)	Revenues generated from leasing and licensing currently fund approximately 35% of the OSL annual asset management costs. However, there are limited opportunities to increase revenues due to zoning and land use constraints, and because the portfolio will be rationalised over time. Leases remain in holdover following expiration so this generates revenue. However, the OSL does not renew leases for a fixed longer term or seek new leases when leases expire, nor does it look to generate additional income from other land it currently holds. This use of land is not core to the OSL role, and these uses generally result in the complexity, effort, cost and risk associated with managing tenants.
Accelerate transfers *(relevant to problem 2)*	Accelerate the execution of the asset transfer program to reduce costs associated with holding land over long periods	Accelerating the transfer of land will be challenging as long as the designated owners can delay the transfer. Financial considerations for example, avoiding maintenance costs, which the OSL must cover partially drive this challenge, as there is limited potential to use the lands to generate revenue from temporary land uses to offset the costs of holding and managing the land.

Option	Description	Analysis
Realise biodiversity credits *(relevant to problem 2)*	Using the biodiversity credits that the OSL has received as part of the five associated biobanked sites	OSL can unlock access to annuity payments (approximately $1 million on average) only after making a deposit of at least $15.8 million. The OSL may be entitled to an additional one off payment of $19.8 million, depending on its success selling the credits. The OSL has identified a limited number of additional sites that could potentially be nominated for biobanking.
Draw on debt/ modify terms *(relevant to problems 3 and 4)*	Drawing down on available TCorp debt facilities, negotiating to improve the terms of the current facilities, or both	The OSL will draw down $100 million over the next four years for the strategic open spaces initiative, which the OSL acquisition liabilities doesn't currently reflect. The office will draw down $65 million to cover one large proposed acquisition and address its operating cashflow needs. However, the OSL's ability to modify the current TCorp loan terms is limited.
Adjust SRDF council levy *(relevant to problem 3)*	Seeking to grow funding generated through the annual SRDF council levy	As long as the formula for calculating the levy does not change, it will continue to increase annually only in line with the consumer price index. This will be insufficient to repay the TCorp debt facilities or cover OSL increasing interest payments. Another option would be to extend the number of LGAs that contribute to the SRDF or introduce a new form of infrastructure levy. However, both of these options would be complex to implement.
Seek grant funding *(relevant to problem 4)*	Using available grants programs to apply for grant funding	This is an ad hoc rather than a systematic solution, with no funding guaranteed, as the OSL will be competing with other grant applicants. The OSL has identified $206 million in potential grants. Even if it were successful in securing all of this grant funding, it will be insufficient to cover the more than $1 billion in funding that the OSL requires to meet its forward land acquisition commitments.
Introduce fee-for-service *(relevant to problems 2 and 5)*	Introducing a fee for service model with other agencies to recover costs associated with OSL activities	This option could cover land acquisition, holding and transfer costs. It would require negotiating or renegotiating agreements with designated landowners. Therefore, it would likely apply only with other government agencies for acquiring land that the OSL doesn't already hold and manage.

To identify suitable alternative funding sources, the OSL has reviewed funding models of various state and local planning entities and agencies both domestically and internationally. These comparable entities and agencies use a similar mix of funding sources; however, most entities are partially or fully funded by government. This highlights the criticality of having the appropriate mandate and suitable access to funding as key enablers to long term financial sustainability.

Based on this analysis, the OSL has developed a set of recommendations to address each funding problem (see **Figure 2**).

In summary, for 35 years, the OSL self funding model has operated as intended and allowed the organisation to operate successfully. However, some of the funding issues it faces challenge its ability to fulfil its current and future acquisition commitments, specifically, problems 1, 4 and 5 from **Figure 1**. There is no silver bullet, and the OSL will need to pursue a number of options to address the funding issues it faces. The OSL cannot resolve these funding issues alone and will have to work with various stakeholders across government to ensure its long term funding sustainability.

Figure 2. Recommendations

Problem	Recommendations
Problem 1: The funding balance between acquisitions and proceeds from surplus land sales is fragile and may lead to negative cashflow in the short-term	• Reduce the cashflow volatility by moving to an approved, multiyear divestment pipeline if possible
Problem 2: Asset-management costs were not considered in the self-balanced funding model	• Accelerate the transfer program with an improved mandate for the OSL to take action should the designated owner refuse to take ownership of the land • Seek to recover all asset management costs associated with any new land holdings on behalf of other NSW Government agencies to limit any future cost exposure. Continue to take advantage of existing funding sources, such as biobanking and commercial revenue, and leverage the expertise of other Department of Planning, Industry and Environment agencies. This may include the agencies taking over land activation and revenue generation from temporary use of the land
Problem 3: The OSL cannot reduce its borrowings using the SRDF levy alone	• Increase the OSL debt limits only if it can use the available divestment proceeds to repay the debt, modify the loan terms, modify the SRDF council levy or some combination of these
Problem 4: Expected surplus proceeds are insufficient to meet even the current acquisition commitments	• Establish a more strategic and proactive approach to prioritise future land divestments and acquisitions • Make a formal submission to the recently initiated review by the NSW Productivity Commissioner to consider revitalising the SRDF or extending the use of developer contributions to fund the OSL's future strategic acquisition of land • Seek alternative funding from government, grant funding or a revitalised SRDF council levy for significantly large acquisitions and new acquisition liabilities
Problem 5: The OSL cannot take on any additional roles without a corresponding funding source	• Establish a fee for service model for any future strategic land acquisition and holding activities the OSL undertakes for other NSW Government agencies

Detailed recommendations

The OSL has developed the following recommendations to address the five identified problems. These recommendations look to support an OSL self funding model and improve its financial and operational sustainability.

Recommendation 1

Problem

The funding balance between acquisitions and proceeds from surplus land sales is fragile and may lead to negative cashflow in the short-term.

In the short term, the OSL's financial sustainability fully depends on acquisition activity not exceeding the proceeds we receive from the sale of surplus land. Changes to the OSL acquisition or disposal profile will continue to result in an imbalance in our self funding model.

Recommendation

Reduce cashflow volatility by moving to an approved, multiyear divestment pipeline if possible.

Summary findings

Because slowing the pace of acquisitions may not be a viable long term option, introducing more agility to the OSL's annual divestment planning and approval process could help address short term cashflow issues. This would require no additional funding.

1.1 Develop and approve a multiyear divestment pipeline

If possible, the OSL should move from an annual divestment plan to a multiyear divestment pipeline, subject to ministerial approval, so it can operate within a multiyear program of approved divestments.

This approach will improve the OSL's ability to manage any emerging cashflow volatility issues by speeding up the current lengthy and recurring annual approval process. Having an approved list of assets within this short to medium term pipeline will give the OSL the flexibility to change the pace of its divestment activity to match its funding requirements at any given time. This will improve the OSL's cashflow stability and ability to better plan our divestment activities every year.

A multiyear divestment pipeline will also help with politically sensitive surplus lands approved for sale, identifying these assets as early as possible and helping to manage their complexity. This approach will help improve the OSL's ability to achieve our annual $45 million acquisition target.

For example, if we cannot sell an asset for its highest price and best use in the current year due to market conditions, we can bring forward alternative assets from the approved divestment pipeline. This ensures the OSL achieves its strategic objectives and reduces unnecessary cashflow volatility in any given year.

The outcome of this approach may be that the OSL achieves annual divestment proceeds in particular years that are greater than our current $45 million annual divestment target.

However, the current annual target is not based on any specific legislative or policy requirement. So, achieving higher annual sale proceeds may to some extent help fund any planned acquisitions with values greater than $45 million.

Please refer to section 4.3 on page 20 for further recommendations to address the need to identify new alternative funding sources for significantly large acquisitions.

Recommendation 2

Problem

Asset-management costs were not considered in the self-balanced funding model.

The OSL self funding business model was not designed to accommodate the annual holding and operating costs that the OSL incurs for its interim land management activities. Estimates also suggest that the OSL's current annual asset management expenditure of approximately $5.9 million as of 2018 19 does not reflect the minimum funding necessary to safely maintain assets. What's more, the current expenditure does not allow the OSL to meet all of its legislative, regulatory and policy obligations as a landholder on behalf of the Planning Ministerial Corporation (PMC).

Recommendation 2.1

Accelerate the transfer program with an improved mandate for the OSL to take action should the designated owner refuse to take ownership of the land.

Recommendation 2.2

Seek to recover all asset-management costs associated with any new land holdings on behalf of other NSW Government agencies to limit any future cost exposure. Continue to take advantage of existing funding sources, such as biobanking and commercial revenue, and leverage the expertise of other Department of Planning, Industry and Environment agencies. This may include the agencies taking over land activation and revenue generation from temporary use of the land.

Summary findings

The current options for the OSL are insufficient to cover its asset management costs. These options also do not address the systematic issue that the OSL's self funding model cannot accommodate the recurrent landholding and management costs it must fund every year.

2.1.1 Reduce asset-management spend by:

i rationalising the portfolio it manages directly

ii leveraging the expertise of other agencies in the Department of Planning, Industry and Environment.

2.1.1.1 Accelerate the transfer program, with an improved mandate for the OSL to take action should the designated owner refuse to take ownership of the land

The OSL will review and rationalise the current asset portfolio it manages by speeding up asset transfer. Specifically, the OSL will assess the process for executing asset transfers and identify ways to accelerate the program. This is especially important for assets that are not under the care, control and management of local councils, as the OSL does not incur asset management costs for these assets.

Speeding up the transfer process should reduce the ongoing maintenance costs of holding assets for extended periods and help the OSL better manage its exposure to associated liabilities. As part of this, the OSL should engage with designated owners to explain the benefits they will gain by receiving land earlier.

Key to the success of this approach will be to ensure the OSL has a mandate to act when the designated landowner refuses to take ownership of the land within a reasonable period of time.

Although speeding up the execution of the OSL asset divestment program will save on asset management costs, it will also lead to the loss of some rental income from some currently tenanted surplus land. (The high level estimated loss is approximately $200,000 per year.). The OSL currently uses this income to offset asset management costs. Asset transfer also comes at a cost because of the work the OSL has to do to prepare assets for transfer, such as land remediation, structure demolition and contamination handling.

