



Australian Government
Department of the Environment and Energy
Sydney Harbour Federation Trust

COST RECOVERY IMPLEMENTATION STATEMENT

Liquor Permits and Planning Application Fees

2019-20

Cost recovery involves government entities charging individuals or non-government organisations some or all of the efficient costs of a regulatory activity. This may include goods, services or regulation, or a combination of them. The Australian Government Charging Framework, which incorporates the Cost Recovery Guidelines (the CRGs)¹, sets out the framework under which government entities design, implement and review regulatory charging activities.

¹ The Australian Government Charging Framework and the CRGs are available on the Department of Finance website (www.finance.gov.au).

1. INTRODUCTION

1.1 Purpose of the CRIS

This CRIS provides information on how the Sydney Harbour Federation Trust (Harbour Trust) implements cost recovery for Liquor Permits and Planning Applications. It also reports financial and non-financial performance information for these activities and contains financial forecasts for 2020/21 and three forward years. SHFT will maintain the CRIS until the activity or cost recovery for the activity has been discontinued.

1.2 Description of the regulatory charging activity

The Harbour Trust undertakes various activities with the overarching objective to transform its sites into precincts and parklands that will enhance the cultural and historical values of the city, whilst conserving the environmental integrity and unique heritage of the sites. The Harbour Trust generates revenues through fees while operating and maintaining its sites. Regulatory activities subject to charging include Liquor Permit Applications and Planning Applications.

1.2.1 Liquor Permit Applications

What is the regulatory activity being cost recovered?

Liquor Permit Applications are a regulatory activity that is administered by the Harbour Trust under the *Sydney Harbour Federation Trust Act 2001* (the Act). The Act prescribes the powers of the Harbour Trust in relation to the administration of Liquor Permit Applications.

SHFT issues two types of Liquor Permits:

- On-premises permits – Generally issued for 12 months, on a renewable basis, to area lessees of Harbour Trust properties; and
- Special event permits – Generally issued for short periods, on a renewable basis, to area licensees of Harbour Trust land.

What policy outcomes will the activity achieve?

Liquor Permits contribute to the activation of Harbour Trust sites by tenants and special events through promoting public access, as outlined in the Act. It also assists the Harbour Trust in managing the responsible service of alcohol on Harbour Trust sites by certifying that activities involving the sale or supply of alcohol meet the requirements of relevant legislation and codes, as well as ensuring that they are in line with the various Harbour Trust plans.

The Liquor Permit activity therefore contributes to the Harbour Trust's achievement of its objectives and outcomes through providing an effective compliance, implementation and monitoring mechanism for the sale or supply of alcohol on Harbour Trust land.

Why is charging appropriate for the regulatory activity?

The Harbour Trust believes that there is a strong need to continue with the current policy for Liquor Permits, as the activity contributes to the activation of Harbour Trust sites by tenants involved in various commercial or residential activities.

The regulatory activity ensures that any undertakings involving the supply of liquor meet the relevant legislation and codes and is in line with the various Harbour Trust plans. In order to ensure maximum contribution to community within the Harbour Trust land, through various activities, the Harbour

Trust has instituted a strong monitoring and compliance regime. Charging is viewed as an appropriate means by which to ensure that these activities remain sustainable.

Who will pay the regulatory charges?

Prior to the sale or supply of alcohol on Harbour Trust land, prospective permit holders must first apply and pay applicable fees for a Liquor Permit. The impact of charging on stakeholders is negligible, as proponents would be subject to similar fees and charges for the sale or supply of alcohol on others sites throughout NSW.

1.2.2 Planning Applications

What is the regulatory activity being cost recovered?

Planning Applications are a regulatory activity that is administered by the Harbour Trust under the Act. The Harbour Trust is the relevant planning authority for proposed actions on its lands.

For approved applications, Planning Permits and conditions are issued by the Harbour Trust in accordance with the Act. More complex applications may need to be referred to the Department of Agriculture, Water and the Environment for consideration and separate approval under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

What policy outcomes will the activity achieve?

The Planning Application activity contributes to the activation of Harbour Trust sites by tenants involved in various activities, usually of a commercial nature. The activity ensures that any development on Harbour Trust land meets the requirements of relevant legislation and codes, whilst also being in line with Harbour Trust objectives and plans.

Why is charging appropriate for the regulatory activity?

