

## **INQUIRY INTO THE MANAGEMENT OF THE SYDNEY HARBOUR FORESHORE AUTHORITY**

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**Subject:**

**Summary**

SUBMISSION TO STANDING COMMITTEE NO. 4  
PARLIAMENTARY INQUIRY INTO

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“The Management of the  
Sydney Harbour Foreshore Authority”

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Submission By  
The Sydney Harbour Foreshore Authority

Endorsed by the Chief Executive Officer of  
The Sydney Harbour Foreshore Authority

28 May 2004

# SYDNEY HARBOUR FORESHORE AUTHORITY SUBMISSION TO PARLIAMENTARY INQUIRY

## TABLE OF CONTENTS

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<b>Executive Summary .....</b>	<b>3</b>
<b>1 Sydney Harbour Foreshore Authority .....</b>	<b>5</b>
1.1 The Places .....	5
1.2 The Objectives .....	9
1.3 Customers and Stakeholders .....	9
1.4 Key Roles .....	10
1.4.1 Role of Place Management .....	11
1.4.2 Role of Place Development .....	13
1.5 Achievements of SHFA .....	14
<b>2 Internal Processes .....</b>	<b>19</b>
2.1 Planning Assessment Process .....	19
2.2 Place Development Process .....	22
2.3 Addressing Potential Conflicts of Interest .....	23
2.4 Audit & Risk Management Committee .....	25
<b>3 Current Developments .....</b>	<b>26</b>
3.1 Luna Park .....	26
3.2 Sydney Fish Market .....	27
3.3 Ballast Point .....	28
3.4 Elizabeth Macarthur Bay .....	28
3.5 Cooks Cove .....	29
<b>4 Conclusion .....</b>	<b>30</b>

# **Sydney Harbour Foreshore Authority Submission to Parliamentary Inquiry May 2004**

## **Executive Summary**

In March 2004, Standing Committee No 4 announced an inquiry into the Management of the Sydney Harbour Foreshore Authority (SHFA). This submission is provided as a response to that inquiry.

The Sydney Harbour Foreshore Authority (SHFA) is a NSW Government statutory authority which was formed in 1999. SHFA provides an important and necessary service to the people of Sydney, being responsible for a portfolio of significant public precincts and managing them in a way which ensures a balanced set of cultural, tourism, heritage, environmental and commercial outcomes are achieved.

SHFA contributes significantly to the preservation of The Rocks, the activation of Darling Harbour, the renewal of Pyrmont/Ultimo, the enhancement of Sydney as a tourist destination and the development of the Australian Technology Park as a centre of excellence.

SHFA's planning assessment role is governed by legislation and relevant planning instruments and it undertakes that role with integrity, preparing the appropriate paperwork for the consideration of the Minister, who is the Consent Authority (not SHFA) for all major Development Applications and Master Plans.

SHFA's achievements, outlined in this submission, speak for themselves in providing a track record of responsible management, community service and delivery of results against the legislated objectives.

This submission highlights SHFA's role and achievements against its objectives (section 1); outlines a number of critical business processes, including its planning assessment and place development roles (section 2); as well as clarifying a number of facts regarding key current developments within SHFA's legislated boundaries (section 3).

In order to assist the Inquiry, the following summary provides a brief response to each of the terms of reference:

- a) *the role of the Chairman, past and present Chief Executive Officers, the SHFA Board, and other executive officers in the management of land development issues under its control,*
  - o The Management of SHFA welcomes the opportunity to outline the roles and responsibilities of the organisation (section 1.4) and the processes undertaken to deliver the broad range of social, community, environmental, heritage and commercial expectations that are required under the SHFA Act and relevant planning instruments (sections 2.1 and 2.2).
- b) *lines of communication and accountability between the Sydney Harbour Foreshore Authority and relevant Councils, the Premier and any other Ministers or their staff and advisors,*
  - o The accountability of planning functions is articulated in the Minister's delegations and implemented through processes described in SHFA procedures (sections 2.1 and 2.3).

- This submission reviews similar processes in local Councils and other bodies (section 2.1) and SHFA is proud of its achievements in exceeding benchmarks set by other organisations in this area.
- c) *potential conflicts of interest in the Sydney Harbour Foreshore's commercial relationships,*
  - SHFA believes that its processes lead to an objective assessment of all development applications, through separation of functions and utilising independent assessors appropriately. In particular, SHFA is not the Consent Authority for its own significant developments unlike local Councils (section 2.3).
- d) *the process by which the Sydney Harbour Foreshore Authority acquired enhanced consent powers, and the role of the Sydney Harbour Foreshore Authority as a Consent Authority for land that it administers,*
  - The process whereby planning assessment (not consent) powers were transferred from DIPNR to SHFA is described in section 2.1 with the Minister's express purpose of allowing DIPNR to focus more on its strategic role and to streamline planning processes. The record of SHFA to date (Table 4 in section 2.1) is well ahead of benchmarks.
- e) *the role of the Sydney Harbour Foreshore Authority following the sacking of the City of Sydney and the South Sydney Councils, and the conduct of the Multidimensional Study of the Pyrmont Point site,*
  - SHFA has had no role in the Council amalgamation processes, nor in the conduct of the multidimensional study being undertaken by the City of Sydney on Pyrmont. The CEO of SHFA offered to assist with information for the study, but that offer has not been taken up by the City of Sydney.
  - SHFA is currently awaiting the results of the study before proceeding with any development application for the site.
- f) *the transparency of planning assessment methods and processes employed by the Sydney Harbour Foreshore Authority*
  - SHFA undertakes planning assessment processes in accordance with the EP&A Act and in the same fashion as other bodies and local Councils. It undertakes the community consultation and prepares the administrative paperwork on Major DA's for the consideration of the Minister according to relevant planning instruments. The transparency of SHFA's processes has been fully outlined in sections 2.1, 2.2, 2.3 and 2.4 of this submission.
- g) *any other relevant matters.*
  - The Management of SHFA stands ready to assist the Inquiry in whatever other areas of interest are relevant to these proceedings.

## 1 Sydney Harbour Foreshore Authority

Sydney Harbour Foreshore Authority (SHFA) is a NSW Government statutory authority which has responsibility for the commercial and public management of some of the most valuable, prestigious and historically significant, government-owned real estate in Australia.

SHFA objectives and functions are derived from the Sydney Harbour Foreshore Authority Act 1998 and SHFA Regulations 1999. It was formed in 1999 to replace a number of former organisations to consolidate Sydney Harbour foreshore planning and management.

It operates a portfolio of \$1.38 billion <sup>1</sup> of commercial and non-commercial assets, with around 82,538 square metres of retail space under direct management and approximately 519 tenancies within The Rocks and Darling Harbour precincts. Its responsibility extends over more than 400 hectares of Sydney Harbour foreshore land between Garden Island in the east and White Bay to the west of the Sydney Harbour Bridge, and other sites of strategic significance for the government.

Under the SHFA Act, the organisation is charged with the responsibility of balancing community, cultural, tourism, heritage and commercial objectives. It is not centrally funded by NSW Treasury, but funds its own operations principally from rental and other property income. It uses this income to provide around \$21 million in community service obligations <sup>2</sup> annually with an additional \$10m on property / heritage related capital works each year <sup>3</sup>, as well as funding the usual costs associated with being a property owner and manager.

The total economic contribution of SHFA, comprising public benefits plus direct and indirect economic effects of SHFA's activities, is an estimated \$9 billion <sup>4</sup> to the NSW economy each year. Businesses operating in SHFA's precincts provide employment for approximately 51,000 people and generate turnover in excess of \$2.4 billion per annum <sup>5</sup>.

### 1.1 The Places

SHFA has two major roles – Place Management and Place Development, which it exercises over a portfolio of property.

SHFA exercises its functions in a defined foreshore area (prescribed by the SHFA Act) that extends between Garden Island and White Bay, including Circular Quay, Walsh Bay, wharves 9 and 10 at Darling Harbour and Blackwattle Bay, and all the lands formerly controlled by the Sydney Cove Authority, Darling Harbour Authority and within the City West Development Corporation area, notably Pyrmont, Ultimo and the bays area west of Pyrmont.

Since the implementation of the Act, regulations have been passed to include the Australian Technology Park, Luna Park and Ballast Point areas in this defined foreshore area.

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<sup>1</sup> SHFA Annual Report Financial Statements for year ended 30 June 2003

<sup>2</sup> SHFA 2003 / 2004 Statement of Business Intent – Part 5 – Social Program

<sup>3</sup> SHFA 2003 / 2004 Statement of Business Intent – Appendices – Budget – Refer detailed cash forecast capital expenditure total for "Service Delivery".