2.1.1.2 Examine opportunities to achieve economies of scale and scope by partnering with or outsourcing to other parties or agencies within the Department of Planning, Industry and Environment for specific asset-management and land-activation roles

The OSL will continue its current strategy of identifying, developing and implementing procurement related initiatives to streamline and improve operations and achieve better value for money[1]. One notable example is the upcoming transition of the OSL ground maintenance program to the Soil Conservation Service (under the Local Land Services division), which has recently become part of the new Department of Regional NSW. The expected short term savings from this will be approximately $400,000 per year.

The OSL is looking to externally outsource its facilities and property management services. However, there may be additional opportunities to partner with other Department of Planning, Industry and Environment cluster entities whose core role includes land and asset management. These entities, such as the Crown Lands division, may be better skilled or resourced to take on some of these activities on behalf of the OSL, especially in cases in which land these entities hold is adjacent to land that the OSL holds. This will help ensure that the OSL continues to focus on its core role of strategic land acquisition, will help deliver economies of scale and scope, and potentially ensure improved quality of outcomes. The OSL will need to assess the cost benefit of commissioning and delivering certain activities using other Department of Planning, Industry and Environment agencies on a case by case basis. But given that the OSL is a relatively small business unit, this approach is likely to be more effective than the office trying to do everything itself.

[1] At a high level, most of the OSL's strategies involve expanding the services it currently provides to include additional areas of the business in which service gaps have been identified to address risk. Therefore, even if the OSL achieves better value for money compared with the current state, in the long term, it is likely that the costs will increase as the service level and scope increase

Similarly, there is scope to examine whether other agencies are in a better position to take on any interim land activation activities on behalf of the OSL. This could maximise the potential community benefits of holding the land that is, for social gains and not necessarily commercial profit, such as temporary housing solutions.

As suggested in its 2020 business plan, the OSL should look into this once it confirms its core business and role concerning the Housing and Property group's strategic housing and property framework and the Place, Design and Public Spaces group's program management and decision making framework.

2.1.2 Maximise relevant funding sources, such as biobanking and commercial revenues, to offset some of the OSL's annual asset-management costs; this may require other agencies in the Department of Planning, Industry and Environment to take over land activation

2.1.2.1 Improve returns from the OSL asset portfolio and explore whether other agencies in the Department of Planning, Industry and Environment are in a better position to take over the management of the leased or licensed assets

The OSL has engaged an expert property valuer to review its commercial and residential leasing portfolios to understand where current rental and license incomes deviate from market rates. Following the completion of this work and in the short term, the OSL will develop a roadmap to ensure annual rental and licence fees:

i. reflect market conditions (accounting for the current economic environment)
ii. exceed the associated costs of managing and maintaining the assets wherever possible. This includes expenses required to ensure that the condition, safety and use of the asset adheres to the appropriate regulations, policies and standards, as well as legal costs due to issues with the tenants themselves.

In the medium to long term, as tenants vacate properties, the OSL will move to reduce the likelihood that these properties will be retenanted to realign its activities with its core strategic purpose.

A fundamental choice is therefore involved. One option is for the OSL to focus on acquiring, divesting and transferring land on a continuous, repetitive basis every year while continuing to acquire land, assuming that the office will not hold on to the land for any significant length of time. The other option is for the OSL to create additional recurrent revenue streams from the land it is managing.

There is also an option to explore whether other entities in the Department of Planning, Industry and Environment have the skilled resources and capacity to take over certain activities. Such activities would aim at maximising the financial value gained from assets that the OSL holds for an intermediate period. This will likely involve some form of licensing or leasing, including a grand lease option similar to the long term leasing model that Western Sydney Parklands Trust uses. The OSL and the other entities would each have to consider the cost benefit to determine the net benefit of this type of arrangement. However, generating revenues during the interim holding period may be challenging due to:

- lack of clarity about how long the OSL will hold the land
- the fact that most of the land is classified as open space, with associated limitations of land use
- potential liability issues resulting from the interim use of the land
- community expectations that the land will ever be used only for the purpose for which is was acquired
- constraints over the land resulting from its interim use, which may impact its transfer and subsequent long term use; such constraints could include community backlash if the temporary use of the land will cease.

Again, as suggested in its 2020 business plan, the OSL should look into this once it confirms its core business and role concerning the Housing and Property group's strategic housing and property framework and the Place, Design and Public Spaces group's program management and decision making framework.

2.1.2.2 Assess the use of biodiversity credits to offset asset-management costs

The OSL will assess the use of biodiversity credits to offset asset management costs associated with managing currently biobanked sites. To enable the receipt of annuity payments (scheduled management action payments), $15.7 million[2] from the sale of biodiversity credits must be contributed to the associated total fund deposits. This will effectively offset the asset management costs for managing the biobanked sites forever (contingent on the balance of the total fund deposits).

The OSL will undertake the following next steps:

- develop a strategy to manage the effective use of biodiversity credits. Given that a spot market price dictates the value of the credits, this strategy would inform the OSL regarding the highest value that could be realised through the effective timing of any sales. It would also inform the OSL of the associated benefits from a taxation, accounting and cashflow perspective.
- explore the ability to expand biobanking to additional suitable sites the OSL identifies. The office can use the biodiversity credits it gets from these additional sites to offset future asset management costs.

2.1.3 Explore the option of charging the designated owner asset-management costs

For any future land acquisition or divestment activities that the OSL undertakes with other NSW Government agencies, the OSL should factor in a mechanism for recovering its land and asset management costs for the period that it holds the land. In addition to evaluating the formal legal or policy provisions necessary to enable this to occur, the assessment should determine the optimal model, considering:

i. What portion of the asset management costs will be covered? Will the designated landowner cover all costs, or only a portion of the costs? If the OSL uses the latter approach, a set of business rules needs to take into account the length of the holding period and the nature of the costs (for example, just one off/significantly large expenses above a certain agreed threshold). Alternatively, the cost recovery could be based on a percentage of the land value or a percentage of the actual costs that the OSL incurs.
ii. When will the OSL be paid? The OSL can be reimbursed at the time of the transfer or on a timely basis as costs are incurred. The transfer price (which, in most cases, is $1) could be the mechanism by which the OSL recovers its costs. However, because the holding period is typically several decades, this approach may be unsuitable, as it can create cashflow issues for the OSL.

In the OSL's view, this is mainly relevant for assets for which the designated owner is another NSW Government entity and not local councils[3], which are already charged as part of the SRDF council levy.

[2] Being 80% of the market value of biodiversity credits ($19.8 million) and current as of 19 February 2020. When the total fund deposit reaches 80%, management action payments are made available to the owner

[3] This is relevant for the 34 LGAs that currently contribute to the SRDF council levy

Recommendation 3

Problem

The OSL cannot reduce its borrowings using the SRDF levy alone.

Current funding mechanisms do not allow the OSL to repay its current TCorp debt facility unless it can divest sufficient land. The SRDF council levy aims to help meet interest repayments and retire debt. However, it has already become insufficient to fund the OSL's future interest payments and to service our $230 million debt facility if this were to be fully used. This funding deficit is because the SRDF council levy is based on land values that are nearly 30 years old and that increase only by the consumer price index every year.

Recommendation

Increase the OSL debt limits only if it can use the available divestment proceeds to repay the debt, modify the loan terms, modify the SRDF council levy or some combination of these.

Summary findings

Without making changes to the TCorp loan facilities or the SRDF council levy the OSL will have to use the sale proceeds from the divestment of surplus land to cover its growing interest payments and debt.

3.1 Seek to modify current borrowing terms with TCorp

The OSL will engage with TCorp to understand and review potential opportunities to improve the terms of our current debt facilities. Given the current interest rate environment, the OSL may look to instruments that charge interest on a fixed rather than a floating basis.

Assuming that current interest rates will not continue forever and will eventually rise, the OSL will assess whether it is the appropriate entity to carry forward the $100 million debt facility for the strategic open spaces initiative. Introducing additional borrowings increases the risk that future interest payments will exceed the amounts received from the SRDF council levy to cover these payments.

3.2 Use proceeds from the sale of surplus land to repay the portion of the debt that an updated SRDF council or similar levy cannot cover

If available, the OSL must use any excess funds it receives from the SRDF levy once interest payments have been deducted to reduce its outstanding borrowings over time. As previously noted, however, the current SRDF council levy will be insufficient to cover the OSL's projected future interest payments if or when the additional $100 million debt facility has been drawn down.

There is scope to consider updating the formula for calculating individual council contributions to the SRDF. This should increase the total levy contribution and allow for a more equitable distribution of charges that reflects the current land in each LGA. Note, however, that previous attempts to modify the levy have been unsuccessful due to a lack of collaboration from the affected councils that are already under financial pressure. Any plan to modify the formula should therefore build in an appropriate council consultation process.

The OSL should consider future changes to the formula or the nature of the SRDF council levy from a strategic perspective to meet government priorities and enable its strategic planning and land acquisition goals. The OSL should undertake any such review also in the context of other special infrastructure and development contributions or levies paid by councils, developers, landowners or some combination of these, rather than considering this review in isolation.

Please refer to section 4.3 on page 20 for more analysis of the potential revitalisation or modification of the SRDF council levy. Consider the SRDF review as part of the review of the developer contributions system the NSW Productivity Commissioner has currently undertaken.

Recommendation 4

Problem

Expected surplus proceeds are insufficient to meet even the current acquisition commitments.

The OSL cannot remain self funding as originally intended, because the current value of its future land acquisition commitments exceeds by more than $1 billion the estimated proceeds that the office would receive from the sale of the known surplus lands it currently holds. This challenges the OSL's ability to meet any future acquisition commitments without receiving additional funding by the government.

Recommendation 4.1

Establish a more strategic, active approach to prioritise future land divestments and acquisitions; secure additional government funding for any new strategic or large acquisitions.

Recommendation 4.2

Make a formal submission to the recently initiated review by the NSW Productivity Commissioner to consider revitalising the SRDF or extending the use of developer contributions to fund the OSL's future strategic acquisition of land.

Recommendation 4.3

Seek alternative funding from government, grant funding or a revitalised SRDF council levy for significantly large acquisitions and new acquisition liabilities.

Summary findings

Although the OSL has successfully met NSW Government priorities and acquired land using a self funding model for 35 years, its dwindling stock of surplus land necessitates a new funding model to address an expected $1 billion funding gap. If property prices increase, this gap will likely grow over time.