The Planning Application activity ensures that commercial activation on Harbour Trust sites by means of development is accompanied by a strong monitoring and compliance regime. Charging is viewed as an appropriate means by which to ensure that these activities remain sustainable.

Who will pay the regulatory charges?

Individuals or organisations must apply for a Planning Permit where they propose to undertake certain activities and/or works on Harbour Trust land. When applications are assessed by the Harbour Trust, a fee is charged. The impact of charging stakeholders is negligible, as the schedule of fees is aligned with local councils.

2. POLICY AND STATUTORY AUTHORITY TO COST RECOVER

2.1 Government policy approval to cost recover the regulatory activity

Subsection 22(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) provides that the Finance Minister may make an order that specifies a policy of the Australian Government that is to apply in relation to one or more corporate Commonwealth entities (CCE).

The *Public Governance, Performance and Accountability (Charging for Regulatory Activities) Order 2017* specifies the Australian Government policy relating to charging for regulatory activities that is to apply to certain CCEs, including the Harbour Trust.

The then Finance Minister has approved partial recovery of costs associated with the approval process of Development Applications (now referred to as Planning Applications) as per the Finance Minister's letter dated 15 August 2011.

2.2 Statutory authority to charge

The statutory authority to charge is contained within the *Sydney Harbour Federation Trust Regulations 2001*, which is subordinate legislation to the *Sydney Harbour Federation Trust Act 2001*. The provisions are covered in Part 4, Miscellaneous – Section 41, Fees – which state:

- (1) The Trust may charge a reasonable fee in respect of a service or facility provided by the Trust on, or in connection with, Trust land.
- (2) The Trust may charge a fee in respect of an application for a licence, permit or other authority under these Regulations.
- (3) A fee charged under subregulation (2) must not exceed the reasonable administrative costs of processing the application.
- (4) In addition to any fee charged under subregulation (2), the Trust may charge a reasonable fee in respect of the carrying out on Trust land of any activity authorised by a licence or permit granted by the Trust.
- (5) The amount of any fee may be recovered by the Trust as a debt due to the Trust in a court of competent jurisdiction.