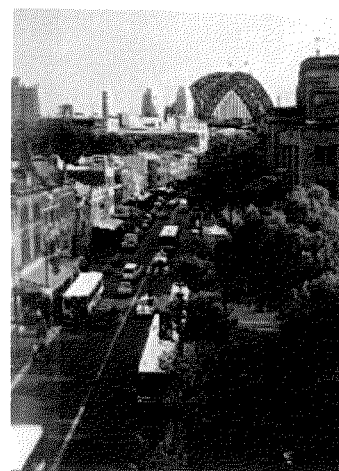
<sup>4</sup> Deloitte Economic Impact Study on SHFA dated May 2001

<sup>5</sup> Deloitte Economic Impact Study on SHFA dated May 2001

Key locations managed by SHFA include:

**a) *The Rocks***

Sydney's historic waterfront precinct, The Rocks, is one of the most visited places in Australia. SHFA owns and maintains the precinct incorporating 94 heritage buildings<sup>6</sup> and manages 402 tenants as landlord in The Rocks<sup>7</sup>. It is a business precinct with a large number of commercial businesses operating under lease from SHFA. It is a retail precinct containing numerous shops, restaurants, pubs, museums and hotels for which SHFA is the landlord and centre manager. It is also a tourist precinct which offers a range of experiences for around 8.9 million local, domestic and international visits annually<sup>8</sup>.



In The Rocks, SHFA manages and protects this valuable asset through extensive heritage conservation works. SHFA also owns and maintains the public domain, including the roads, parks and open space. SHFA combines its management of heritage properties with such enterprises as The Rocks Market, a major crafts showcase each weekend at the northern end of George Street.

SHFA also owns and operates the Sydney Visitor Centre at 106 George Street which is the major source of tourist information in Sydney.

**b) *Darling Harbour***

Darling Harbour is one of the world's great waterfront destinations, attracting 23.5 million visits each year<sup>9</sup>.

Home to waterfront cafes, restaurants and bars, contemporary shopping, and many of Sydney's top attractions (including Aquarium, IMAX, Maritime Museum, Powerhouse Museum, Convention & Exhibition Centre, Entertainment Centre), Darling Harbour also hosts a full entertainment program throughout the year, organised by SHFA and provided free to the public.



Australia's premier convention venue, The Sydney Convention and Exhibition Centre in the heart of Darling Harbour, is owned by SHFA, as is the Sydney Entertainment Centre and the Chinese Garden of Friendship. Other attractions operate under lease from SHFA including the Harbourside Shopping Centre, King Street Wharves and Darling Walk retail outlets.

The Sydney Visitor Centre Darling Harbour complements The Rocks Visitor Centre, providing up to date tourist information and facilities, 7 days a week.

**c) *Pymont and Ultimo***

The focus of one of Australia's largest urban renewal programs, SHFA is continuing the work of the City West Development Corporation to implement a major reinvigoration of the precinct; building a new community for Sydney residents and workers, with a strong emphasis on balancing the

<sup>6</sup> Direction pursuant to Section 34 (1) (a) Heritage Act 1977, 30 April 2002.

<sup>7</sup> SHFA Tenant Register – 25 May 2004

<sup>8</sup> ATS / TTS Electronic People Counters Report – 31 December 2003

<sup>9</sup> ATS / TTS Electronic People Counters Report – 31 December 2003

community needs for residential, commercial and open space, as well as providing jobs for more than 18,000<sup>10</sup> people in telecommunications, technology and hospitality industries.

Part of the income from government land sales in this precinct has been used to create more than 8 hectares<sup>11</sup> of open space and parkland and contribute to affordable housing for Pyrmont residents. SHFA continues to spend around \$390,000 per annum in the maintenance and management of public parks and open space in Pyrmont/Ultimo.

In addition SHFA has supported an extensive campaign to attract information technology and new media industries to Pyrmont / Ultimo and hence generate employment opportunities and economic benefits for the residents and businesses in this area<sup>12</sup>.

**d) Circular Quay**

SHFA owns and/or manages (on behalf of other Government agencies) the foreshore promenades and various tenancies around Circular Quay. This includes adjoining public open spaces, such as First Fleet Park, the tenancies on ferry wharves, the Overseas Passenger Terminal and all outdoor seating for restaurants and cafes along East Circular Quay.

SHFA operates this precinct as a commercial property service function.

**e) Australian Technology Park**

The Eveleigh Locomotive Workshops and railway yards, dating back to 1887, have been transformed into a centre of technological, research and development excellence known as the Australian Technology Park, generating new, 'high tech' industries and high levels of skilled employment.

SHFA owns the 14-hectare Australian Technology Park site and is responsible for the strategic, commercial and financial management of the park including property management, tenancies, car park, convention and exhibition facilities and property development.



The Australian Technology Park is home to over 100 businesses ranging from one or two person incubator / start-up businesses, a wide range of small to medium enterprises (SME's), Cooperative Research Centres and research divisions of multi-national companies. This mix of organisations employs approximately 1000 people at the Australian Technology Park.

**f) Ballast Point**

Ballast Point is an ex-Caltex refinery site which was acquired by SHFA on the Government's behalf in September 2002<sup>13</sup>, with the purpose of returning one of Sydney's most significant headlands to public ownership and creating a new harbourside park.

SHFA is currently preparing a Master Plan for the site with extensive public consultation.

<sup>10</sup> Deloitte Economic Impact Study on SHFA dated May 2001

<sup>11</sup> Ultimo Pyrmont – Decade of Renewal

<sup>12</sup> Deloitte Economic Impact Study on SHFA dated May 2001

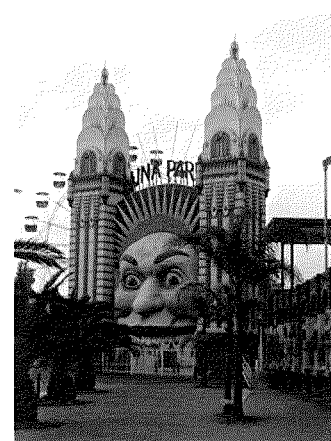
<sup>13</sup> NSW Government Gazette No. 153 (2002)



### g) *Luna Park*

As Manager of the Luna Park Reserve Trust, SHFA brings to Luna Park skills in heritage conservation and property management, to ensure that the private operators of the Park deliver on the Government's plans to protect and enhance this important public asset and its continued operation as an amusement park for all of Sydney.

In this capacity, SHFA is bound by the requirements of the *Luna Park Site Act, 1990*.



### h) *Rozelle and White Bay*

Within SHFA's legislative boundaries lies a 11.75 hectare site at Rozelle, currently used as railway goods yards. SHFA is also responsible for the large-scale adaptive re-use of the former White Bay Power Station and heritage buildings on the south-eastern side of Balmain Peninsula.

On behalf of the Government, SHFA manages the redevelopment of the area to meet community requirements, employment-generating business and government expectations. Residential development is not planned or legislated for the White Bay Power Station site.

### i) *Other Precincts*

SHFA has an interest in other precincts, particularly in public open space and foreshore access within its legislated boundaries. For example, private redevelopments at Woolloomooloo Bay and Walsh Bay are re-shaping these harbourside precincts for residential, commercial and maritime-related activities. SHFA maintains an active role in the future of these areas.

SHFA also has a management role at Cooks Cove on behalf of the Cooks Cove Development Corporation.

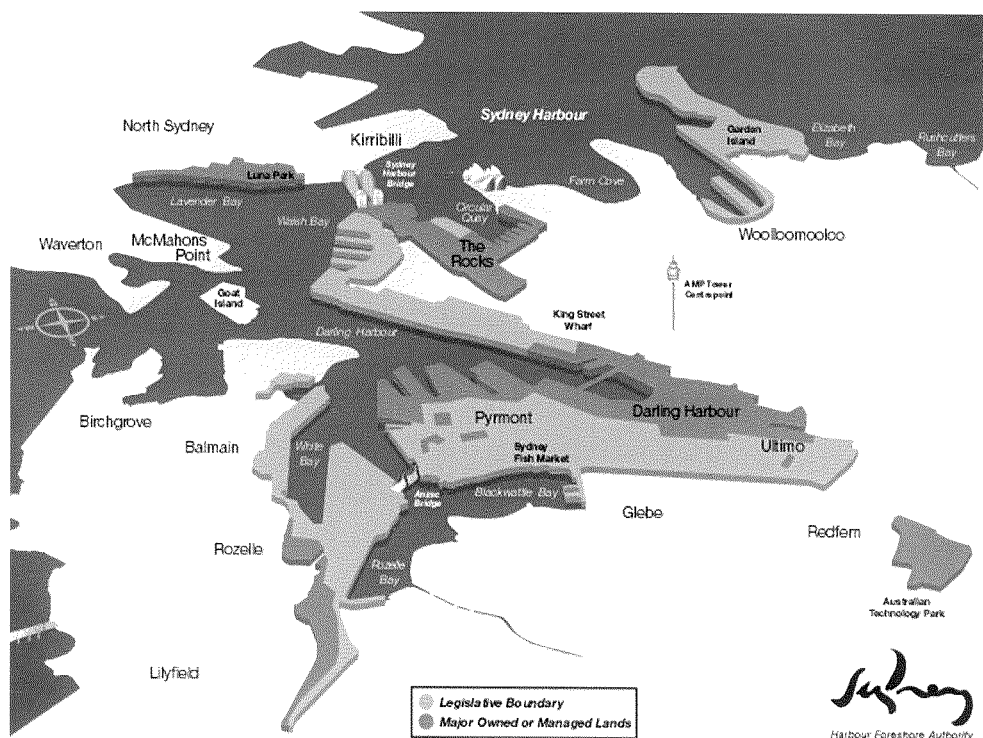


Figure 1: Legislative boundary of Sydney Harbour Foreshore Authority

## 1.2 The Objectives

Since its inception, the Sydney Harbour Foreshore Authority's objective has been to balance a wide range of community, commercial and government expectations and deliver optimal outcomes for its stakeholders.