4.1.1 Improve the strategic management of current and new acquisition commitments

For strategic acquisition targets, the OSL will transition from the current reactive approach to acquisition to a more active approach through which the office engages landowners. For this to occur the OSL needs to develop clear criteria and a decision making matrix to identify strategic assets that it should prioritise for active acquisition. Example criteria for strategic acquisition targets could include identifying:

- portfolio segments where value has increased faster than expected and therefore which assets the OSL should acquire sooner
- projects where most of the required land parcels have already been acquired and the OSL should acquire the remaining land to complete the project and subsequent transfer of land
- land where location or conditions meet specific and immediate government and Department of Planning, Industry and Environment priorities.

In pursuing a more strategic acquisition approach, the OSL would also consider purchasing and leasing back the land to good quality, low risk tenants where it is possible or appropriate to do so. The aim would be to generate interim community benefits, which is consistent with the ultimate intended use of the land. The OSL should discuss and agree on this as part of its role and commercial appetite, and in alignment with recommendation 2.1.2.

4.2.1 Establish a more strategic approach to divestments

Similar to its plan for acquisitions, the OSL will take a more strategic approach to land divestments, aiming to maximise sale proceeds and account for any political issues arising from the sale of the surplus land. As part of this, the OSL will conduct a targeted research project to identify which land it should acquire sooner and which it should continue to hold longer to maximise gains from increases in land value. Given the current economic climate and the impact of COVID 19 there may be adverse effects to market values in the short to medium term.

As part of its improved strategic approach, the OSL will explore alternatives that it can tailor to specific assets to maximise asset prices. For example, this could include customised sales methods, such as auctions or engagement with local agents in each region, to improve proceeds from sales that don't require immediate divestment.

4.3 Seek alternative funding from government, grant funding or a revitalised SRDF council levy for significantly large acquisitions and new acquisition liabilities

Targeted efforts should identify new revenue sources to fund large, future strategic land acquisitions. As of April 2020, this would include five lots with an estimated value from $64 million to $492 million. Noting that additional borrowing is not a systemic solution, as OSL has insufficient funds to repay the interest or the loan, potential funding sources for acquisition of assets with materially large values could include:

- **Federal or NSW Government funding**
  - The OSL will not have to repay this funding (for example, a grant).
  - This assumes that the government has the funding to allocate to the OSL and wants to prioritise its allocation to the OSL over competing investment priorities. In the current COVID 19 environment, this is unlikely, given the government must consider so many other competing funding priorities.
- **Application of a broad-based levy on property**
  - This model is similar to the Western Australian Planning Commission's metropolitan region improvement tax (MRIT). The MRIT is a special purpose tax for funding the cost of acquiring land for roads, open space and other public facilities or infrastructure. The MRIT liability rate is currently 0.14 cents for every dollar of an owner's aggregate taxable value of land in excess of $300,000, and liability is only for those required to pay land tax.
  - The OSL could undertake a revitalisation initiative through the current SRDF council levy to design and implement a levy similar to the MRIT. Alternatively, a new development fund or funds could be created in specific growth regions. Similar to SRDF, the new fund or funds will collect levy payment from the councils in the relevant regions, which will support the funding of acquisitions and transfers of open space back to the councils.
- **Extended use of developer contributions, associated grant programs or both—for example, the NSW Special Infrastructure Contribution program**
  - In the short term, this would include the OSL undertaking a comprehensive review of potential federal or state grant schemes available to it.
  - Alternatively, there may be scope at a Department of Planning, Industry and Environment level to extend the application of current development charges placed on targeted activities in specific regions. The purpose of the additional funds will impact the amount and nature of change that is, they can fund only the OSL's acquisition of open space or additional infrastructure related acquisition on behalf of other NSW Government agencies. As these development charges are collated under the Special Infrastructure Contribution, this will result in a higher pool of funds available for distribution under the Special Infrastructure Contribution expenditure program.

The NSW Productivity Commissioner will conduct a review of developer levies and infrastructure contributions and provide recommendations for a new system by the end of 2020. This presents an opportunity for the OSL and the Department of Planning, Industry and Environment to make a formal submission to the commissioner as part of this review. The submission will request that the commissioner consider revitalising the SRDF or extending developer contributions to fund the OSL's future strategic land acquisition. This would help address the projected funding shortfall and support acquisitions for other agencies.

Based on our analysis, the OSL will likely have insufficient funds to acquire any new land that is not reflected in the OSL forward acquisition commitments as of April 2020. Therefore, we recommend that the above mentioned sources will fund new acquisition liabilities.


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Recommendation 5

Problem

The OSL cannot take on any additional roles without a corresponding funding source

The OSL's role continues to evolve beyond its current remit and the office is incurring additional costs. As a result, the OSL's current funding arrangements cannot support any significant new activities without funding from the NSW Government or agencies wishing to use the OSL to strategically acquire land and hold it on their behalf.

Recommendation

Establish a fee-for-service model for any future strategic land acquisition and holding activities the OSL undertakes for other NSW Government agencies.

Summary findings

The OSL must establish funding mechanisms to accommodate any material change in its role. These must cover any additional capacity and capability requirements for OSL to provide these new services, as well as associated acquisition, holding and transfer costs.

Moving forward and as part of repositioning itself within a new strategic context, the OSL will need to make fundamental strategic choices concerning the scope of its role and core value proposition. Although certain roles of the OSL align with its current acquisition activity, those that do not may require new funding arrangements or NSW Government budgetary commitments. Any future funding assessments should specifically identify the capability requirements and associated resourcing implications and assess whether the OSL has capacity to take on the required work. The amount of funding will depend on how significant or material the additional workload is.

5.1. Implement a fee-for-service mechanism to recover costs for acquisitions the OSL conducts on behalf of other NSW Government agencies

The OSL's role as the acquisition authority on behalf of other government agencies may continue to expand under a more coordinated whole of government approach to planning and place making. Facilitating this expansion requires the implementation of a fee for service approach to new acquisitions. This is so the OSL can recover costs from the other agencies on whose behalf it is acting. As part of this, the OSL will have to sign a memorandum of understanding with each relevant agency. This memorandum will include the scope of services the OSL will provide and the terms under which the office will deliver them. Where possible, the OSL should use one consistent memorandum of understanding template, which should address:

- acquisition and transfer costs in principle, it should be the responsibility of the requesting agency to provide the funds required to complete the acquisition or transfer
- asset management costs consider when these costs will be paid (for example, agencies can reimburse the OSL at the time of the transfer or as it incurs costs) and the costs it will recover (for example, a portion or all of the costs it incurs for acting on behalf of the other agency). If the OSL does not recover 100% of its costs, the office will need to determine clear criteria for cost recovery (for example, over a period of 10 years or as a one off unusual expense).

At a minimum, this would serve as a cost recovery mechanism, with expenses charged at cost, including a component for associated corporate overhead. However, the OSL's ability to charge professional service fees similar to those that other Department of Planning, Industry and Environment cluster entities use should be a consideration.

Reallocating or redirecting resources from agencies currently conducting acquisitions could address, at least in part, the financial supplementation the OSL will need to take on this role.

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Department of Planning, Industry and Environment

Strategic Business Plan

Planning Ministerial Corporation

July 2020

NSW GOVERNMENT

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Executive summary

The unique role of the Planning Ministerial Corporation

The Planning Ministerial Corporation (PMC) was established under the *Environmental Planning and Assessment Act 1979* (EP&A Act) and is administered by the Office of Strategic Lands within the Department of Planning, Industry and Environment.

The EP&A Act enables PMC to make strategic land investments that are:

- important to planning for NSW
- beyond the focus of any single agency or level of government
- independent of budget cycle and associated milestones
- timed to benefit the state's return on investment
- conducive to promoting the social and economic welfare of the community and creating a better environment.

Contribution to Greater Sydney

Since the release of the previous Strategic Business Plan in 2017, PMC has continued to play a critical role in helping to deliver the Green Grid and network of green open public spaces across Greater Sydney. It also supports the delivery of key infrastructure through the acquisition of strategic lands. PMC has continued to acquire strategic lands for biodiversity corridors and other multiuse purposes.

Shifting strategic context

Since 2017, the strategic context for PMC has changed due to a variety of factors.

- Machinery of government changes occurred in July 2019 that saw PMC become part of the newly formed NSW Department of Planning, Industry and Environment.
- The NSW Government introduced a revised set of Premier's Priorities and State Outcomes reflecting its shift in focus towards:
  - sustainability of the natural environment
  - the sustainable use of resources
  - the sustainability and resilience of local environments
  - greening the state.

A number of key plans were also introduced that provide important context and direction, including:

- the Greater Sydney Commission's *A Metropolis of Three Cities the Greater Sydney Region Plan*, which outlines a 40 year vision for Greater Sydney to make it more productive, livable and sustainable for future generations
- the 'Ten Directions' and five 'District Plans' to enable implementation of the 40 year vision for the Greater Sydney Region at a district level
- *Future Transport 2056* from Transport for NSW
- *State Infrastructure Strategy 2018 2038* from Infrastructure NSW
- *The Pulse of Greater Sydney*, which provides the first comprehensive monitoring and reporting framework for Greater Sydney
- the inaugural *Department of Planning, Industry and Environment Outcomes* and *Business Plan* from March 2020.

Revised Strategic Business Plan

This new Strategic Business Plan for PMC is the result of the review of the 2017 Strategic Business Plan, which has been revised to align to a new strategic context. This includes minor revisions to PMC's vision, purpose and goals.

Vision

PMC's revised vision is to be the effective land bank for NSW, acquiring, holding and managing strategic resources to confer state and community benefit.

Purpose

PMC's revised purpose is to improve the liveability of NSW through the strategic acquisition of land to facilitate green and open space, infrastructure and places.

Goals

PMC's revised goals are:

- **Goal 1** Enable the provision of open space, public spaces and the Green Grid
- **Goal 2** Co create community benefit by repurposing government owned land and property
- **Goal 3** Support the delivery of strategic infrastructure
- **Goal 4** Improve the operational and financial sustainability of PMC.

Funding the revised Strategic Business Plan

PMC currently funds its acquisition program through the divestment of surplus lands, the Sydney Region Development Fund and debt financing.