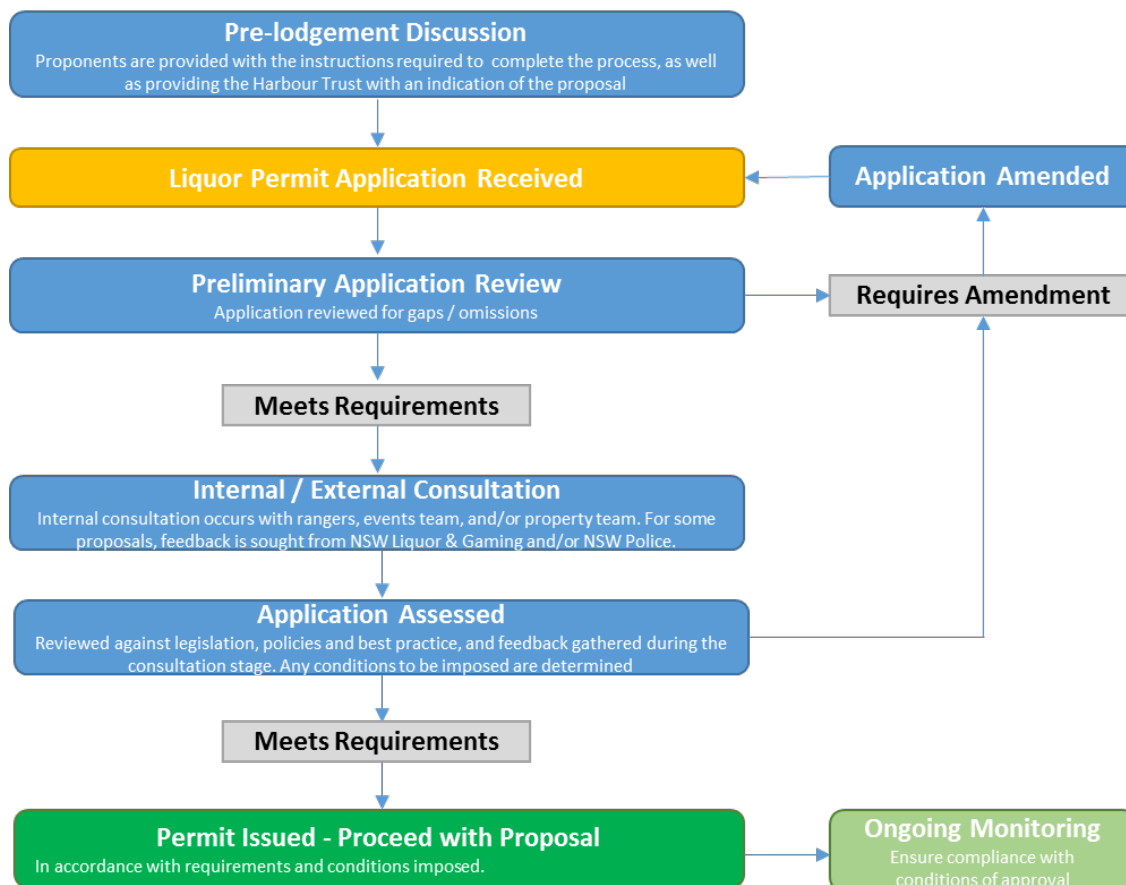
3. COST RECOVERY MODEL

3.1 Outputs and business processes of the regulatory charging activity

3.1.1 Liquor Permit Applications

The output of this activity are the Liquor Permits issued to tenants and operators of special events on Harbour land. The business processes followed in performing the regulatory activity are illustrated in the diagram below, with a brief summary description following. All approximations of time involved at each stage have been based upon estimates of time incurred by a Planner to complete the activity. The assessment has been made by the Harbour Trust's Planning Team.

Liquor Permit Application – Business Process



Pre-lodgment Discussion

Proponents are provided with the instructions required to be completed through the application process. This stage also provides the Harbour Trust with the opportunity to gain a preliminary understanding of the nature of the proposal. The time spent by Harbour Trust staff at this stage is estimated to be between 1 and 4 hours.

Preliminary Application Review

After the Liquor Permit Application has been received by the Planning Team, it undergoes a preliminary review process to understand the nature of the application, as well as identify any gaps or omissions in the documentation and information provided. If any gaps are identified, the application is returned to the proponent for amendment. The time spent by Harbour Trust staff at this stage is estimated to be between 1 and 4 hours.

Internal / External Consultation

Once it is determined that the application contains the correct information, the proposal is subject to internal and possibly external consultation. Internal consultation is led by the Planning Team and occurs with different functional units within the Harbour Trust, including Rangers, the Events Team, and/or the Property Team. External consultation may occur (particularly for applications for events) with NSW Liquor and Gaming, and/or NSW Police. The time spent by Harbour Trust staff at this stage is estimated to be between 1 and 4 hours.

Application Assessed

The application is assessed by the Planning Team. It is reviewed against the relevant legislation and policies, management plans, best practice guidance, as well as any feedback on the proposal gathered throughout the consultation process. If the application is assessed as meeting all requirements, the Liquor Permit is issued, along with any attached conditions. If the requirements are not met, the proponent is informed of any amendments required. The time spent by Harbour Trust staff at this stage is estimated to be between 1 and 4 hours.