SHFA's charter is "to demonstrate vision and leadership in creating quality environments that are enriching, diverse, accessible and sustainable by continually improving Sydney's significant waterfront precincts, balancing visitor, community and commercial expectations".

This involves a number of important tasks:

- Balance economic return, vibrancy and diversity of harbour foreshores, including the working waterfront
- Facilitate the opening up of foreshore areas to the public, balancing protection with active use while improving and extending the waterfront public domain
- As custodian, ensure the preservation and interpretation of the natural and cultural heritage around the foreshores, promoting a sense of community ownership
- Capitalise on the economic and cultural worth of foreshore precincts, including The Rocks, Circular Quay and Darling Harbour, as core attractions for both visitors and Sydneysiders
- Add value by redevelopment of surplus government land through a highly skilled organisation that creates quality city precincts on the harbour.
- Deliver excellence in its role as place manager for Sydney's premier harbour sites

To achieve that, SHFA's places need to be vibrant, relevant, sustainable precincts that deliver something unique – their own "sense of place" – to everyone who visits, lives or works there. At the same time, there is a need to recognise the shifting marketplace and evolving customer & stakeholder expectations, while creating a sustainable business that is capable of delivering this vision in a continuously changing environment.

Under any scenario, it is important that SHFA maintains itself at the forefront by demonstrating it is a responsible organisation; fiscally, socially and environmentally – the triple bottom line. This is an essential element for a sustainable Sydney.

## 1.3 Customers and Stakeholders

Managing the varying needs and expectations of multiple stakeholders is one of SHFA's core functions. Our key customers and stakeholders include:

- **Tenants in our leased places:** including retail, residential & commercial tenants in the precincts we manage plus property developers and their future tenants in developing places.
- **Community in our public places:** including all Sydneysiders, visitors, tourists, local residents and people who work in our precincts and use our public spaces, including delegates attending events. More than 32.4 million <sup>14</sup> people movements are recorded within SHFA precincts annually.
- **The Minister & Government:** including the Minister for Infrastructure, Planning & Natural Resources, Craig Knowles; and all Government agencies & Local Councils that interact with SHFA.
- **Others:** including event sponsors & organisers, key tourism agencies and operators, suppliers of goods and services, major asset operators (eg Accor, Wilson Parking, Arena Management), property owners within our precincts and the media.

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<sup>14</sup> ATS / TTS Electronic People Counters Report – 31 December 2003.

## **1.4 Key Roles**

SHFA takes its role, and its powers, from the Sydney Harbour Foreshore Authority Act<sup>15</sup>. The Act provided for the dissolution of the Sydney Cove Redevelopment Authority (SCRA), City West Development Corporation (CWDC) and later the Darling Harbour Authority (DHA) and the exercise of the functions previously undertaken by these agencies by the new State Government organisation – the Sydney Harbour Foreshore Authority (SHFA).

Under the Act, SHFA is required to

- protect and enhance the natural and cultural heritage of the foreshore with the functions of promoting, coordinating, managing and securing the orderly and economic development and use of the foreshore area, including the provision of infrastructure;
- conduct commercial, transport, cultural, educational, tourist, recreational and entertainment activities in the area;
- develop & manage core land,
- develop, manage and deal in non-core land (as specified in the Act),
- enhance and manage the landscape of public domain and regulate the use of public domain.

### **Role of Chief Executive Officer**

The Chief Executive Officer is responsible for the day-to-day management of the affairs of the Authority in accordance with the specific policies and general directions of the Board.

### **Role of the Chairman**

The Chairman provides leadership to the Board, to ensure that the Board conducts itself in an informed and effective manner, and meets its statutory obligations. The Chairman makes and implements decisions as delegated by the Board. In conjunction with the CEO, the Chairman guides the overall direction of the organisation to ensure that the values, mission and charter of the organisation are met.

### **Role of the Board**

The SHFA Act provides that there is to be a Board of the Authority and that the Board is to consist of the following members:

- a) the Chief Executive Officer,
- b) the Director-General of the Department of Urban Affairs and Planning (now DIPNR)
- c) not more than 5 persons appointed by the Minister.

Of the members appointed by the Minister, one is to be appointed by the Minister as Chairperson of the Board.

### **Role of the Minister for Infrastructure, Planning and Natural Resources**

The Sydney Harbour Foreshore Authority Act 1998 established the Authority subject to the control and direction of the Minister in the exercise of its functions.

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<sup>15</sup> Sydney Harbour Foreshore Act, 1998 No 170

The Chairman and CEO have regular contact with the Minister for Infrastructure and Planning. Senior SHFA officers have contact with Ministerial staff on a range of matters including:

- Submissions to Minister as Consent Authority for Development Applications and Master Plans assessed by SHFA under delegation from the Minister<sup>16</sup>.
- Other submissions seeking Ministerial approval.

SHFA's key functions are organised into two main areas, as follows:

**a) Place Management**

- Manage the property portfolio efficiently to meet customer and stakeholder needs and expectations across the three major precincts - including running a financially responsible business as a landlord and place manager with 82,538 square metres of retail space, as well as the maintenance of heritage and other public assets.
- To encourage tourism to The Rocks and Darling Harbour.

**b) Place Development**

- To implement good urban design and develop places responsibly according to the relevant planning instruments and legislation - demonstrating leadership in creating quality environments that are enriching, diverse, accessible and sustainable.
- To add value by redevelopment of surplus Government land through a highly skilled organisation that delivers the prescribed outcomes.

### 1.4.1 Role of Place Management

SHFA's assets generate revenues annually that provide the funds for it to deliver value to its tenants, communities and stakeholders. SHFA is not centrally funded by Government but prudently endeavours to ensure its revenues cover its costs, which include a significant amount spent on community service obligations.

SHFA revenues substantially come from the rent charged to its tenants, its managed assets (Sydney Convention & Exhibition Centre and car parks), and an increasingly smaller contribution from the few remaining development sites that are left from the Government's major redevelopment project in Pyrmont / Ultimo, and in The Rocks.

The Place Management role represents approximately 95% of staff resources and 87% of annual expenditures. It is the major focus of the organisation.

The key functions of the place management role are to:

- **Manage places profitably & socially:** To deliver excellence in its role as place manager for Sydney's significant waterfront and other precincts, balancing visitor, community and commercial expectations. As custodian, to ensure the maintenance, security, preservation and interpretation of its natural and cultural heritage.
- **Promote places effectively:** To capitalise on the economic and cultural worth of its places, as core attractions for both visitors and Sydneysiders.
- **Undertake Planning Assessment:** To ensure any developments within its legislated boundaries satisfies the EP&A Act and statutory requirements, for determination by the Minister.

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<sup>16</sup> Delegation under Section 23 of the Environmental Planning & Assessment Act, 1979, (gazetted 4 August 2003).

## Manage places profitably & socially

SHFA is the second largest landowner in the Sydney City area, after the City of Sydney. With responsibility for 519 tenants, 94 heritage listed buildings and many hectares of public open space, SHFA has an important role in managing and maintaining its three major precincts – The Rocks, Darling Harbour and ATP.

In addition, as owner of certain businesses like the Sydney Convention & Exhibition Centre and surrounding car parks, SHFA's influence on economic returns to the NSW Government and the economy are substantial.

SHFA, as landlord, is responsible for certain building maintenance and repairs works as defined under the relevant leases. SHFA is also responsible for public domain security services, including rangers, waste management, cleaning and horticultural services (parks and gardens). To keep the buildings and public services in good order, SHFA implements major capital works annually including heritage conservation works. SHFA undertakes all its public domain and cleaning tasks at no cost to the community as the residents continue to pay their rates to the City of Sydney even though SHFA undertakes the services.