PMC will need to secure additional funding to deliver this plan for Sydney and Regional NSW. Options include the review of development funds, biobanking credits, grants and debt financing, and other mechanisms as agreed by the government.

The unique role and contribution of the PMC

Broad statutory powers and role

The EP&A Act provides PMC with broad powers to:

- acquire land
- subdivide and consolidate land
- manage, improve, lease and sell land
- otherwise deal with land for the purposes of the EP&A Act.

The role of PMC is to:

- acquire land of strategic importance to the state
- acquire land early enough so as to capture its value
- hold acquired land until the ultimate owner is ready to commence delivery of project for which it was purchased
- perform some land management and maintenance activities for strategic lands that are retained
- transfer and/or divest strategic lands to their final owner, such as a council or another government agency.

The powers and role of PMC enable the Planning Minister to make strategic land investments that are:

Important for state planning

The EP&A Act covers a range of planning purposes for the state, including the provision of land for public purposes, such as green, open and community space; roads and rail corridors; protection of the environment; economic use and development of land; the provision of communication and utility services; the provision of community facilities; and the provision of affordable housing. PMC is therefore able to deliver against the shifting priorities of the state.

Beyond the focus of any single agency or level of government

Reflecting the minister's responsibility for strategic planning for the state, strategic land investments made by PMC can help realise important benefits beyond the responsibility of a single agency or level of government. Such benefits include biodiversity corridors and unlocking land that has multiple owners.

Independent of budget-cycle time frames

PMC can acquire or divest identified land at any time, irrespective of planning and budget cycle time frames, therefore enabling it to secure land strategically for medium and long term projects.

Timed to benefit the state's return on investment and manage social impact

Early acquisition of land for future projects enables the state to capture value in a market in which land values continue to escalate. It also allows the state to manage social impacts in high growth areas, allowing communities time to adjust to proposed land uses for public and community purposes.

PMC stakeholder groups

With its unique role and powers, supports and provides services to a wide group of stakeholders.

Enabling NSW Government strategic-planning priorities

PMC enables the Planning Minister, broader Department of Planning, Industry and Environment and other NSW Government agencies to:

Realise public and community benefit of lands and property held by government

Consistent with the objects of the EP&A Act, PMC can pursue investments that facilitate a public or community benefit. It has a particular focus on green and open space. It aims to provide amenity and recreation, protect ecological values, and provide and repurpose land for sustainable and affordable housing. It also provides land for other specific planning purposes in line with government priorities.

Acquire strategic lands

PMC may use its authority to acquire land by agreement, compulsory process or any other manner.

Improve and repurpose land ahead of its transfer to the ultimate owner

PMC manages and improves land for its intended planning outcomes, which can involve rezoning, land amalgamation, removing or constructing buildings, providing or relocating utilities and constructing roads. Once improvements are complete and/or the agency is ready to commence its project, PMC then transfers the land to its ultimate owner.

Achieve Premier's Priorities and State Outcomes

The broad scope and unique powers of PMC can support strategic priorities that are both immediate and long term in nature, whether they be for strategic response or longer term planning purposes.

For PMC's statutory powers and responsibilities, refer to Appendix.

Planning Ministerial Corporation contribution to shaping Sydney

1951–2020

69 years

For 69 years, PMC has been acquiring land for the benefit of Greater Sydney

9,000 ha

acquired for regional and national parklands

$68 million

PMC contribution to direct funding for open-space-improvement programs since 1990

21,500 ha

The total area of all land purchase by PMC since 1951

240 km

PMC contribution to roads and rail lines

$4.6 billion

The total value of land purchased by PMC since 1951 in today's dollars

Planning Ministerial Corporation 2017 Strategic Business Plan outcomes

PMC developed its inaugural Strategic Business Plan in 2017. Three goals formed the cornerstones of that plan.

Goal 1	**Play a key role in the delivery of the Green Grid**	• Secure land for an interconnected network of green space through acquisition or other planning mechanisms • Explore innovative ways to use land for example, biobanking and multiuse
Goal 2	**Support the delivery of strategic infrastructure**	• Acquire land for transport corridors and schools in greenfield sites • Identify transition uses for public benefit or to support further investments • Assess the viability to support additional portfolios or linear corridors over time
Goal 3	**Enable the government's strategic-planning priorities**	• Consider a range of strategic projects consistent with the EP&A Act

Goal 1

Play a key role in the delivery of the Green Grid

Over the past three years, PMC has played a critical role in helping to deliver Sydney's Green Grid and network of green open public spaces. PMC has acquired land for biodiversity corridors and other multiuse purposes. It has also identified sites for biobanking that contribute to improved amenity and liveability for residents and the broader community.

Key PMC contributions since 2017 include:

- 476.4 hectares of land acquired for regional open space, at a value of $49.1 million
- The acquisition of Fernhill Estate for $33.785 million, to deliver open space to support growth in Western Sydney
- The PMC's funding of 20 Metropolitan Greenspace Program grants, totalling $4 million, to 13 councils across Greater Sydney and the Central Coast to improve existing open space through embellishment
- The registration of five sites for biobanking
- The acquisition of a number of properties under the Coastal Lands Protection Scheme, including properties at Salamander Bay, Nambucca Heads and Coffs Harbour

Goal 2

Support the delivery of strategic infrastructure

PMC has continued to help shape the natural and built infrastructure of Greater Sydney through important strategic partnerships with government agencies, such as Transport for NSW and the NSW Department of Education.

In working with these partners, PMC has:

- reserved and acquired key transport corridors, enabling connections between growing districts and precincts
- identified sites for providing utilities infrastructure
- identified and secured sites for new schools in greenfield areas.

Key PMC contributions since 2017 include:

- WestConnex St Peters junction and M5 tunnel duplication
- Mona Vale Road Ingleside widening

Goal 3

Enable the government's strategic-planning priorities

Over the past three years, PMC has supported the NSW Government with delivering a range of priority strategic planning projects.

These projects include:

- Fernhill Estate, Mulgoa delivers community benefit, heritage, biodiversity and environmental conservation
- 25 Watson Street, Putney delivers community benefit, reconciliation and heritage preservation
- Littoral rainforest delivers community benefit and environmental conservation
- Hadley Park delivers heritage protection

Planning Ministerial Corporation contribution to Greater Sydney

Littoral rainforest

In 2019, PMC acquired more than 10,000 square metres of littoral rainforest near Newport as part of a $4.6 million joint investment by the NSW Government and Northern Beaches Council.

The acquisition ensures that the pristine ecological area, including endangered rainforests, is preserved for the next generation and that the people of NSW have access to public open space.

Two specific parcels of land, 62 Hillside Road and 85 Hillside Road, were acquired by PMC and co funded by NSW Government and the Northern Beaches Council through the $100 million Strategic Open Space Acquisition Program.

Fernhill Estate, Mulgoa, NSW

In 2018, PMC acquired Fernhill Estate to preserve it for future conservation and public open space. Fernhill Estate has a history dating back to the 1830s and sits next to Mulgoa.

The estate comprises a heritage listed homestead, another home and outbuildings, gardens, lakes, paddocks, equine facilities and a 2 km horserace track. It combines heritage, regional open space opportunities and is a gateway to Blue Mountains National Park.

In June 2020, PMC established a walking tour at Fernhill Estate for the local community.

Hadley Park

PMC purchase of the state heritage listed Hadley Park in 2019 ensured that an important part of Western Sydney history would be protected, preserved and eventually opened up to the public.

Hadley Park is the remnant of a large scale rural colonial landscape and is one of a collection of properties that demonstrates the development of the Castlereagh community from the colonial period to today.

Biodiversity Offsets Scheme (biobanking)

The 2017 plan identified biobanking as a key direction and opportunity for PMC to enhance biodiversity conservation on PMC land. It is also a chance to generate tradeable credits and revenue for funding further acquisitions or offsetting government developments.

Following the release of the plan, PMC assessed its portfolio to identify land suitable for the Biodiversity Offsets Scheme (biobanking). Five pilot sites have since been certified for biobanking agreements that provide permanent protection and management of biodiversity on PMC land.

25 Watson Street, Putney

In 2018, PMC purchased 25 Watson Street, Putney, for its historical and cultural significance as the potential burial site of Woollarawarre Bennelong. This purchase represented an important step in preserving the culture, history and achievement of Bennelong as a representative of Aboriginal people.

The NSW Government, given the site's significance, is committed to taking all the appropriate steps to ensure that it is managed in a way that is respectful and in line with community values.

Bringelly Road and Camden Valley Way

Bringelly Road and Camden Valley Way are major road links through the South West Growth Area. Roads and Maritime Services (now Transport for NSW Roads and Maritime) was tasked with the upgrade of both roads to cater to the area's increasing population. At the time of construction of the Glenfield to Leppington rail line, the agency had progressed the widening of Camden Valley Way and the upgrade of the intersection with Bringelly Road. The upgrade also included the realigned and widening of Bringelly Road.

PMC, as the landowner on one corner, made land available for both road widening projects while the railway line was being constructed on land acquired by PMC. The road project involved PMC providing land for a water detention basin, Bringelly Road realignment and widening of Camden Valley Way. It also involved the development of an intersection into PMC surplus land, which the organisation will investigate for a residential subdivision.

Planning Ministerial Corporation list of major acquisitions

PMC has made a number of key strategic land acquisitions across Greater Sydney and parts of regional NSW.