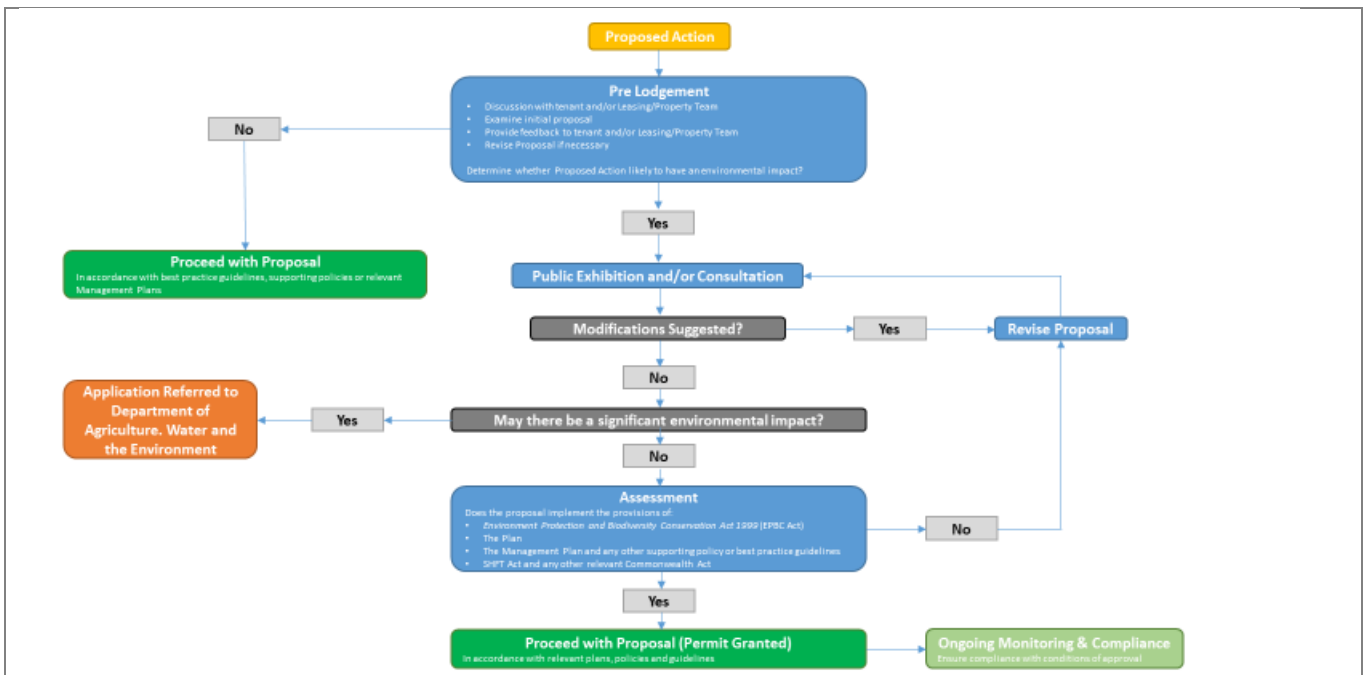
Ongoing Monitoring and Compliance

Once a permit has been issued, the activities of the tenant and/or operator are monitored to ensure compliance with any conditions imposed as part of the permit issuance. If a breach of conditions are identified, the proponent will be told to remedy, with the potential for a fine to be issued. Termination of the permit may also occur. The time spent by Harbour Trust staff at this stage is estimated to be between 2 and 4 hours.

3.1.2 Planning Applications

The output of this activity are the Planning Permits issued to individuals or organisations undertaking certain activities and/or works on Harbour Trust land. Since 2004, the Harbour Trust issues, on average, 14 Planning Permits per annum (calendar year). The average for the past 5 years has been 11 Planning Permits per annum.

The business processes followed in performing the regulatory activity are illustrated in the diagram below, with a brief summary description following. All approximations of time involved at each stage have been based upon estimates of time incurred by a Planner to complete the activity. The assessment has been made by the Harbour Trust's Planning Team.



Pre-lodgment

Proponents are provided with the instructions required to be completed through the application process. This stage also provides the Harbour Trust with the opportunity to gain a preliminary understanding and examination of the nature of the proposal. Discussion may occur with the tenant and/or the Harbour Trust’s Property Team. At this stage, the Planning Team determines whether the proposed action is likely to have an environmental impact. The time spent by Harbour Trust staff at this stage is estimated to be between 1 and 4 hours.

Public Exhibition and/or Consultation

If the proposed action is determined to potentially have a significant environmental impact and/or to be of significant public interest, the Planning Permit Application will progress to the Public Exhibition and/or Consultation stage. Internal consultation with relevant sections of the organization is standard. Sometimes consultation with a neighbouring council or other bodies such as NSW National Parks & Wildlife Service may occur. At the conclusion of the public consultation process, modifications and queries over the proposal may be suggested to the proponent. The time spent by Harbour Trust staff at this stage is estimated to be between 1 and 4 hours (longer where Public Exhibition is required).

Assessment

At this stage, the proposal undergoes mandatory assessment against the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), and other relevant legislation/policies and management plans. Applications that may have a significant impact on the environment are referred to the Department of Agriculture, Water and the Environment for a detailed assessment under the EPBC Act. If the application is assessed as meeting all requirements, the Planning Permit is issued, along with any attached conditions. If the requirements are not met, the applicant is informed of any amendments required. The time spent by Harbour Trust staff at this stage is estimated to be between 4 and 40 hours, depending on the complexity of the proposal.

Ongoing Monitoring and Compliance

Issued Planning Permits will usually have conditions of approval attached. Monitoring the compliance of the proponent with these conditions usually involves the Planning Team collating required documents, issuing construction/occupation approvals, and undertaking inspections during the works. The time spent by Harbour Trust staff at this stage is estimated to be between 1 and 4 hours.