SHFA takes its social benefit tasks seriously and with pride. Public / Community use of the assets owned and managed by SHFA is considerable when reviewed in the context of the following table:

SHFA Activity	Some of the Public Benefits
<i>Festivals and Events</i>	<ul style="list-style-type: none"> <li>Enhances public recreation, education and awareness</li> <li>Attracts custom for local business</li> <li>Opportunity for performers and artists to showcase their work</li> </ul>
<i>The Rocks Market</i>	<ul style="list-style-type: none"> <li>Showcase for local Australian arts and crafts</li> <li>Tourist attraction</li> <li>Attracts custom for local business</li> </ul>
<i>Conferences, Conventions and Exhibitions</i>	<ul style="list-style-type: none"> <li>Promotion of Sydney as a business and tourism venue</li> <li>Attracts custom for local business</li> <li>Promotes Sydney business on an international level</li> </ul>
<i>Visitor Services</i>	<ul style="list-style-type: none"> <li>Education programs on culture, history, heritage</li> <li>Visitor Centres draw tourists to the area</li> </ul>
<i>Urban Renewal Activities</i>	<ul style="list-style-type: none"> <li>Efficient and effective use of Sydney Harbour foreshore land</li> <li>Optimal mix of commercial/residential development</li> <li>Provision of appropriate community infrastructure (parks, playgrounds, promenades) and public open space</li> </ul>
<i>Community Safety and Security</i>	<ul style="list-style-type: none"> <li>Improves community well-being</li> <li>Provides safer, well lit areas for local residents, businesses and customers</li> <li>Improves aesthetics of the area</li> </ul>
<i>Conservation/ Interpretation of Heritage Sites</i>	<ul style="list-style-type: none"> <li>Improves awareness of Australia's history and heritage</li> <li>Conserves historically significant sites for educational and cultural purposes</li> <li>Improves aesthetics of the area</li> </ul>
<i>Visitor Marketing</i>	<ul style="list-style-type: none"> <li>Promotes Sydney, nationally and internationally, as a tourist destination</li> <li>Co-ordinates local tourism marketing efforts</li> </ul>

Table 1: Public Benefits provided by Sydney Harbour Foreshore Authority

As a place manager, SHFA's activities create employment directly and indirectly for approximately 51,000 people<sup>17</sup>.

SHFA works closely with The Rocks Chamber of Commerce and the Darling Harbour Business Association, as well as community groups in other precincts, to meet community expectations of its place management role.

### **Promote places effectively**

SHFA also has an important tourism role which not only helps bring visitors to Sydney but also attracts Sydneysiders to its precincts which in turn support the many small businesses that are located there. Major achievements of SHFA's marketing and events program include:

- An average of around 500 events including annual festivals, community events and entertainment bookings are held each year in The Rocks and Darling Harbour.
- 8.9 million people movements are recorded annually in The Rocks with Darling Harbour recording approximately 23.5 million people movements per year<sup>18</sup>.
- The Sydney Convention & Exhibition Centre hosts approximately 25 international events annually and attracts over 1 million attendees.
- SHFA provides the annual Darling Harbour fireworks at 9pm on New Year's Eve for the benefit of Sydney.
- SHFA is a sponsor of Australia Day, the Sydney Festival and provides sponsorship of the National Trust of \$250k per annum (for 3 years).

### **Undertake Planning Assessment**

Under SEPP 56 the Consent Authority for the principal SHFA precincts (The Rocks, Darling Harbour, ATP, Luna Park and Ballast Point) is the Minister for Infrastructure, Planning and Natural Resources. Also, under SREP 26 City West – Pyrmont Ultimo the Minister is the Consent Authority for sites requiring a Master Plan.

SHFA undertakes the planning assessment role, on behalf of the Minister, for development applications (DA's) and Master Plans for these areas. This role was transferred from DIPNR to SHFA in August 2003<sup>19</sup>. A distinct planning unit within the Place Management Division, the Planning Assessment team (PAT), undertakes the assessment work. The planning assessment process is described in section 2.1 of this submission.

Similarly, the Authority's Heritage team assesses applications under section 60 and section 140 of the Heritage Act 1977, under delegation from the NSW Heritage Council<sup>20</sup>.

#### **1.4.2 Role of Place Development**

SHFA's Place Development responsibility is to set strategic direction and to put in place urban design criteria to ensure that any lands that are subsequently leased or sold will be developed appropriately to meet the broad range of social, community, environmental, heritage and commercial expectations that are required under the SHFA Act and relevant planning instruments. This is normally done by implementing Master Plans and / or DA's over the sites prior to lease or sale so potential developers deliver appropriate outcomes.

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<sup>17</sup> Deloitte Economic Impact Study on SHFA dated May 2001

<sup>18</sup> ATS / TTS Electronic People Counters Annual Report – 31 December 2003.

<sup>19</sup> Delegation under section 23 of the Environmental Planning & Assessment Act, 1979, (signed 4 August 2003).

<sup>20</sup> Delegation in accordance with section 169 (3) and section 21 of the Heritage Act 1977, 30 April 2002).

SHFA's Place Development team is made up of highly professional and experienced urban planners, architects, project managers and support staff, often with Local Government experience. The team is committed to deliver places designed for long-term sustainability that meet community needs, are relevant to the local infrastructure and balance customer and stakeholder expectations.

The Place Development team's expertise is focussed on urban design and planning solutions with particular emphasis on waterfront precincts. They undertake extensive community engagement work and engage specialist services such as heritage conservation management plans and traffic studies as required.

Sustaining SHFA's significant precincts is costly. Revenues from its remaining developments assist in providing funds for SHFA to meet local community service obligations; creating and maintaining parks and public domain; continuing the foreshore boardwalks which are being built from Circular Quay to Blackwattle Bay; maintaining the heritage restoration works in The Rocks; providing the free public events in The Rocks and Darling Harbour; and developing and maintaining the roads, infrastructure and other services for the people who use SHFA's precincts.

The Place Development role represents approximately 5% of staff resources and around 13% of SHFA's annual operating expenditure (2003 / 2004). It is not the major focus of the organisation and is declining over time as SHFA only has a handful of surplus government properties remaining to be sold.

SHFA is not responsible for all development that has occurred within its boundaries over time. In many cases, private developers have, prior to SHFA's existence, been able to deliver poor urban design outcomes, which would not now be acceptable. SHFA has a role to ensure such mistakes are not repeated where it has influence.

One key difference between the public sector and the private sector is that every public sector organisation has to include social and community obligations along with responsible commercial activities. SHFA is no exception. Under the SHFA Act, this balancing role is clearly set out. As a result, when SHFA considers a defined government landholding site like that at Elizabeth Macarthur Bay, it balances the appropriate community and social needs of the precinct for residential, commercial, retail and open space and plans accordingly.

The result is that SHFA sites have significant portions of public space and do not develop sites to their capacity which has been done at other places.

## **1.5 Achievements of SHFA**

Set out below is some of the achievements that highlight the value that SHFA has delivered for the Government and the people of Sydney.

### **Community**

- SHFA is a major financial supporter of community events in its precincts. In Darling Harbour alone, SHFA facilitates more than 300 free community events per annum<sup>21</sup>. These events range from the Indonesian Festival to the Egyptian Festival at Darling Harbour and the Mustard Seed Church Christmas Carols and Growers Market at Pyrmont / Ultimo. SHFA works closely with community associations and groups wishing to celebrate their culture and special national days.

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<sup>21</sup> SHFA Annual Report 2002 / 2003

- SHFA is a sponsor of the Pyrmont / Ultimo Festival, the 10km Wheelchair Race on Australia Day through The Rocks, The Sydney Festival, New Year's Eve and Australia Day celebrations in The Rocks and Darling Harbour including funding the fireworks spectacular.
- SHFA supports a number of charities. In last year's "Art on The Rocks" event, which donated \$35,000 in three categories as prize money, SHFA ensured that a percentage of the sale from artworks was distributed to the "Youth Off The Streets" charity. SHFA also coordinated a Bushfire Appeal in 2002 in conjunction with Rocks retailers raising funds for the NSW / ACT Bushfire Victims Government Appeal. The Starlight Foundation has been SHFA's chosen Christmas charity for the past several years.
- SHFA stages major events on an almost monthly basis in its precincts to provide free entertainment for Sydneysiders and visitors with crowds averaging 40,000+ per event<sup>22</sup>. All Sydneysiders, whether wealthy or poor, have access to enjoy two of Australia's premier tourism precincts.
- SHFA undertakes extensive community consultation in all its precincts and works to involve community groups in its work. For example:
  - SHFA has sought community input into design processes including community information sessions, community design workshops, design competitions and community briefings to architects.
  - SHFA has spent nearly four years in consultation regarding the Elizabeth Macarthur Bay site including a two-stage design competition. Community input has resulted in substantial changes to both the Master Plan and design of this site.
  - SHFA has spent 18 months in consultation with the Balmain and Birchgrove communities regarding Ballast Point. This has included site tours, special interest tours, vision workshops, a community liaison group, newsletters and visits to existing local community meetings.
  - SHFA attends regular community meetings in areas that it operates, including Millers Point, Pyrmont, Ultimo, Darling Harbour and on projects that operate in these areas such as the Cross City Tunnel.

