

**Submission
No 9**

**EXAMINATION OF THE AUDITOR GENERAL'S PERFORMANCE AUDIT
REPORTS JUNE - DECEMBER 2020**

Organisation: Department of Planning, Industry and Environment (DPIE)

Date Received: 5 November 2021



Mr Greg Piper MP
Chair
Public Accounts Committee
Parliament of NSW
Macquarie Street
SYDNEY NSW 2000

Via email: pac@parliament.nsw.gov.au

Dear Mr Piper

Thank you for your correspondence to the Secretary of the Department of Planning, Industry and Environment seeking feedback on the Auditor-General's report on the *Performance Audit – Governance and Internal Controls over local infrastructure contributions*. The Secretary asked me to respond on her behalf.

The Department was not subject to any recommendations and we have therefore not attached the recommendation template response.

We would, however, like to provide positive feedback about the benefit of the audit to our agency. Audits of this kind assist in understanding how local government is implementing infrastructure contributions policies administered by the Department under the *Environmental Planning and Assessment Act 1979*. The information provided also helps to inform new policy initiatives related to the receipt and expenditure by councils of infrastructure contributions.

The Department continues to progress initiatives to improve transparency and accountability in the infrastructure contributions system. In May 2020 the Department released a COVID-19 related emergency measure aimed at encouraging councils with large unspent contributions balances to expend infrastructure contributions. The *Environmental Planning and Assessment (Local Infrastructure Contributions – Information) Direction 2020* <https://www.planning.nsw.gov.au/-/media/Files/DPE/Directions/environmental-planning-and-assessment-local-infrastructure-contributions-information-direction-2020.pdf?la=en> helped to accelerate the delivery of local infrastructure and prioritise projects to stimulate the economy.

The audit report indicates scope to improve certain aspects of councils governance over infrastructure contributions. Improved transparency and accountability about the receipt and use of infrastructure contributions by councils and other planning authorities was recommended in the Kaldas report (*Review of Governance in the NSW Planning System* (December 2018))

To address these issues, in February 2021 the Department introduced new reporting requirements through an amendment to the *Environmental Planning and Assessment Regulation 2000*. The new reporting requirements will assist the public in understanding how infrastructure contributions received by councils are expended and will facilitate future audits. Planning Circular PS21-002 outlines the new requirements <https://www.planning.nsw.gov.au/-/media/Files/DPE/Circulars/planning-circular-21-002-reporting-and-accounting-requirements-2021-02.pdf?la=en> .

As you may be aware, the NSW Government is currently proposing broader reforms to the infrastructure contributions system. The reforms were recommended by the NSW Productivity Commissioner in a report following his review of the system in 2020. The Department is progressing work to implement all of the 29 Government-approved recommendations to improve simplicity, certainty, efficiency, consistency, and transparency in the system. This includes new public participation and reporting requirements for draft planning agreements and affordable housing contributions. The *Infrastructure Contributions Reform Roadmap* can be found here: <https://www.planning.nsw.gov.au/-/media/Files/DPE/Other/Policy-and-legislation/roadmap-infrastructure-contributions-reform-2021-03.pdf?la=en>.

I would like to thank the Auditor-General for conducting the audit and I support future audits of the infrastructure contributions system as a valuable accountability and transparency measure.

If you have any more questions, please contact Kate Speare, Director Infrastructure Funding and Public Space Policy, at the Department on [REDACTED].

Yours sincerely

[REDACTED]

05.11.2021

Marcus Ray
Group Deputy Secretary
Planning and Assessment