Major additions to national parks

Sydney is fortunate to have access to environmentally sensitive remnant bushland. PMC has purchased large areas of the current national park estate, including:

- Blue Mountains National Park
- Cattai National Park
- Garigal National Park
- Georges River National Park
- Ku ring gai Chase National Park
- Lane Cove National Park
- Royal National Park

Local open spaces

In partnership with local councils, PMC has reserved and purchased smaller parks and recreation areas, including:

- Japanese Garden, Auburn Botanic Gardens
- Beaman Park, Earlwood
- Bella Vista Farm
- Burwood and Ashbury brick pits
- Cabramatta Sports Ground
- Canterbury Golf Course
- Georges River Golf Course
- HV Evatt Park, Lugarno
- LM Graham Reserve, Fairlight
- Mobbs Lane Reserve, Epping
- Morreau Reserve, Rooty Hill
- Picken Oval, Croydon Park
- Woodville Public Golf Course

Coastal headlands and beaches

PMC has acquired oceanfront lands to help protect prominent headlands, ensuring public access to beaches and protecting sand dunes, including:

- Avalon headland
- Bungan Beach
- North Cronulla Beach
- North Narrabeen coast
- Turimetta headland, Warriewood
- Wanda Reserve and Beach
- Whale Beach headland

Foreshores and waterways

The waterways in the Sydney region, particularly Sydney Harbour, offers great potential as major recreational resources. PMC has acquired foreshore areas and parks to improve public access and use, including:

- Balls Head, Waverton
- Blackwattle Bay, Glebe
- Brays Bay Reserve, Rhodes
- Chipping Norton Lakes
- Duck River lands, Auburn
- Harold Reid Reserve, Middle Cove
- Kelly's Bush, Hunters Hill
- Kirribilli waterfront
- Little Manly Point
- Mort Bay, Balmain
- Putney Park
- Sawmillers Reserve, McMahons Point
- Sugarloaf Bay, Middle Harbour
- Woronora River frontage

Park embellishments and grants programs

PMC has helped fund and administer a number of open space improvement programs. These primarily focus on capital works and result in direct improvements to land already purchased for community use, including:

- Coastal Lands Protection Scheme
- Cooks River Foreshore improvements program
- Greening Western Sydney
- Metropolitan Greenspace Program
- Parramatta River Foreshore improvements program
- Sharing Sydney Harbour Access Plan
- Littoral rainforest delivers community benefit and environmental conservation

Transport corridors

PMC has and continues to purchase land for the Sydney arterial road network and significant rail corridors, including:

- Bringelly Road realignment, widening and intersection upgrade and Camden Valley Way widening
- Castlereagh Freeway lands
- Eastwood to Macquarie Park reservation
- Erskine Park Link Road
- F6 corridor reservation
- Georges River Parkway reservation
- M2, M4, M5 and M7 motorways
- Mona Vale Road Ingleside widening
- North West Rail Link Corridor
- South West Rail Link Corridor
- Wakehurst Parkway road widening
- WestConnex St Peters junction and M5 tunnel duplication

Heritage sites

To retain important parts of the Sydney region's cultural heritage, PMC has acquired a number of heritage listed sites and buildings, including:

- Camden Park Estate
- Elizabeth Bay House
- Fernhill Estate, Mulgoa
- Glenalvon House, Campbelltown
- Glenfield Farm
- Hadley Park
- Loder House, Windsor
- Mamre House, St Marys
- Rose Bay Cottage
- Rouse Hill Estate
- Tusculum, Potts Point

Town centres

Early land acquisition by PMC has enabled the building of town centres, including shopping centres and community facilities, as residents arrived, including:

- Minto Marketplace
- Mt Druitt Town Centre Reserve
- Rouse Hill Town Centre
- Warnervale Town Centre
- Wetherhill Park Shopping Centre

Industrial and employment areas

To ensure employment opportunities for local people, PMC undertook large scale acquisitions at planned industrial areas, including:

- Ingleburn Industrial Estate
- Minto Industrial Park
- Mount Druitt Industrial Estate
- Somersby Industrial Estate


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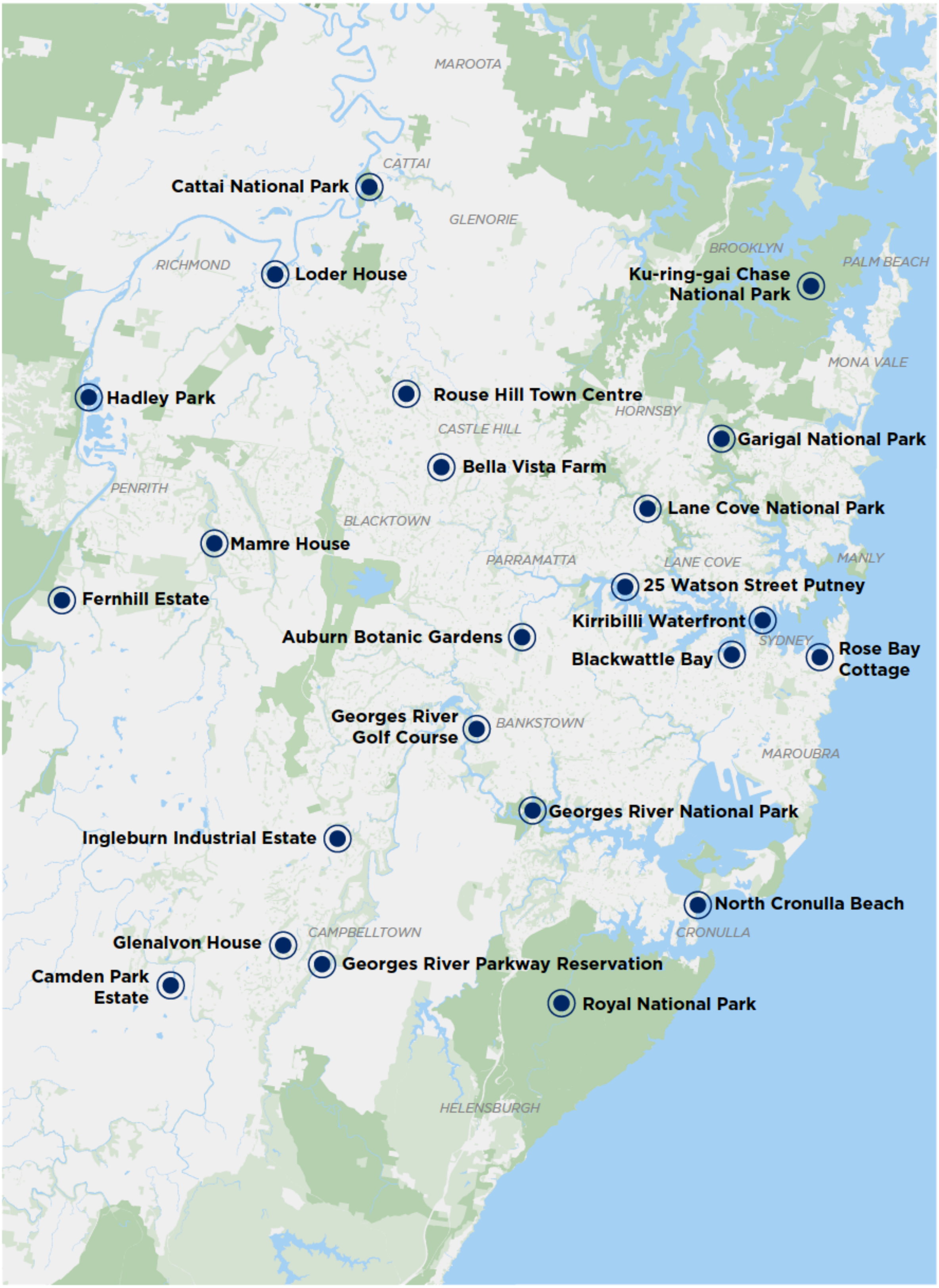
Location of key PMC acquisitions across Sydney

The following maps show the location of key PMC acquisitions across Greater Sydney.



Revised Planning Ministerial Corporation Strategic Business Plan 2020—24

Vision and purpose

Machinery of government changes in July 2019 saw PMC become part of the NSW Department of Planning, Industry and Environment. Coinciding with these changes, the Premier's Priorities and State Outcomes were also reviewed and refreshed. In response, PMC likewise reviewed and refreshed its vision, purpose and value proposition as well as the goals, actions and outcomes in its 2017 Strategic Plan.

Vision

PMC's vision is to be the effective land bank for NSW, acquiring, holding and managing strategic resources to confer state and community benefit.

Purpose

PMC's purpose is to improve the liveability of NSW through the strategic acquisition of land to facilitate green and open space, infrastructure and places.

PMC value proposition

PMC's unique role and legislative mandate provide it with:

- a purpose to deliver projects for public benefit
- a focus on planning outcomes that transcend individual agency service outcomes
- an ability to secure land for projects in the medium to long term rather than a short term focus
- powers to acquire land by agreement or compulsory acquisition
- the ability to hold land until it is needed by the ultimate owner
- the ability to acquire lands that the government has strategically identified.

PMC customer and stakeholder profile

PMC is committed to providing excellent customer service and engages with all customers and stakeholders in a way that is both respectful and transparent.

PMC provides its expertise and services to a diverse group of customers and stakeholders. The community, residents, businesses, visitors to NSW and future generations are the ultimate beneficiaries of PMC's activities, with the ability to enjoy and experience parklands, green and open community space and infrastructure.

PMC's external customers also extend to:

- landowners
- leaseholders
- landowner representatives
- local councils
- community and citizen groups.

Finally, to contribute to the Premier's Priorities and State Outcomes, PMC will continue to work in close collaboration with stakeholders from within the Department of Planning, Industry and Environment as well as from across NSW Government.

PMC services

PMC has a detailed understanding of Greater Sydney and is well placed to advise and support the government's planning priorities in a way that is considered and effective.

PMC provides the following services to NSW Government:

- strategic input into plans and policies on the best ways to identify, acquire, manage and transform land
- acquisition and improvement of land, such as rezoning, amalgamation and development with partners
- land and property management, including conservation and biodiversity programs
- transfer of land to local councils and government agencies
- the divestment of surplus land
- spatial and land information
- temporary land activation
- grant funding and administration.

PMC service benefits

The kinds of benefits derived from the services that PMC delivers to its external customers and other NSW Government stakeholders include:

- value capture and maximisation of social benefit of project delivery in high growth areas through early acquisition of land
- value uplift by improving land while in PMC ownership
- allowing agencies to focus on their core services rather than land acquisition and management
- managing social impact through medium to long term planning and acquisition horizons.

Shifting strategic context

The strategic context for PMC has shifted

A variety of factors influence the strategic context for PMC, all of which have been taken into account in the review and revision of the 2017 Strategic Business Plan.

Population projections continue to forecast significant growth for Sydney and regional NSW. The population in urban areas around Sydney and in regional NSW will increase by 425,000 to 3,500,000 by 2041. Greater Sydney's population is estimated to grow to approximately 7.1 million by 2041.

Premier's Priorities and State Outcomes have been reshaped to prioritise and heighten the need to deliver more housing, services and infrastructure for citizens and the community.