## Tourism

- SHFA's major tourist precincts of The Rocks and Darling Harbour have consistently rated in the top five Australian tourism destinations in the past four years.
- SHFA operates the Sydney Visitor Information Centres in The Rocks and Darling Harbour which, combined, service more than 950,000 visitors each year.
- SHFA in conjunction with tenants, has created a series of tour products, including a schools program for primary and secondary students to teach them more about Australia's history – 10,000 students per annum join the tours<sup>23</sup> – a significant educational opportunity to learn about the history of Sydney.
- SHFA is a major financial supporter of the co-op marketing campaigns that are run by the Sydney Convention & Visitors Bureau, The Australian Tourist Commission and Tourism NSW. SHFA co-funds Tourism Sydney to be Sydney's leading tourism promotion agency, to ensure that Sydney receives special attention on both a domestic and international basis.
- In 2003, SHFA won the NSW Tourism Award for Excellence in Business Tourism.
- Over the past 18 months, SHFA's marketing team successfully targeted Sydneysiders to fill the void left by the drop in international tourism, with local repeat visitation increased by more than 80% to The Rocks and increased by 38% to Darling Harbour. Sydneysiders now

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<sup>22</sup> ATS / TTS Electronic People Counter Surveys.

<sup>23</sup> EMBS Bookings Report 2002 / 2003



visit The Rocks on average 23 times per year and Darling Harbour on average 27 times per year<sup>24</sup>.

- SHFA managed and co-funded the Live Sites in The Rocks and Darling Harbour during Rugby World Cup in 2003, adding to the whole of the City Festival atmosphere.

## Parks & Open Space

- SHFA is continuing to open up foreshore access in areas that were previously inaccessible, usually due to industrial use. SHFA is on track to complete its goal of achieving unbroken public foreshore access between White Bay and Woolloomooloo.
- SHFA maintains 25 hectares<sup>25</sup> of parks and open space in Darling Harbour, The Rocks and Ultimo/Pymont, spending \$13.7 million<sup>26</sup> per annum on the maintenance, cleaning and security of the public domain in those areas.
- SHFA continues to develop new parks and open space to meet precinct and government plans.
  - For example, green spaces added to Pymont / Ultimo in the last 10 years by SHFA and its predecessors include Pymont Point Park, Giba Park, Fig Lane Park, refinery Square Park, Mary Ann Park, Community Park and Pymont Bay Park. New parks in progress include Waterfront Park, Distillery Hill Park at Jackson's Landing, Darling Island Point Park and Darling Island Community Park.
  - The 1991 Precinct Planning Study of Ultimo and Pymont prepared by the NSW Department of Planning recommended a public open space ratio of 15 m<sup>2</sup> per resident<sup>27</sup>. SHFA and its predecessors have spent \$49m over the past ten years creating over 8 ha of open space at Ultimo / Pymont<sup>28</sup>. A report undertaken in 2004 by urban planning firm Cox Richardson found that there is now 25.8 ha of open space in the precinct. This equates to a current open space ratio of 19.8 m<sup>2</sup> per resident. This is 24% more open space per resident than the 15 m<sup>2</sup> target stipulated by the 1991 NSW Department of Planning Study.
- Parks are landscaped to a high quality to match the social expectations of the evolving community. Playground equipment has been designed in consultation with local school children, and SHFA has installed interpretive elements and sculptural works, including the award-winning Tide to Tide at Pymont Point.

## Technology

- SHFA, through its Australian Technology Park (ATP) at Redfern, plays a key role in encouraging the development of technology companies and establishing Sydney as the place for them to locate. This contributes to the country's innovation goals as well as bringing jobs and economic activity to Sydney.
- The Australian Technology Park has successfully attracted a number of high profile tenants in recent times, who have contributed to the 97% occupancy of developed space within the ATP precinct. Examples, include the following:
  - the headquarters for NICTA (National ICT Centre of Excellence);
  - the establishment of the NSW Cancer Institute;
  - the relocation of the Environmental Biotechnology CRC (from mid-2004);
  - the establishment of the Capital Markets CRC;

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<sup>24</sup> TNS Exit Survey Miriad Database, March – December 2002 and March – December 2003

<sup>25</sup> Department of Commerce - SHFA Parks, Roads and Plaza Plan 2004

<sup>26</sup> SHFA Statement of Business Intent 2003 / 2004

<sup>27</sup> Ultimo – Pymont Precinct Planning Study, Department of Planning (Sydney)

<sup>28</sup> Section 94 Works Program, Summary of Actual Expenditure for Capital Works, Ultimo / Pymont

- the establishment of the Smart Internet CRC;
- the establishment by ATPi of the BioFirst Technology Innovation precinct within the Biomedical building at the ATP;
- In the order of 60 Tours for Government and business delegations from China, Thailand, Germany, Vietnam, United Kingdom, Korea and Japan have been hosted by the ATP over the past 2 years.

## Business Tenants

- Businesses operating in SHFA's precincts provide employment for approximately 51,000 people and generate turnover in excess of \$2.4 billion per annum<sup>29</sup>. SHFA supports these businesses through its marketing and events program; through its management of the public domain which makes these precincts attractive to visitors; and through its planning assessment functions which ensures any proposed developments are appropriate for these important precincts.

## Urban Renewal

- SHFA and its predecessor has delivered a major urban renewal program in Pyrmont/Ultimo over the past ten years which has increased the resident population from 2,631 in 1986 to 12,708 in 2001, and increased jobs in the area from an estimated 10,000 in 1986 to 21,506 in 2001; transforming what was in many places a post-industrial wasteland, into a vibrant new community.
- SHFA has contributed \$3.8 million over the past three years to fund affordable housing in Pyrmont/Ultimo<sup>30</sup>.

## Heritage

- SHFA undertakes routine maintenance, restoration, preservation and interpretation of more than 100 buildings and structures listed on the State Heritage Register, which are situated across all SHFA's precincts.
- Recent major conservation projects include:
  - Dawes Point (Tar-ra) Park: the conservation and interpretation of the archaeological remains of the former colonial military battery, officers quarters and underground powder magazines, completed in 2002 at a cost of \$2.4 million.
  - Pyrmont Bridge: structural maintenance (2002) of the 100 year-old bridge, to ensure the swing span remains operable (\$530,000), and the cyclical re-painting of the bridge, which has just commenced (\$1.2 million).
  - Eveleigh Railway Workshop (ATP): the conservation, exhibition and interpretation of the workshop's historic industrial machinery. This project was completed in 2003 at a total cost of \$500,000 (with a dollar-for-dollar Heritage Assistance Grant from the NSW Heritage Office).
- SHFA has funded a series of heritage projects, conservation management projects and written and oral history projects to support its heritage conservation role.
- The quality of the conservation work undertaken by SHFA has been acknowledged by the numerous heritage awards granted by professional bodies including the National Trust of Australia, Royal Australian Institute of Architects (RAIA), Australian Planning Institute (API, formerly RAPI) and the Institution of Engineers Australia (IEA).

<sup>29</sup> Deloitte Economic Impact Study on SHFA dated May 2001.

<sup>30</sup> SHFA Annual reports 2000 / 01, 2001 / 02, 2002 / 03

Award	Year	Project / Site
▪ Energy Australia National Trust Heritage Awards: Award for Conservation Management Plans – Corporate/Government	2004	White Bay Power Station Conservation Management Plan
▪ Energy Australia National Trust Heritage Awards: Commendation for Cultural Heritage - Government	2003	The Rocks Heritage Management Plan
▪ Institute of Engineers Awards Highly Commended Heritage	2002	Dawes Point Park
▪ RAIA (NSW) Award for Architecture, Conservation and Reuse	2002	Dawes Point Park
▪ RAIA (NSW) Lloyd Rees Award for Outstanding Urban Design	2002	Dawes Point Park
▪ RAPI Award for Masterplan, Signage and Interpretation	2002	Dawes Point Park
▪ Energy Australia National Trust Heritage Awards for Tourism	2001	Dawes Point Park, Excavation, Conservation and Interpretation.
▪ RAPI Excellence in Planning Media Award	2001	The Rocks Beneath Our Feet.