3.2 Costs of the regulatory charging activity

The costs of both regulatory charging activities are based on estimates of the time involved in the receipt, processing, exhibition/consultation, assessment, approval, issuing and monitoring of applications and permits.

The main direct cost drivers in both regulatory charging activities are the staff hours incurred in undertaking the steps noted above. Indirect costs comprise of the on-costs associated with the staff's time (such as superannuation, workers compensation, long service leave, corporate services, and utilities).

As the primary cost driver of both activities is the time taken by staff to complete the respective processes, both direct and indirect costs have been allocated based upon an hourly rate. Direct costs have been assessed through converting average annual base salaries to an hourly rate (based upon ordinary hours of work as per the Enterprise Bargaining Agreement). Indirect costs have been attributed based upon calculated recovery rates (the Harbour Trust's indirect costs as a proportion of total salaries), converted to an hourly figure.

Due to the low volume of annual applications for each activity, changes in the activity's complexity can impact on the costs incurred significantly.

All business processes within each of the activity types are managed internally within the Trust.

3.2.1 Liquor Permit Applications

The estimated costs of the activity are as follows, presented as a range.

Process	Costs - Lower Bound (\$)			Costs - Upper Bound (\$)		
	Direct	Indirect	Total	Direct	Indirect	Total
Pre-lodgment Discussion	64.92	16.68	81.60	259.69	66.72	327.79
Preliminary Application Review	64.92	16.68	81.60	259.69	66.72	327.79
Internal/External Consultation	64.92	16.68	81.60	259.69	66.72	327.79
Application Assessed	64.92	16.68	81.60	259.69	66.72	327.79
Compliance & Monitoring	129.84	33.36	163.20	259.69	66.72	327.79
TOTAL	389.53	100.08	489.61	1,298.43	333.59	1,632.02

Note: Future costs (as presented in Section 6) are assumed to increase by 2% p.a. reflecting the escalation of the primary cost driver (Salaries & Wages), based on the Harbour Trust's Enterprise Bargaining Agreement.

The lower bound of the estimated cost to the Harbour Trust of completing the Liquor Permit Application activity is \$489.61, with the upper bound estimated to be \$1,632.02. The difference between the lower and upper bounds reflect the varying levels of complexity and associated resource requirements of different applications.

3.2.2 Planning Applications

The estimate of time required in the Planning Application activity varies significantly depending on the complexity of the proposal being put forward. The estimated costs of the activity are as follows, presented as a range.

Process	Costs - Lower Bound (\$)			Costs - Upper Bound (\$)		
	Direct	Indirect	Total	Direct	Indirect	Total
Pre-lodgement	64.92	16.68	81.60	259.69	66.72	326.40
Consultation ¹	64.92	16.68	81.60	259.69	66.72	326.40
Assessment	259.69	66.72	326.40	2596.87	667.18	3264.05
Compliance & Monitoring	64.92	16.68	81.60	259.69	66.72	326.40
TOTAL	454.45	116.76	571.21	3375.93	867.34	4,243.26

Notes:

¹ The estimation assumes that no formal exhibition is required, as this is a rare occurrence.

² Future costs (as presented in Section 6) are assumed to increase by 2% p.a. reflecting the escalation of the primary cost driver (Salaries & Wages), based on the Harbour Trust’s Enterprise Bargaining Agreement.

The lower bound of the estimated cost to the Harbour Trust of completing the Planning Application activity is \$571.21, with the upper bound estimated to be \$4,243.26. The average estimated cost is \$2,407. The difference between the lower and upper bounds reflect the varying levels of complexity and associated resource requirements of different applications.

3.3 Design of regulatory charges

3.3.1 Liquor Permit Applications

The structure of the Harbour Trust’s Liquor Permit fees are based upon whether the Permit application is for either an On-Premises Licence or a Special Events Licence.

For On-Premises Licences, one of two different Annual Licence fees may be charged, dependent on the maximum number of daily patrons for the venue. For Special Events Licences, one of four different rates may be charged, dependent on the maximum number of daily patrons for the venue, as well as on the duration of the event. The fee schedule reflects the varying complexity of assessment required in processing each type of permit application.

