

**Submission
No 6**

**EXAMINATION OF AUDITOR-GENERAL'S PERFORMANCE AUDIT
REPORTS MAY 2017 - DECEMBER 2017**

Organisation: NSW Department of Planning & Environment

Date Received: 28 August 2018



Our ref: IRF18/4429

Your ref: D18/27005

Mr Bruce Notley-Smith MP
Chair, Legislative Assembly
Public Accounts Committee
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Mr Notley-Smith

Auditor-General's Performance Audit Report for the Office of Strategic Lands

Thank you for your letter dated 9 August 2018 on behalf of the Public Accounts Committee, requesting the Department to provide the Committee with a submission outlining our response to the Auditor-General's Performance Audit Report for the Office of Strategic Lands, tabled on 10 August 2017.

I have enclosed a report setting out the Department's current and planned actions in response to the recommendations. The report is presented in accordance with the template provided in your letter.

You also requested feedback from the Department on the effectiveness of the audit process, the costs of the audit and any suggestions for improvement. Our response is:

- the audit process has been effective in highlighting the areas in which the Office of Strategic Lands' functions and role in enabling government outcomes governance and program delivery can be improved; and
- an improvement in the audit process would be to more thoroughly showcase, in the Audit Office Report, examples of best practice in other NSW clusters or jurisdictions.

Should you have any further questions in relation to this matter, please contact, Ms Pheona Twist, Director, Office of Strategic Lands, at the Department on 9274 6187.

Yours sincerely

Dr Liz Develin
A/Secretary

Encl: DPE response to follow-up of Performance Audit Report

IMPLEMENTATION OF RECOMMENDATIONS

Department of Planning and Environment

Office of Strategic Lands

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
<p>1 Clarify and document its long-term purpose, role and goals in line with its mandate. This includes:</p> <p>a) finalising and implementing a business plan with outcome-based performance measures that support the achievement of its goals</p> <p>b) establishing and implementing a business and financial model, including resourcing, that supports its</p>	Accepted	a & c) Finalise a Strategic Business Plan setting out the vision, goals and key directions for the Office of Strategic Lands to deliver in the next 10 years, focusing on the first five years, and expanding its role beyond Sydney Region to regions of NSW	December 2017	<p>Complete</p> <p>The Office of Strategic Lands has published its Strategic Business Plan (the Plan) outlining the direction, goals and actions for the next 10 years, with special focus on the first five years, and expanding its role beyond Sydney Metropolitan area to regions of NSW. A copy of the Plan is available on the Department's website at www.planning.nsw.gov.au/OSL.</p> <p>The Plan aligns the functions of the Office of Strategic Lands to the planning priorities of the Premier and the Department.</p> <p>Eleven key directions underpinned by actions and internal implementation roadmaps will support the Office of Strategic land's delivery of three key goals:</p> <ul style="list-style-type: none"> • delivering the green grid, including Biodiversity Stewardship Agreements, multi-use of green spaces and enabling of green grid actions under relevant Plans, legislation and policy • supporting delivery of strategic infrastructure, including engagement with relevant government agencies to discuss options for enabling outcomes under relevant Agency Plans • enabling Government's strategic planning priorities, including pilot projects and strategic acquisition opportunities. <p>Expansion of the Office of Strategic Lands' functions to regions of NSW is under investigation.</p>	Office of Strategic Lands

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
	<p>long-term strategy</p> <p>c) exploring options for expanding the operation of OSL to other areas of NSW</p>			<p>The Office of Strategic Lands is investigating options for establishing a Regional Development Fund that will provide the financial mechanism for supporting OSL operations in the regions of NSW.</p> <p>To inform this, a review of the Sydney Region Development Fund is required. As part of this process, the Office of Strategic Lands will review councils' contribution to the Sydney Region Development Fund. This review will be undertaken following the Department's Office of Open Space and Parklands exploring options for open space funding. The Office of Strategic Lands is working with the Office of Open Space to identify open space opportunities within its current and future lands holdings.</p>	
		<p>b) Finalise implementation roadmaps and funding model options for the next 10 years to improve operations and ensure long term financial sustainability of the Office of Strategic Lands.</p>	<p>December 2017</p>	<p>Complete</p> <p>The Office of Strategic Lands has developed implementation roadmaps and funding options that will help improve its operations and ensure long-term financial sustainability.</p> <p>An independent advisor, KPMG has developed a financial model that forecasts cash flows of the Office of Strategic Lands for a period of 10 years. The model helps the Office of Strategic Lands to understand in detail the current financial state and model impacts of different scenarios, such as undertaking more land transfers, disposing surplus lands faster and paying down debt.</p> <p>Funding options for delivering OSL functions in the regions of NSW will be developed after the Office of Strategic Lands' review of council contribution to the Sydney Region Development Fund in 2019.</p>	<p>Office of Strategic Lands</p>

RECOMMENDATION		ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
2	Develop and implement an approach for working with NSW Government agencies to improve its efficacy in strategic land identification, acquisition and management.	Accepted	Engage with relevant government agencies to establish a model and financing agreement for strategic land identification, acquisition and management	July 2018	<p>Complete</p> <p>The Office of Strategic Lands has developed a commercial model and framework to guide its engagement with other government agencies, including discussions and planning of acquisition of land for agencies' planned outcomes. The commercial model includes options for ensuring the Office of Strategic Lands' financial sustainability and an appropriate governance framework for overseeing the acquisition process.</p> <p>The Office of Strategic Lands is engaging with Transport for NSW, NSW Department of Education, Infrastructure NSW, NSW Health and Corrective Services NSW, to identify and discuss options for enabling their strategic land acquisition and management.</p>	Office of Strategic lands
3	Improve the transparency of its operations, and its communication and engagement with all stakeholders. This includes developing engagement strategies appropriate for different stakeholder groups.	Accepted	Develop a structured engagement model to enhance relations with other government agencies, the community and other partners, to commence implementation in early 2018	Ongoing	<p>On track and ongoing</p> <p>The Office of Strategic Lands has developed a communication strategy, a commercial model and resources for supporting engagement with stakeholders.</p> <p>The Office of Strategic Lands is continuing to engage with stakeholders to communicate information about its functions and role, and identify options for enabling their planned outcomes, and is participating on several inter-agency Committees.</p> <p>The Office of Strategic Lands has updated its webpage www.planning.nsw.gov.au/osl which provides a clearer picture of OSL functions and projects as well as listing a few case studies of work OSL has undertaken.</p>	Office of Strategic Lands