*Table 2: Recent Awards won by SHFA for Heritage Works*

## 2 Internal Processes

### 2.1 Planning Assessment Process

There are two levels of planning assessment undertaken by SHFA:

- Minor DA's – for example a shop fit-out or a temporary structure for an event;
- Major DA's and Master Plans – for example a new building development <sup>31</sup>

SHFA undertakes the planning assessment for development applications within its defined area and where the Minister is the Consent Authority. However, for minor DA's, SHFA has a delegation from the Minister to undertake the consent role on his behalf. For Major DA's and Master Plans, the Minister remains the Consent Authority, not SHFA.

SHFA's current planning assessment delegations extend across the "foreshore area" as defined in the Sydney Harbour Foreshore Authority Act, 1998. The "foreshore areas" include:

- Areas declared to be State Significant under SEPP No. 56, ie. the Inner Harbour, Luna Park, and Caltex Site, Ballast Point;
- Areas within the Bays Precinct, Eveleigh Precinct and areas requiring a Master Plan under SREP No. 26 – City West; and
- The Walsh Bay Conservation Zone under SREP No. 16 – Walsh Bay.

### Why the Assessment role was transferred from DIPNR to SHFA

At SHFA's formation, the Minister for Planning delegated his functions as Consent Authority under the EP&A Act for the carrying out of minor development in The Rocks (formerly managed by SCRA), Darling Harbour (formerly managed by DHA) and other areas within the "foreshore areas" (as defined above) to the CEO of SHFA. It should be noted that both SCRA and DHA had full Consent Authority prior to the formation of SHFA.

The extent of what constituted "minor" development was identified in the schedule of delegation. Major development applications (DA's) and Master Plans within SHFA's boundaries were assessed by DIPNR, with the Minister as the Consent Authority.

However, in order to streamline the planning assessment process and allow DIPNR to focus more on its strategic work, the Minister, on 4 August 2003, transferred the assessment of Major DA's and Master Plans within SHFA's boundaries, under the EP&A Act, from DIPNR to SHFA on a trial basis. Reducing assessment times without affecting the quality of assessment, was seen to benefit applicants and the community in general.

Under these delegations the Minister remains the Consent Authority for major development in all these areas, while SHFA has taken on the administrative assessment role from DIPNR.

On 4 August 2003, 19 major DA's that had been with Planning NSW / DIPNR for up to 2 years were transferred to SHFA. SHFA has since assessed 16 of these DA's and referred them to the Minister. (The remaining 3 DA's are awaiting the provision of additional information by the applicants, before they can be assessed).

SHFA follows the same rigour as every other planning assessment authority and is proud of its efficiency in meeting community expectations for DA processing standards (see Table 4) and for service excellence.

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<sup>31</sup> Development considered to be minor is identified in Schedule B of the Minister's delegation (4 August 2003).

## Comparison of SHFA with other Authorities

SHFA undertakes the planning assessment of all DA's and Master Plans in accordance with the requirements of the EP&A Act. The DA is received; notified, referred or advertised (as required); assessed against the relevant environmental planning instruments (SEPPs, REPs, LEPs, DCPs, etc), and an assessment report prepared, in exactly the same way as occurs at any Local Council.

Within SHFA, minor development applications are granted consent under Ministerial delegation by the Planning Assessment Manager. All other DA's and Master Plans are referred to the Minister for his determination. In contrast, Local Councils are both the assessment and Consent Authority for all DA's.

The following table provides a comparison with some other organisations that have similar roles (in decreasing order of number of DA's processed per annum):

Authority / Agency	Development of Own Projects	Assessment of DA's	Consent Authority	No. of DA's Processed p/a (2001 – 2002)
Parramatta Council	Yes	Council Staff (Including its own DA's)	Council & delegation to Officers	2347 (3-5 of its own)
Leichhardt Council	Yes	Council Staff & Consultants for Council's own DA's	Council & delegation to Officers	933 (3-5 of its own)
City of Sydney	Yes	Council Staff Consultants for Council's own DA's	Council & delegation to Officers	848 (No. of its own not available)
Marrickville Council	Yes	Council Staff Consultants for Council's own DA's	Council & delegation to Officers	848 (3-5 of its own)
<b>Sydney Harbour Foreshore Authority</b>	<b>Yes</b>	<b>SHFA staff Consultants for own DA's</b>	<b>Minister for Major DA's &amp; delegation to SHFA staff for Minor DA's</b>	<b>Minor: 358 so far Major: 6 (1 owned by SHFA)</b>
Waterways	Yes	Waterways staff (Part 4& 5) DIPNR & Councils	Minister and Councils & Waterways staff (Part 5 EPA Act)	Pt 4 – 130 Pt 5 - 50 (5 of its own)
Vic Urban	Yes joint venture and in public domain	Dept of Sust'bility & Env't. Vic Urban is a Planning Referral Authority and can veto a DA	Minister	40-50 approx
Sydney Olympic Park Authority	Yes	DIPNR staff SOPA 'vets' substantial range of exempt developments and acts as referral body	Minister	10-20 approx
Sydney Ports Corporation	Yes	Sydney Ports Staff and sometimes dual with Waterways	Part 4 Minister or Local Council Sydney Ports CEO (Part 5 EPA Act)	Pt 4 – 12 (6 of its own) Pt 5 - 6 (all their own)
South Bank	Yes joint venture and in public domain	Architectural and Planning consultants	Board of Southbank Corp (Minister only if Development Plan to be varied)	2-3 approx
Sydney Harbour Federation Trust	Yes - on its own and in partnership	Commonwealth process undertaken by SHFT staff	SHFT or Commonwealth Minister (through Environment Australia)	1-2 to date excluding OHS and maintenance work
Department of Infrastructure, Planning and Natural Resources	Yes	DIPNR staff	Minister & delegation of minor DA's	NA

Table 3: Comparison of Development Authorities, Councils and similar bodies with planning powers<sup>32</sup>

<sup>32</sup> Information obtained from 2001 – 2002 Comparative Local Government Statistics, the websites of Councils and Authorities and discussions with officers of the various Authorities.

As can be seen from this table, SHFA is similar to a wide range of planning assessment organisations in having both a planning and a development role. However, unlike most organisations, notably Local Councils, it does not have a consent role for its own major DA's. This is discussed in more detail in section 2.3 of this submission.

The following table provides statistics on DA's processed by SHFA compared with benchmarks from the Local Government Association (LGA).

Type of DA	SHFA - Number of DA's assessed between 1 Aug 2003-30 April 2004	SHFA - Average Days to process DA	LGA (NSW) Benchmark for average days to process DA
Minor DA's	322	20.1 days	The average LGA assessed 727 DA's
Minor DA's [referred, notified or advertised]	36	50.8 days	
Major DA's approved by Minister	6	90.3 days	
Total DA's assessed [including 15 approved DA's transferred from DIPNR]	364	24.3 days	46.5 days

*Table 4: Comparison of benchmarks for processing of DA's (figures from SHFA's Development Application Register)*

SHFA has developed enhanced processes to assist those lodging development applications to obtain a decision on their application with expediency that regularly exceeds those outcomes reported in local government benchmarks.

### **Role of Board on Planning Matters**

The SHFA Board is asked to endorse referral of the assessment of Major DA's and Master Plans, in order to be satisfied that due process has been followed, prior to the assessment being passed on to the Minister for his determination.

The Board does not necessarily support all DA's or Master Plans brought to it, and has asked for additional clarification on DA's before forwarding to the Minister. The Board is not the Consent Authority for major DA's/ Master Plans – that is the Minister's role.

### **Role of Minister and communication with his office on Planning Matters**

SHFA's town planners assess applications against their compliance with relevant environmental planning instruments, taking into account the content of any submissions received and submit a recommendation for approval or rejection to the Consent Authority.

SHFA is the delegated Consent Authority for minor development applications only. SHFA is not the Consent Authority for major development applications. This role always lies with the Minister for Infrastructure, Planning and Natural Resources.

SHFA's Planning Assessment Manager has a monthly meeting with the Minister's planning adviser to discuss the planning assessments that have been referred to the Minister for his determination.

In its day to day activities, SHFA interacts with a number of local Councils and with the Minister in order to meet consultative and legislative requirements under the EP&A Act.

## Interaction with Local Councils on Planning Matters

In relation to planning matters, SHFA consults and interacts with Councils that either neighbour SHFA land and/or where SHFA has powers on land that falls within a Council's existing territory. Principle examples of this are:

- City of Sydney - SHFA refers Development Applications for comment (under SEPP 56 Section 12). SHFA attends and conducts meetings with officers and/or project briefings e.g. Sydney Fish Market development and liaises with Council on major city-wide events e.g. New Year's Eve.
- Rockdale City Council - SHFA attends meetings and answers correspondence relating to the Cooks Cove project.
- Leichhardt Municipal Council - SHFA refers Development Applications for comment. SHFA also attends meetings and answers correspondence relating to the White Bay Power Station, redevelopment of Ballast Point and the Rozelle Marshalling Yards. The Mayor and some Councillors have been taken on a tour of this site by SHFA.
- North Sydney Council - SHFA refers Development Applications relating to Luna Park for comment. Meetings have been held with the Mayor and officers relating to land matters at Luna Park.