A series of strategic land use, transport and infrastructure plans, developed to enable the Premier's Priorities and State Outcomes, have been published to act as a guide for teams charged with delivery responsibility. These include:

- the Greater Sydney Commission's *A Metropolis of Three Cities   The Greater Sydney Region Plan*, which outlines a 40 year vision for Greater Sydney to make it more productive, livable and sustainable for future generations
- the 'Ten Directions' and five 'District Plans' to enable implementation of the 40 year vision for the Greater Sydney Region at a district level
- *Future Transport 2056* from Transport for NSW
- *State Infrastructure Strategy 2018 2038* from Infrastructure NSW
- *The Pulse of Greater Sydney*, which provides the first comprehensive monitoring and reporting framework for Greater Sydney
- the inaugural *Department of Planning, Industry and Environment Outcomes and Business Plan* from March 2020, to which PMC has aligned its priorities, goals and outcome measures for the next three years.

At the time of writing this revised strategic plan, the state has been significantly impacted by drought conditions, fires, COVID 19 and ongoing challenges concerning housing supply.

PMC has realigned its strategic plan to the new Premier's Priorities:

- **Greener public spaces:** Increase the proportion of homes in urban areas within 10 minutes' walk of quality green, open and public space by 10% by 2023
- **Greening our cities:** Increase the tree canopy and green cover across Greater Sydney by planting one million trees by 2022.

PMC has also aligned its strategic plan to a set of new State Outcomes centred on:

- maximising community benefit from government land and property
- creating a strong and livable NSW.

New strategic context for PMC

Department of Planning, Industry and Environment

Assigned Premier's Priorities

Greener public spaces	Greening our city	Government made easy	World-class public service

Assigned State Outcomes

Connect communities to resilient and sustainable energy and local environments	Maximise community benefit from government land and property	Enable sustainable and productive regional industries and communities	Enable sustainable, secure and healthy water resources and services	Create a strong and liveable NSW

State Outcome indicators

Government-asset repurposing	Housing delivery in priority communities	Greater access to public spaces	Improve liveability with new or improved public spaces	Improve liveability by increasing tree canopy across Greater Sydney	Support a growing NSW by improving infrastructure delivery in growth areas	Create strong communities through upfront strategic planning

Housing and property group delivery priorities					**Place, design and public spaces group delivery priorities**				
Better use of land and property	Greater access to and choice of housing	Optimise benefits of Crown land	Empowering Aboriginal communities for independent social and economic futures	Better place creation	Delivering better outcomes for place, design, public spaces and green infrastructure	Coordinating and enabling the place and infrastructure outcomes of regional plans	Western Sydney Parklands Trust and Parramatta Park	Royal Botanic Gardens and Domain Trust	Centennial Park and Moore Park Trust

Office of Strategic Lands (new goals)

Enable the provision of open and public spaces and the Greengrid	Co-create benefit for the community from the repurposing of government land and housing	Support the delivery of strategic Infrastructure	Assist in the improvement of the operational and financial sustainability of PMC

References

- Premier's Priorities and state priorities
- Department of Planning, Industry and Environment Business and Outcomes Plan 2020.

Refreshed goals, actions and outcomes

PMC has refreshed its goals, actions and outcomes in line with the new strategic context

The revised 2020 Strategic Business Plan for PMC refreshes the content of the 2017 Strategic Business Plan, which set the strategy for PMC for 2017 27, but with a focus on the first five years.

The revised plan covers the same planning period as the original, but has a focus on the next four financial years, ending June 2024.

The revised plan considers the role and statutory powers of PMC and the available capability and capacity within PMC. It aligns to the recently updated Premier's Priorities and State Outcomes assigned to the NSW Department of Planning, Industry and Environment.

The NSW Government's outcomes planning and budgeting framework has been used to guide the review and revision of the strategic plan.

The revised strategic plan identifies four goals for PMC. A total of 14 key directions support the delivery and achievement of these goals. Each goal includes a key direction and a list of actions.

Each of the four goals align but are not identical to the cluster outcomes set by the Department of Planning, Industry and Environment. The goals also include outcome measures that will need to be refined and negotiated with stakeholders as part of the planning cycle.

Goal 1	**Enable the provision of open space, public spaces and the Green Grid**	1. Support the delivery of greener open and public spaces and the Green Grid for the state of NSW. 2. Support strategic conservation planning. 3. Support and enable the establishment of the Greater Sydney Parklands. 4. Continue to contribute to the Coastal Lands Protection Scheme.
Goal 2	**Co-create community benefit by repurposing government-owned land and property**	1. Continue piloting new policy initiatives that contribute to housing supply. 2. Enhance and accelerate transfer of land for community benefit. 3. Enable creation of a healthier, more livable and greener Greater Sydney. 4. Activate key strategic PMC properties for community benefit.
Goal 3	**Support the delivery of strategic infrastructure**	1. Implement a model for PMC to support Transport for NSW in the reservation of long term transport corridors in Sydney through the acquisition of priority lands. 2. Assist in the coordination and delivery of land acquisition for the Western Sydney Aerotropolis.
Goal 4	**Improve the operational and financial sustainability of PMC**	1. Secure the long term financial viability of PMC. 2. Source and secure funding to meet the forward acquisition program for key projects. 3. Implement an improved strategic approach to acquisition and divestments.

Future goals

Goal 1

Enable the provision of open space, public spaces and the Green Grid

Enabling the provision of open and public spaces and the Green Grid have been a key focus area for PMC over many decades. PMC brings its expertise to this goal in all aspects of acquiring, managing and holding lands to transform them into spaces for enjoyment by the community. PMC will continue to play an integral role in delivering places that improve the livability of NSW.

The Green Grid

The Green Grid is a connected network of green and blue spaces, such as parks, bushland, playing fields, rivers, wetlands and the harbour.

The Green Grid is a visionary and iterative project that will take decades to deliver. It is at the early stages of implementation planning.

PMC's role as the state's land bank

PMC's role as the state's land bank will be critical in achieving this goal for NSW, particularly in contributing to new or improved public spaces and increasing the volume of green canopy. Through its ability to acquire, hold and divest strategically important parcels of land, PMC acts as both an enabler and facilitator and supports multiple agencies in delivering their objectives.

The Green Grid in Sydney and the regions

PMC has already played a key role in helping to deliver the Green Grid over the past three years. Delivering the Green Grid will remain a key direction for PMC.

Coastal Lands Protection Scheme

PMC is currently the only acquisition entity for the Coastal Lands Protection Scheme and will continue to support the Department of Planning, Industry and Environment through the strategic identification and acquisition of priority sites along coastal NSW.

National Parks and Wildlife Service

The NSW Government is seeking to expand the National Park estate by 200,000 ha. There is an opportunity for PMC to identify land from its existing portfolio that could be suitable for accelerated transfer to the National Parks and Wildlife Service.

Metropolitan Greenspace Program

PMC will continue to fund the Metropolitan Greenspace Program, which provides grants that assist local councils to invest in the links between local green spaces and to promote their use and enjoyment.

Goal 1: Key directions, actions and outcomes

Key direction 1: Support the delivery of greener open and public spaces and the Green Grid for the state of NSW		
Actions	**Outcome measures**	**DPIE cluster outcomes link**
• Assist in the delivery of open space embellishment on PMC land in consultation with the broader Place, Design and Public Spaces Group • Enable the delivery of the $100 million strategic Open Space Acquisition Program by operating as the acquisition authority for land identified under the program • Assist in the delivery of the Green Grid network by enabling initiatives that seek to connect green space to town centres, public transport hubs and major residential areas • Continue to fund and support the Metropolitan Greenspace Program • Undertake a review of PMC land to identify strategic open space or future acquisitions that can support broader Department of Planning, Industry and Environment or NSW Government programs	• Number of hectares of land secured by PMC for contribution to the Green Grid in Sydney • Number of hectares of land secured by PMC for contribution to greener open space in Sydney	**Improve liveability with new or improved public spaces** **Lead:** Provide new or improved green, open and public spaces across NSW **Lag:** Increase the proportion of homes within 10 minutes' walk of quality green, open and public space by 10% by 2023

Key direction 2: Support strategic conservation planning		
Actions	**Outcome measures**	**DPIE cluster outcomes link**

• Secure land contributions for environmental conservation or open space. This may include land contributed by developers in growth centres or private landowners, such as those anticipated at Erskine Park
• Deliver environmental and biodiversity conservation on PMC land, including the Biodiversity Stewardship Program (biobanking) and biodiversity conservation (Erskine Park biodiversity corridor)
• Enable Department of Planning, Industry and Environment and other government agencies' biobanking programs, including:
  o assessment, certification, interim management and transfer of biobanked land
  o provision of advice and technical expertise to third parties on the establishment and management of biobanked sites
	• Number of hectares of land contributions to environmental conservation or open space
	• Number of hectares of land conserved under biobanking agreements
	• Number of hectares acquired for conservation
		Connecting communities to resilient and sustainable energy and local environments
		
		Lead: Number of hectares under effective management for conservation, including national parks and reserves, and private land
		
		Lag: The ecological carrying capacity of terrestrial habitat in NSW

Key direction 3: Support and enable the establishment of the Greater Sydney Parklands		
Actions	**Outcome measures**	**DPIE cluster outcomes link**
• Develop a strategic acquisition program to facilitate the accelerated creation of new open and public spaces • Work with the Western Sydney Parklands Trust to review remaining land to be acquired for contribution to the Western Sydney Parklands	• Number of hectares to serve as park or reserve in the Greater Sydney Parklands region	**Improve liveability with new or improved public spaces** **Lead:** Provide new or improved green, open and public spaces across NSW **Lag:** Increase the proportion of homes within 10 minutes' walk of quality green, open and public space by 10% by 2023

Key direction 4: Continue to contribute to the Coastal Lands Protection Scheme		
Actions	**Outcome measures**	**DPIE cluster outcomes link**
• Work with the Department of Planning, Industry and Environment coastal policy team to ensure areas identified for reservation by local councils align with priorities for coastal land protection in the Green Grid. Prioritise acquisitions under the scheme • Facilitate the consolidation of coastal lands through acquisition or other means to enable delivery of planned coastal priorities • Consult with the NSW National Parks and Wildlife Service to facilitate the transfer of current PMC coastal land to increase the size of the national parks estate	• Number of hectares of land acquired under the scheme that align with coastal land protection priorities • Number of hectares of land transferred to local or other government agencies for ongoing management	**Connecting communities to resilient and sustainable energy and local environments** **Lead:** Number of hectares under effective management for conservation, including national parks and reserves, coastal areas and private land **Lag:** The ecological carrying capacity of terrestrial habitat in NSW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Goal 2

Co-create community benefit by repurposing government-owned land and property

PMC has a critical role to play in helping the government achieve its State Outcome to co create community benefit from the repurposing of government owned land and housing.