Liquor Permit Applications – Fee Schedule

On-Premises Licence – Per Annum		
Maximum Number of Patrons per Day	Annual Licence Fee	
1-74	\$1,250	
75 +	\$1,750	
Special Events Licence – Per Event		
Maximum No. Patrons per Day	Duration of Event – Licence Fee	
	1 – 4 Calendar Days	5 + Calendar Days
1-74	\$500	\$1,250
75 +	\$1,000	\$1,750

However, there are some exceptions to the fee structure for Special Events;

- Tenants applying for minor changes to existing conditions for special events, as it is deemed these should be covered in their Annual Permit charge.
- Due to the nature of our sites, it is usually costly to set up event infrastructure, consequently to remain competitive within the market the Liquor Permit fee is waived at the discretion of the Venue & Programs Manager.

3.3.2 Planning Applications

The structure of the Harbour Trust's Planning Permit fee schedule is modelled on that applied by NSW Local Councils, where a fee is paid as a portion of the estimated cost of the proposed development.

The fees charged by the Harbour Trust are identical to those charged by NSW local councils, as they are the same as those prescribed by the NSW Government under Section 246B of the *Environmental Planning and Assessment Regulation 2000 (NSW)*. As fees are charged as a proportion of development costs, they increase over time naturally as development costs rise with inflation. This practice indirectly results in fee revenue from Planning Applications increasing by the rate of inflation.

The then Finance Minister approved partial recovery of costs associated with the approval process of Planning Applications, as per the Finance Minister's letter dated 15 August 2011.

Planning Applications – Fee Schedule

Estimated Cost of Proposal	Fee Payable
Up to \$5,000	\$110
\$5,001 - \$50,000	\$170, plus an additional \$3 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$5,000
\$50,001 - \$250,000	\$352, plus an additional \$3.64 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$50,000
\$250,001 - \$500,000	\$1,160, plus an additional \$2.34 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$250,000
\$500,001 - \$1,000,000	\$1,745, plus an additional \$1.64 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$500,000
\$1,000,001 - \$10,000,000	\$2,615, plus an additional \$1.44 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$1,000,000
More than \$10,000,000	\$15,875, plus an additional \$1.19 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$10,000,000

4. RISK ASSESSMENT

There are potential risks in charging for both the Liquor Permit Application and Planning Application regulatory activities. The major risk stems from whether the low levels of applications received and processed by the Harbour Trust distort the estimated costings to complete the activities. Similarly, the wide range of estimated costings provided for Planning Permit Applications reflect the varying

complexity of assessing applications. To mitigate this risk, cost drivers for completing the activity and ongoing monitoring will be reviewed on an ongoing basis. This will assist in ensuring that the estimated costings reflect those actually incurred.

There is also uncertainty over the number of applications that may be received in any given year, especially for Planning Permit Applications. This creates a risk that forward estimate forecasts may not accurately reflect the extent of costs actually recovered in a given year.

Despite these risks, it is believed that both regulatory charging activities are well managed by the Harbour Trust, leading to an overall low risk rating in regards to cost recovery itself. The activities and structures in place are considered acceptable to stakeholders, given the relatively low number of applications that are received, the rigorous extent of assessment and monitoring by the Planning Team, and the alignment of fees/charges to NSW levels.

In regards to the operational risks relating to the regulatory activities seeking permits, the Harbour Trust's Planning Team conducts thorough risk assessments as part of the planning process, reviewing against the Harbour Trust's Comprehensive Plan and relevant legislation (including the EPBC Act).

5. STAKEHOLDER ENGAGEMENT

Consultation with stakeholders occurs at the point of application by the prospective permit holder, as well as throughout the application review, approval and monitoring processes, either through direct contact or through the public release of plans and requests for comments.

Liquor Permits

The Property Team meet with stakeholders in relation to requests for Liquor Permits for tenant premises. The Harbour Trust Venue & Programs Manager meets with stakeholders in relation to requests for Liquor Permits for events and activities. Any other affected stakeholder are also consulted, either through direct contact or through public release of plans and requests for comment. In combination, the various modes of stakeholder engagement provide a mechanism for the Harbour Trust to receive feedback on the regulatory charging activities on a continuous basis.

Planning Applications

For Planning Applications, formal public exhibition includes notices in newspapers, website and e-newsletter (and sometimes letterbox drops), as well as direct notices to identified stakeholders (by email or post). Tenants are notified by the Property team. The legislative requirements for formal exhibitions are set out in the EPBC Act and the Harbour Trust's Comprehensive Plan. All formal (written) submissions made to the Harbour Trust are acknowledged, with a summary of submissions and/or outcomes of assessment typically published on the website.