## 2.2 Place Development Process

SHFA's place development process is based on good urban design. It starts with setting a strategic direction for a particular place that meets the broad range of social, community, environmental, heritage and commercial expectations that are required under the SHFA Act and relevant planning instruments.

In SHFA's three business precincts - being the Australian Technology Park (ATP), Darling Harbour and The Rocks - place development involves the provision of strategic development advice, capital works programs and other planning initiatives to enhance the precinct in terms of financial, social and environmental outcomes. For example, the Place Development team is involved in revitalising parts of The Rocks where private sector tenants are sought to restore or redevelop heritage assets and vacant land on a leasehold basis in accordance with strategic objectives for The Rocks.

In areas outside the three business precincts, the Place Development team provides development management services, reporting to the CEO and SHFA Board. These areas include Pyrmont / Ultimo, Blackwattle Bay, Ballast Point, Rozelle / White Bay project sites, Luna Park and the Cook's Cove site at Arncliffe.

Under the SHFA Act, its land holdings are divided into core land and non-core land. Only non-core land, which is surplus to government requirements, can be sold. Foreshore land is invariably core land and can only be leased. In either case, the place development process is similar, as SHFA, unlike some other entities, considers more than just commercial outcomes in assessing development opportunities.

The place development process involves:

- Property due diligence and project feasibility;
- Place vision and strategy to achieve social, community, environmental, heritage and commercial expectations;
- Good urban design and planning solutions taking into account the range of priorities that must be balanced;
- Community engagement from the initial design phase through to project implementation;

- Commissioning of specialists studies – traffic management plans and conservation management plans, etc;
- Submission of Master Plans or DA's as required to achieve the vision; and
- (Where applicable), appropriate procurement processes if the site is to be retained and developed on SHFA's behalf; or property marketing and land disposal advice, if not.

This process aims to ensure that SHFA's master planned sites are developed appropriately and, by gaining development approvals, reduces planning risk to potential buyers and to the community.

All major development plans are submitted to the Board for their approval as land owner. Long term leases and land sales are required to be approved by the Minister.

### ***2.3 Addressing Potential Conflicts of Interest***

As a planning assessment authority and property owner of government lands, SHFA faces the same perception issues that DIPNR and every local Council in NSW faces in carrying out these dual roles.

At the time that planning assessment powers were being transferred from DIPNR to SHFA, advice on how best to manage both the potential conflict of interest and the overall transparency of process was sought from Deloitte's, who act as internal auditors to SHFA. Deloitte's referred SHFA to the ICAC publication, *Taking the Devil out of Development* (May 2002) and processes were developed to address any perceived conflict of interest or transparency issues.

With respect to any perceived conflict of interest, SHFA implemented the following:

- **Separation of functions:** the establishment of a separate section within Place Management to assess DA's, while the development projects would be prepared in the separate Place Development Division;
- **Independence of assessment:** the referral of the planning assessment (to contracted certified planners) when SHFA is lodging a major DA, to heighten the independence of the process.
- **Location of Consent Powers:** the Minister would remain the ultimate Consent Authority.

With respect to transparency, SHFA adopted a number of processes, including:

- Clearly defining and documenting processes and communicating them to SHFA staff;
- Clearly communicating the processes to the community and stakeholders<sup>33</sup>;
- Seeking the views of DIPNR and local Councils in relation to the assessment of various applications and including this advice with the SHFA report that is sent to the Minister for determination.

The Board and the Minister were satisfied with these processes, which are similar (in terms of separation of functions and independence of assessment) to those undertaken by local Councils and other similar bodies around Australia.

Of the utmost importance is the fact that SHFA does not have the power to give development consent to any high profile development applications (which at times has been mistakenly assumed by the public is the case). Hence, projects like Elizabeth Macarthur Bay, the Sydney Fish Markets, Luna Park and Cooks Cove could never be approved by SHFA.

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<sup>33</sup> SHFA DA Assessment Flowchart



SHFA has communicated this as part of its consultation with the community.

### Comparison with Local Council Processes

It is common for Government authorities such as local Councils and Development Authorities, to have a role in both land ownership/development and planning assessment/consent.

Recent examples of a Local Council developing its own land and being the Consent Authority include:

- **City of Sydney** rebuilding the Andrew (Boy) Charlton Pool in The Domain and completed in 2002 at a cost of \$9.7 million; where the Council was both the developer and the Consent Authority. The Council is also undertaking the current alterations and refurbishment of Customs House at 31 Alfred St, Circular Quay, at a cost of \$10,411,000. In this case the Council owned the development, submitted the DA, and approved it<sup>34</sup>.
- **Woollahra Council** has considered options for the redevelopment of its Kiaora Lands in Double Bay. The outcome of the planning exercise between Council and the joint venture partners is a Master Plan for the Kiaora Lands site to provide a new supermarket, retail arcade, public square, improved pedestrian areas, additional parking, greater residential amenity and community facilities. Council prepared a draft local environmental plan (Draft Woollahra LEP 1995 - Amendment 44) and a draft development control plan (Draft Double Bay Centre DCP – Amendment 1) to provide a development framework for the Master Plan. The draft LEP and DCP were adopted with amendments by Council on 3 November 2003 and gazetted on 27 February 2004. To provide a transparent process and avoid conflicts of interest, an independent planning consultant has been engaged to assess the development application and it is anticipated that Council will consider the assessment report in mid 2004. Council is the owner, a JV partner in the development and Consent Authority<sup>35</sup>.
- **South Sydney Council** prepared and approved site specific design guidelines for council owned land on Broadway, Ultimo, in 1998. The land was then sold to a developer and Council assessed and consented to the development application<sup>36</sup>.
- **Marrickville Council** has also undertaken a number of projects in which it is the land owner, development applicant and Consent Authority. These include the Victoria Road car park, at the corner of Victoria and Marrickville Roads, a multi-storey mixed-use redevelopment, costing approximately \$5 million; and the Steel Park redevelopment at Illawarra Road Marrickville, a multi-purpose sporting complex, with retail component, costing \$3.5million<sup>37</sup>.

In all these instances the local council was the land owner, the development applicant and the Consent Authority.

Generally, the assessment of the development application is prepared by an external planning consultant. This is the same procedure practised by SHFA for the assessment of major developments in which it has a property interest.

Further, SHFA seeks the opinion of DIPNR and other affected parties such as the City of Sydney Council and includes all responses with a SHFA report which are submitted to the Minister for approval. Such a process demonstrates SHFA's objective to operate transparently and minimise any perceived conflicts of interest.

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<sup>34</sup> City of Sydney Annual Report, and One Stop Shop

<sup>35</sup> Woollahra Council Website

<sup>36</sup> South Sydney Council's City Environmental Assessment Unit

<sup>37</sup> Marrickville Council's Citizens' Service Centre

## **2.4 Audit & Risk Management Committee**

The SHFA Board has an Audit and Risk Sub-Committee to oversee the Authority's auditing activities and to be the Board's principal agent in assuring the integrity of management and the adequacy and appropriateness of internal controls and systems.

The Audit & Risk Management Committee's responsibilities are as follows:

- To review financial reports and accounting policies to ensure that the Board is given accurate, reliable and relevant summary of the financial position of the Authority;
- To oversee the external audit program, from the letter of engagement to the final "sign-off" and meeting with the Auditors in the absence of management at least once a year;
- To recommend the internal audit program of the Board and report on its implementation;
- To review management's tracking and implementation of audit recommendations / action;
- To review the investigation of breaches of conduct and professional ethics; and
- To identify major risks to which the Authority is exposed and verify that the internal control systems are adequate and functioning effectively.

The Audit and Risk Management Committee is satisfied that the internal processes and procedures surrounding Planning Assessment activities within SHFA is carried out correctly and with integrity.

### 3 Current Developments

SHFA has a continuing role in a number of current development activities. In some cases, SHFA is the owner of the site and also the developer. In other cases, SHFA is neither, but the development lies within its legislated boundary.

The following brief summaries clarify the status of five current major developments, namely:

- Luna Park
- Sydney Fish Market
- Ballast Point
- Elizabeth Macarthur Bay
- Cooks Cove.

#### 3.1 *Luna Park*

##### Background

Luna Park Reserve is Crown Land. It is vested in the Crown by the Luna Park Site Act 1990 and dedicated under the Crown Lands Act 1989 No. 6 for the purpose of public recreation, public amusement and public entertainment.