New housing initiatives

There is an opportunity for PMC to support and enable the piloting of new policy initiatives with the Department of Planning, Industry and Environment Housing and Property to support an increase in the availability of affordable housing.

Five Million Trees program

The Department of Planning, Industry and Environment is helping councils across Greater Sydney to plant and register trees through the Five Million Trees for Greater Sydney Grant. Totalling more than $5 million, 32 projects have been awarded funding. PMC will continue to work with the department and councils to support this program through the acquisition of strategic lands.

Activation of heritage properties

PMC has worked in collaboration with the NSW Government and the Department of Planning, Industry and Environment to acquire strategic lands that include heritage properties that can be reactivated to help create value from lands and property owned by the government. PMC will continue to support these strategic projects for the state.

Goal 2: Key directions, actions and outcomes

Key direction 1: Continue piloting new policy initiatives that contribute to housing supply		
Actions	**Outcome measures**	**DPIE cluster outcomes link**
• Review PMC portfolio to identify land that could accommodate housing in the interim or long term • Explore and deliver pilot projects using PMC land to deliver emerging housing typologies and models, such as built to rent, Nightingale projects, Missing Middle housing, student housing, co living and so on	• Number of hectares of land identified for interim social housing projects • Potential number of dwellings identified under housing projects	**Housing delivery in priority communities** **Lead:** Number of additional/upgraded homes planned in the one to three year pipeline in priority communities **Lag:** Number of additional/upgraded homes that have commenced construction in priority communities

Key direction 2: Enhance and accelerate transfer of land for community benefit		
Actions	**Outcome measures**	**DPIE cluster outcomes link**
• Work with local councils to accelerate the transfer of land currently under care, control and management agreements • Continue to transfer land suitable for local open space to the relevant councils for their activation and management • Consult with the NSW National Parks and Wildlife Service to facilitate the transfer of current PMC land to increase the size of the national parks estate • Identify opportunities for enhanced strategic planning on PMC land to identify future long term use and management entities	• Increase rate (%) in number of hectares of land transferred to local and other government agencies • Number of hectares of land transferred to National Parks and Wildlife Service	**Government-asset repurposing** **Lead:** Amount of property and land assets identified in the one to three year pipeline for repurposing for community benefit **Lag:** Amount of property and land assets that have commenced construction for repurposing for community benefit

Key direction 3: Enable creation of a healthier, more livable and greener Greater Sydney		
Actions	**Outcome measures**	**DPIE cluster outcomes link**
• Enhance reporting of tree planting on PMC land to the Five Million Trees program • Undertake a review of PMC land holdings and identify sites that may contribute to pilot tree planting sites	• Number of tree plantings on PMC land reported to Five Million Trees program • Number of sites identified for pilot tree planting sites	**Liveability by increasing tree canopy across Greater Sydney** **Lead:** Plant one million trees across Greater Sydney by 2022 **Lag:** Increase tree canopy across Greater Sydney

Key direction 4: Activate key strategic PMC properties for community benefit		
Actions	**Outcome measures**	**DPIE cluster outcomes link**
• Determine the future uses of key strategic PMC properties, such as Fernhill Estate, Penrith Lakes and the Bennelong Putney property • Engage with stakeholders to identify options for activating alternative interim uses on PMC's heritage properties • Explore and deliver pilot projects for opening PMC properties for public access	• Number of new sites transformed or repurposed for strategic priorities • Total value uplift of repurposed site versus before repurposing (when held and managed by PMC)	**Greater access to public spaces** **Lead:** Number of new and enhanced public spaces in the one to three year pipeline in precincts being developed **Lag:** Number of new and enhanced public spaces that have commenced construction in precincts being developed

Goal 3

Support the delivery of strategic infrastructure

PMC has acquired land for major roads, rail corridors and special use corridors. It will continue to support the delivery of strategic infrastructure by:

- identifying and securing land for schools in greenfield areas as provided in the Schools Asset Strategic Plan
- acquiring priority land for transport corridors to be delivered in the medium to long term, subject to government approval and funding.

PMC will continue to explore opportunities for interim, transitional uses while holding land. It will contribute funds to reinvest in the management of PMC lands, to provide public and community benefit, or both.

Partnership with Transport for NSW

PMC will continue discussions with Transport for NSW regarding its role in acquiring priority land for transport corridors in the medium to long term. All future engagement and funding models with Transport for NSW will be subject to Cabinet approval.

Western Parkland City

The population of Western Parkland City is projected to grow from 740,000 in 2016 to 1.1 million by 2036, and to more than 1.5 million by 2056. The city will be established on the strength of the new international Western Sydney Airport and Badgerys Creek Aerotropolis. It will be a polycentric city capitalising on the established centres of Liverpool, Greater Penrith and Campbelltown Macarthur.

New city shaping transport and the airport will make the city the most connected place in Australia. A potential new east west mass transit corridor will connect the Western Parkland City to the Central River City. In the long term, a potential Outer Sydney Orbital corridor will provide the city with direct connections to Greater Newcastle, Wollongong and Canberra. PMC will play a key role in helping to shape the city.

Transition uses of lands

PMC currently has a small number of transition uses on land it holds for future use. These include commercial leases and horse agistments. There is an opportunity to develop a framework for a greater range of uses. These interim or transitional uses must be consistent with the objects of the EP&A Act and will depend on the intended purpose of the land and the anticipated length of time PMC will hold the land.

Any revenue generated will go towards reinvesting in the management of PMC lands or the acquisition of additional lands.

Cross-functional perspectives

There is an important opportunity for PMC to align with the strategic land acquisition and management plans of the agencies it supports for example, where plans for green space or a town centre are near a transport corridor. PMC aims to work closely with existing Department of Planning, Industry and Environment specialists aligned to other NSW Government clusters and service portfolios to achieve this.

In addition, PMC has previously reserved land for linear or special use corridors for a range of services, such as electricity, gas and water supplies. As the densification of Sydney increases, there may be a requirement to acquire and manage land for multiple purposes. PMC is well positioned to assist with this.

Goal 3: Key directions, actions and outcomes

Key direction 1: Implement a model for PMC to support Transport for NSW in the reservation of long-term transport corridors in Sydney through the acquisition of priority lands		
Actions	**Outcome measures**	**DPIE cluster outcomes link**
• Engage with Transport for NSW, the Department of Planning, Industry and Environment, and Treasury to develop an approved funding and financing mechanism • Formalise through a legal agreement	• Land area identified for strategic infrastructure • Land area secured by PMC for strategic infrastructure	**Support a growing NSW by improving infrastructure delivery in growth areas** **Lead:** Proportion of annual Special Infrastructure Contribution allocated to agencies to deliver priority infrastructure **Lag:** Annual publication of allocation of developer contributions in growth areas

Key direction 2: Assist in the coordination and delivery of land acquisition for the Western Sydney Aerotropolis		
Actions	**Outcome measures**	**DPIE cluster outcomes link**
• Define and confirm PMC's role in operating as the acquisition authority for the delivery of lands within the Western Sydney Aerotropolis • Develop a new funding and financial model to manage the resources required to acquire, hold and transfer this land	• Land area identified to serve the aerotropolis • Land area secured by PMC for the aerotropolis	**Government-asset repurposing** **Lead:** Amount of property and land assets identified in the one to three year pipeline for repurposing for community benefit **Lag:** Amount of property and land assets that have commenced construction for repurposing for community benefit

Goal 4

Improve the operational and financial sustainability of PMC

Over the past three years, PMC has conducted a number of reviews with the assistance of suitably qualified consulting firms. These reviews focus on specific issues and risks that PMC must address to ensure its long term viability.

These reviews have identified a number of key directions that PMC will address as an interdependent set of priorities over the next one to three years.

Goal 4: Key directions, actions and outcomes

Key direction 1: Secure the long-term financial viability of PMC		
Actions	**Outcome measures**	**Premier's priorities link**
• Engage with the Department of Planning, Industry and Environment, and Treasury to develop an approved approach to funding and a set of funding mechanisms • Engage with Transport for NSW, the Department of Planning, Industry and Environment, and Treasury to develop an approved approach to funding and a set of funding mechanisms for funding corridors • Formalise all funding arrangements through a legal agreement	• Using external review findings concerning PMC funding arrangements, work with the Department of Planning, Industry and Environment and NSW Treasury stakeholders to resolve funding issues and secure the financial viability of PMC within the next 12 to 18 months	**World-class public service** Implement best practice productivity and digital capability in the NSW public sector and drive public sector diversity by 2025

Key direction 2: Source and secure funding to meet the forward acquisition program for key projects		
Actions	**Outcome measures**	**DPIE cluster outcomes link**
• Seek NSW Government funding for key strategic or significant acquisitions • Introduce fee for service model to recover costs associated with the acquisition, holding and transfer of land on behalf of other government agencies	• Where PMC is directed to undertake projects on behalf of the state, funding will be secured before execution • Introduce fee for service within the next 12 months	**Improve liveability with new or improved public spaces** **Lead:** Provide new or improved green, open and public spaces across NSW **Lag:** Increase the proportion of homes within 10 minutes' walk of quality green, open and public space by 10% by 2023

Key direction 3: Implement an improved strategic approach to acquisition and divestments		
Actions	**Outcome measures**	**DPIE cluster outcomes link**
• Develop a strategic acquisition program for the proactive identification of strategically significant land for purchase • Review land reservations to determine continued requirement for acquisition • Seek approval for PMC divestment plan	• Develop the strategic acquisition program by June 2021 • Review land reservations by June 2021 to confirm which strategic lands should be retained, improved or divested • Accelerate divestment of surplus sites to fund strategic acquisition at an increased acquisition pace in the next 12 months	**Improve liveability with new or improved public spaces** **Lead:** Provide new or improved green, open and public spaces across NSW **Lag:** Increase the proportion of homes within 10 minutes' walk of quality green, open and public space by 10% by 2023

Planning Ministerial Corporation funding arrangements

PMC currently funds its activities through debt financing, the Sydney Region Development Fund and the divestment of surplus lands. Additional funding will be required to deliver this plan. Funding mechanisms have been identified and PMC will work closely with its partners and the NSW Government to secure them.