In 1998, the State Government awarded redevelopment of Luna Park to Metro Edgley following a competitive tender. Metro Edgley's proposal retained the heritage rides, maintained Coney Island and Crystal Palace and introduced a Luna Circus, a new café, brasserie and a public car park.

The Government brought Luna Park under the provisions of SEPP56<sup>38</sup> (Minister as Consent Authority) in February 2001. SHFA was also appointed by the Minister for Land and Water Conservation under the provisions of the Crown Lands Act to manage the affairs of the Luna Park Reserve Trust in February 2001. SHFA was appointed to this role as a result of its expertise in heritage conservation and its management of significant foreshore areas.

##### The Government's Objectives

- Ensure Luna Park re-opened as a commercially viable operation at no cost to the people of New South Wales.
- Ensure the Luna Park site and its associated harbour foreshore is retained as public land accessible to the people of Sydney, NSW and our visitors.
- Recognise the cultural and heritage significance of Luna Park as a visual icon prominent on Sydney Harbour's foreshore and ensure its cultural and heritage features are conserved.
- Expand the range of activities and uses for Luna Park to ensure ongoing operation of a financially viable amusement park and entertainment precinct that will conserve Luna Park's special identity and heritage features.
- Preserve Luna Park's identity and retain its Sense of Place through continued evolution as an amusement park and entertainment precinct for the enjoyment of future generations of Australians.

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<sup>38</sup> SEPP 56 Schedule 1, Map 16, Luna Park

## Current Status

Earlier this year, the site gained some publicity for a proposal to develop the cliff top site put forward by the operators of the Park, Metro Edgley. Development of the cliff top sites at Luna Park was envisaged under the Luna Park Site Amendment Act 1997 to enable Luna Park to be redeveloped and operated as an economically viable venture. This proposal received bilateral support in Parliament at the time. The Luna Park Plan of Management adopted in 1998 also envisaged commercial development of the cliff top sites for uses such as a hotel, shops, offices and car parking.

In March 2004, the Minister announced he would take action to remove any doubt that uses authorised by the Luna Park Site Act for the cliff top sites are permissible for planning purposes. The Minister announced his intention to amend State Environmental Planning Policy 56 so it reflects the intent of the Luna Park Site Act. The Minister has also appointed an Expert Committee to advise on appropriate planning controls. Any development proposal for the cliff top site will be assessed on its merits, publicly and transparently.

SHFA is not the developer of this site; it is only the planning assessment body. The Minister will be the Consent Authority for any future development applications at Luna Park.

## 3.2 Sydney Fish Market

### Background

Sydney Fish Market is an important site within SHFA's legislative boundaries. The revitalisation of Sydney Fish Market is seen as a catalyst for the redevelopment of the larger Blackwattle Bay area as a working harbour and destination precinct, and is expected to bring community, economic and government benefits. Because of its importance to the precinct, a Memorandum of Understanding was signed between SHFA and Sydney Fish Market Pty Ltd to produce a new Master Plan for the Sydney Fish Market site in September 2001.

The Sydney Fish Market site is not owned by SHFA. The likely developer of the site will be Sydney Fish Market Pty Ltd, subject to normal planning approval processes. The Consent Authority is the Minister.

### Public Consultation

More than 50 agencies and organisations provided input into the initial Master Plan concepts in October 2001 and in July 2002<sup>39</sup>. SHFA consolidated their feedback and options into a preferred Master Plan, the key elements of which are:

- Continuous foreshore access around the site
- Improved and cleaner facilities for the retailers and wholesalers and their customers
- Improved parking arrangements for both customers and tenants
- Pedestrian gateways into the site from Pyrmont and the Light Rail stops
- Commercial space to provide feasibility for the redevelopment
- Increased retail and leisure space
- Recognition and safekeeping of the unique maritime / working harbour character of the Sydney Fish Market.

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<sup>39</sup> Sydney Fish Market Master Plan – Phase 2 Community Involvement Programme Findings – November 2002

The draft Master Plan was exhibited from 1 August 2003 to 1 September 2003, in excess of the statutory requirement of 21 days. More than 11,000 invitations were distributed to surrounding residents including Pyrmont, Ultimo and Glebe advising and inviting them to review the draft Master Plan. In addition, two open days were held at Sydney Fish Market to answer questions regarding the draft Master Plan and it is estimated 2,000 – 3,000 people viewed the draft Master Plan model and documents. About 130 public submissions were received and taken into consideration in the assessment.

**Current Status:**

The Master Plan has been assessed and is currently with the Minister for his consideration.

**3.3 Ballast Point****Background**

At the Government's request, on 26 September 2002, SHFA took ownership of Ballast Point by way of compulsory acquisition under the Land Acquisition (Just Terms Compensation) Act 1991, from the previous owner which was the Caltex refinery.

The Government has returned one of Sydney's most significant headlands to public ownership, with the aim of creating a new harbourside park. The inclusion of a small maritime refueling facility on the site will contribute to Sydney's working harbour. The site requires significant rehabilitation from an ex-industrial site to a public park. SHFA will prepare a Master Plan for approval by the Minister and ultimately oversee the approved works.

**Current Status**

SHFA has prepared a Local Environmental Plan (LEP), for submission to Leichhardt Council, to amend the zoning of the Ballast Point site – from an industrial zone to an open space zone, with a small maritime refueling facility and refreshment room as permissible uses.

On 12 November 2003, Caltex lodged with SHFA a site preparation development application for demolition and remediation works. The development application has been assessed and is currently awaiting determination by the Minister.

SHFA is preparing a Master Plan for Ballast Point. SHFA is involving the community and other stakeholders in planning the new park through a series of workshops and other consultation programs. A newsletter is being distributed to update the community on progress and a meeting has been arranged with Leichhardt Council to brief them on developments.

**3.4 Elizabeth Macarthur Bay****Background**

SHFA's predecessor acquired the Water Police site from the former Maritime Services Board in 1994 with a temporary lease back to the Water Police and a long term aim of redeveloping this ex-industrial site with a mix of public access and residential use as per the zoning under SREP 26.

In February 2002, SHFA signed an agreement with the Police to acquire land at Camerons Cove and pay for the relocation of the Water Police to that site, following approval of a Master Plan for the Elizabeth Macarthur Bay which, to proceed, required them to vacate.

## **Current Status**

The current design concept (which is subject to final review) features more open space than is required under the Master Plan. Open space is an integral component of the proposed redevelopment with more than 50 percent of the site being available as public open space.

The lobby group, Friends of Pyrmont Point, has opposed the redevelopment since August 2003 and is demanding the site be reserved for public open space.

Submission and exhibition by SHFA of a development application for the site has been deferred pending the results of independent traffic and infrastructure studies which are to be completed by City of Sydney Council in July 2004.

## **3.5 Cooks Cove**

### **Background**

In July 2001, the Cooks Cove project was declared to be of State significance and Cooks Cove Development Corporation (CCDC) was established to promote, coordinate and manage development of the site.

In September 2001, CCDC appointed SHFA to manage its operations, authorising SHFA to commence planning for the Cooks Cove project.

The Cooks Cove project will create an advanced technology, trade and commerce centre capitalising on its proximity to Sydney Airport. It is expected to deliver significant social and economic benefits to NSW.

There are approximately 73 hectares (73 percent of the total site)<sup>40</sup> of open space within the project area. The project will deliver a new golf course, new sporting facilities, protection of wetland habitats and resolution of current contamination issues – at no cost to the Government.

### **Current Status**

SHFA has prepared a Master Plan and DIPNR has prepared a Regional Environmental Plan (REP) for the Cooks Cove project. The Master Plan has been made by the Minister and the REP is currently awaiting gazettal.

Once the REP is gazetted, development applications for the site will then be prepared and the site offered for sale by open tender.

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<sup>40</sup> Cooks Cove Master Plan – Volume 1, the Master Plan Report, September 2001, Hassell

## 4 Conclusion

The Sydney Harbour Foreshore Authority provides an important and necessary service to the people of Sydney, being responsible for a portfolio of significant public precincts and ensuring a balanced set of cultural, tourism, heritage, environmental and commercial outcomes are achieved.

SHFA contributes significantly to the preservation of The Rocks, the activation of Darling Harbour, the renewal of Pyrmont/Ultimo, the enhancement of Sydney as a tourist destination and the development of the Australian Technology Park as a centre of excellence.

SHFA's planning assessment role is governed by legislation and relevant planning instruments and it undertakes that role with integrity, preparing the appropriate paperwork for the consideration of the Minister, who is the Consent Authority (not SHFA) for all major DA's and Master Plans.

SHFA's achievements, outlined in this submission, speak for themselves in providing a track record of responsible management, community service and delivery of results against the legislated objectives.

In making this preliminary submission, SHFA would seek leave to provide more detailed responses and further submissions on other relevant matters as the Inquiry proceeds.