PMC has been acquiring, managing and disposing of land for nearly 70 years. PMC's property and asset portfolio comprises approximately 6,200 lots of land that are distributed across 38 NSW local government areas. PMC's strategic lands portfolio is distributed across NSW, with most in the Greater Sydney area.

The scale, diversity and geographical distribution of the PMC strategic lands portfolio make it difficult to administer and manage on a strategic, proactive basis with current resources.

PMC has been operating as a self funded entity since 1985 and has historically made minimal demands on the state budget.

PMC's current operating model has limits on the financial value of land and assets it can acquire each year, as well as on the value of the lands it will potentially divest or transfer each year. These limits currently constrain the rate at which PMC can acquire new land and divest land.

In some cases in which PMC has previously acquired land that now falls under surplus to NSW Government requirements, PMC can dispose of the land and retain some or all of the commercial sale proceeds. PMC also generates rental income from some of the property and assets it currently manages.

However, the funds that PMC generates from asset sales and rental income each year are insufficient to fund the cost of all the additional land that it is expected to acquire on behalf of the NSW Government and its agencies.

A strategic aim for PMC is to strengthen its funding model, thus enabling the government to invest taxpayer funds in other essential services.

To deliver this revised strategic plan, PMC will need to secure additional funding. This will likely comprise a combination of existing and new sources, including the Sydney Region Development Fund, continued reinvestment of proceeds from surplus land divestments and debt financing, and potentially biobanking credits and other mechanisms as agreed by the government.

PMC will also need to consider mechanisms to fund its operations in the regions. This may include grants, the creation of new regional development funds, state infrastructure contributions, debt financing and biobanking.

PMC will work closely with partners and the government to secure appropriate, sustainable funding mechanisms to support its ongoing operations.

PMC's source of funding

PMC currently has a debt facility with TCorp. This debt facility was used to purchase land for the North West Rail Link Corridor and South West Rail Link Corridor, Erskine Park Link Road and the Green Grid.

PMC currently collects contributions from local councils within the Sydney region of approximately $8 million a year through the Sydney Region Development Fund. These contributions are levied to assist in meeting interest payments on the original loan to purchase land for planning purposes.

PMC sells surplus land that is no longer required for the purposes for which it was acquired. The cashflow from the sale of the land is allocated to funding the delivery of the Green Grid.

Implementation roadmap

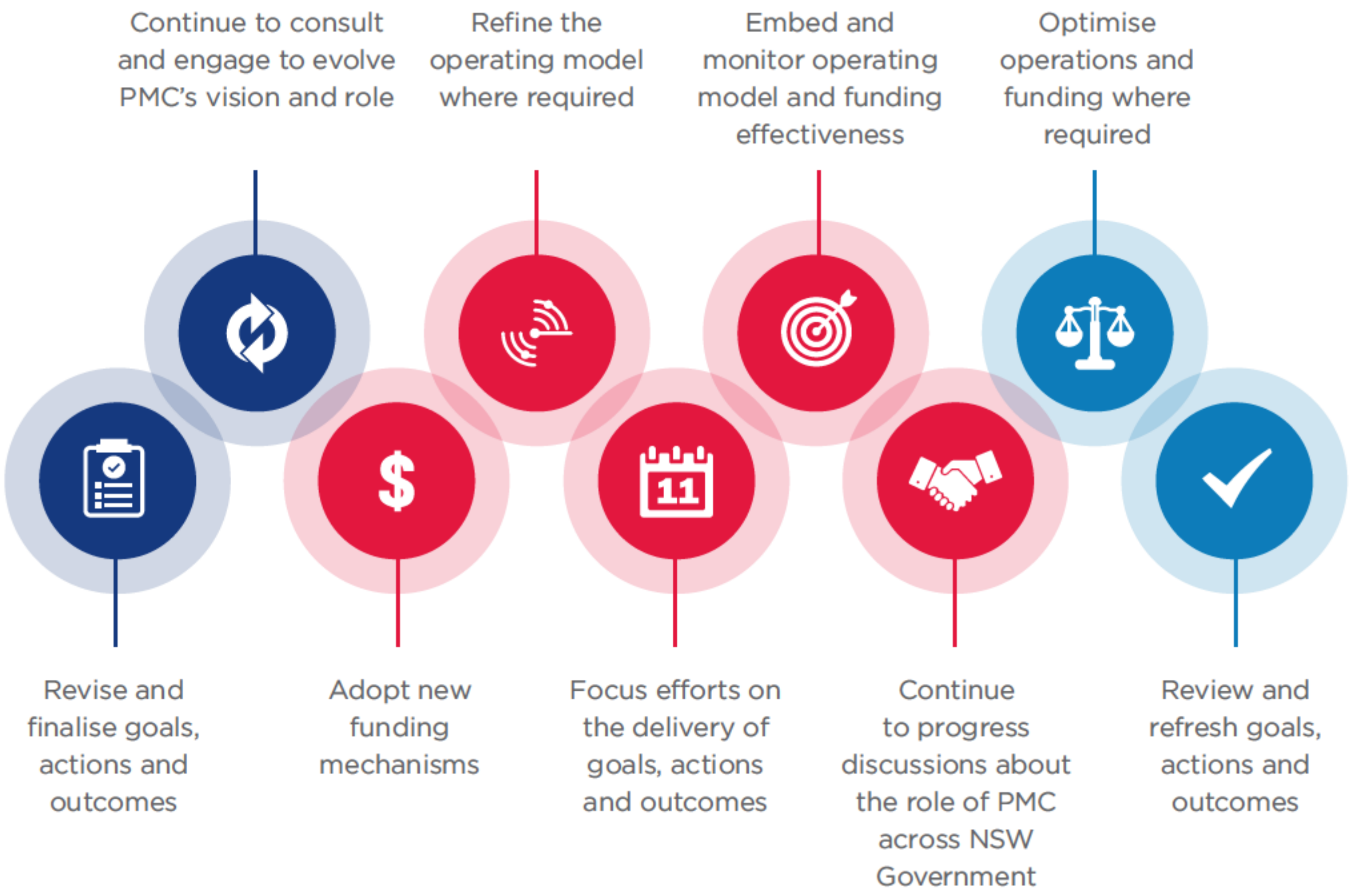
How we will implement the goals, actions and outcomes

We will implement the goals, actions and outcomes outlined in this refreshed strategic plan using a phased approach. They will be reviewed regularly with departmental stakeholders through governance reporting mechanisms.

The implementation will take place in three phases:

- phase 1: 0 12 months
- phase 2: 1 3 years
- phase 3: 3+ years.

The following illustrates the high level implementation roadmap.



Phase 1 (0-12 months)
Consult and engage
Explore and adopt
Revise and finalise

Phase 2 (1-3 years)
Focused delivery
Embed and review
Align and agree

Phase 3 (3+ years)
Evaluate and realign
Asses and optimise

Appendix

Planning Ministerial Corporation statutory powers and responsibilities

The establishment of the Planning Ministerial Corporation

The minister has a number of functions under the EP&A Act. For the purposes of exercising those functions, the EP&A Act creates a corporation with the corporate name "Minister administering the Environmental Planning & Assessment Act 1979" (Division 2.2).

Power to acquire and deal with land

Schedule 2 specifically provides the corporation with the power to acquire land by agreement or by compulsory process in accordance with the *Land Acquisition (Just Terms Compensation) Act 1991.*

Acquisition is to be for the "purposes of the Act". The purposes of the Act are informed by:

- the objects in s1.3
- the responsibilities of the minister under s2.1
- the functions of the corporation under Schedule 2.

Objects of the Act (s1.3)

The objects of the Act are broad. They appear in s1.3 and include:

a. to promote the social and economic welfare of the community and a better environment by the proper management, development and conservation of the State's natural and other resources
b. to facilitate ecologically sustainable development by integrating relevant economic, environmental and social considerations in decision making about environmental planning and assessment
c. to promote the orderly and economic use and development of land
d. to promote the delivery and maintenance of affordable housing
e. to protect the environment, including the conservation of threatened and other species of native animals and plants, ecological communities and their habitats
f. to promote the sustainable management of built and cultural heritage (including Aboriginal cultural heritage)
g. to promote good design and amenity of the built environment
h. to promote the proper construction and maintenance of buildings, including the protection of the health and safety of their occupants
i. to promote the sharing of the responsibility for environmental planning and assessment between the different levels of government in the state
j. to provide increased opportunity for community participation in environmental planning and assessment.

Responsibility of the minister (s2.1)

The minister is charged with the responsibility of promoting and coordinating environmental planning and assessment for the purpose of carrying out the objects of this Act. In discharging that responsibility, the minister has and may exercise the following functions:

a. to carry out research into problems of environmental planning and assessment and disseminate information including the issue of memoranda, reports, bulletins, maps or plans relating to environmental planning and assessment
b. to advise councils upon all matters concerning the principles of environmental planning and assessment and the implementation thereof in environmental planning instruments
c. to promote the coordination of the provision of public utility and community services and facilities within the state
d. to promote planning of the distribution of population and economic activity within the state
e. to investigate the social aspects of economic activity and population distribution in relation to the distribution of utility services and facilities
f. to monitor progress and performance in environmental planning and assessment, and to initiate the taking of remedial action where necessary.

The functions of PMC (Schedule 2)

The functions of the corporation are broad. They are set out in Schedule 2 of the Act and include:

- The corporation may, in such manner and subject to such terms and conditions as it thinks fit, sell, lease, exchange or otherwise dispose of or deal with land vested in the corporation and grant easements or rights of way over that land or any part thereof.

In addition, the corporation may:

- manage land, demolish buildings, provide for the location or relocation of utility services
- subdivide and re subdivide land and consolidate subdivided or re subdivided land vested in the corporation
- set out and construct roads on land
- cause work to be done on or in relation to any land for the purpose of rendering it fit to be used for any purpose
- dedicate any land vested in the corporation as a reserve for public recreation or other public purposes and fence, plant and improve any such reserve.

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