Development of CRIS

In developing the Cost Recovery Implementation Statement, the Harbour Trust has consulted with the Department of Agriculture, Water and the Environment.

6. FINANCIAL ESTIMATES

Liquor Permit Applications

In order to produce the future financial estimates for the Liquor Permit Application activity, a number of assumptions have been made, as follows:

- The number of Liquor Permits assumed to be granted per annum over the forward estimates are 12 On-Premises Licences, and 2 Special Events Licences. This is based on 2019 actual figures.
- Expenses are calculated through multiplying the total number of On-Premises and chargeable Special Events Licences expected to be granted per annum by the average cost for the Harbour Trust to complete the activity, as it is expected that there is an even proportion of applications falling at each end of the cost bounds. Expenses are escalated at 2% p.a. being the average increase in the primary cost (Salaries & Wages). The escalator is based on the Enterprise Bargaining Agreement.
- Revenue is calculated through:
 - On-Premises Licence – The average 2018 fee charged (due to the fixed nature of the businesses obtaining annual licences) multiplied by the estimated number of on-premises licences to be granted.
 - Chargeable Special Events Licence – The average value of the fees schedule, multiplied by the estimated number of special-events licences to be granted.
 - Revenue is escalated by CPI at the assumed rate of 2.5% p.a. to take into account future increases in the fee schedule.

However please note the budget for 2020-21 has been adjusted to take into account the impact of COVID-19. The 2020-21 budget assumes;

- There are no special events and therefore no liquor licenses required
- 11 On premises Licenses are renewed

Revenue and expenses are calculated using the same methodology.

Liquor Permit Application – Financial Estimate

Liquor Permit Application (\$)	2020/21	2021/22	2022/23	2023/24
Expenses ¹				
Pre-lodgement Discussion	2,203	2,913	2,971	3,031
Preliminary Application Review	2,203	2,913	2,971	3,031
Internal/External Consultation	2,203	2,913	2,971	3,031
Application Assessed	2,203	2,913	2,971	3,031
Monitoring & Compliance	2,644	3,496	3,566	3,637
Total Expenses	11,457	15,148	15,451	15,760
Revenue ²	17,019	21,216	21,274	21,333
Balance	5,562	6,068	5,822	5,573
Cumulative Balance	5,562	12,376	18,199	23,771

Notes:

¹ Expenses are assumed to increase at 2% p.a. reflecting the escalation of the primary cost driver (Salaries & Wages) based on the Harbour Trust's Enterprise Bargaining Agreement.

² Revenue is assumed to increase by CPI, at the assumed rate of 2.5% p.a.

Over the forward financial estimates, the Harbour Trust is expected to run a positive cumulative balance with respect to the Liquor Permit Application activity. Under the Sydney Harbour Federation Trust Regulations 2001, the Harbour Trust is required to charge a fee that must not exceed the reasonable administrative costs of processing the application. However, Section 41 (4) allows the Harbour Trust to charge an additional fee (on top of the administration fee) for carrying out an authorised activity on Trust land.

The financial estimates are based on assumptions of effort required. These assumptions are based on two years of data from 2018-2019 and reviewed annually. A revision to the fee structure may be required if the model confirms revenues consistently exceed expenses.

Planning Application Permits

In order to produce the future financial estimates for the Planning Application Permit activity, a number of assumptions have been made, as follows:

- Based on the 5 years from 2015 to 2019, the average number of Planning Applications received were 14 per annum. It is assumed that this is the average number of applications received per annum over the forward estimates.
- Expenses are calculated through multiplying the average number of Planning Applications received per annum by the weighted average cost (between lower and upper bound cost estimates) for the Harbour Trust to complete the activity. The weightings (50% lower cost bound and 50% upper cost bound) are based on an assessment of the proportion of applications expected to fall at each end of the scale. Expenses are escalated at 2% p.a. being the average increase in the primary cost (Salaries & Wages). The escalator is based on the Enterprise Bargaining Agreement.
- Revenue is calculated through multiplying the average number of Planning Applications received per annum by the fee payable on the average (over the 5-year period 2015 to 2019) estimated value of works applied to be undertaken. Assumed CPI increase of 2.5% p.a. to take into account increase in building costs has been applied.

Please note the budget for 2020-21 has been adjusted to take into account the impact of COVID-19. The 2020-21 budget assumes;

- There are no planning applications for 2020-21.

Planning Application Permit – Financial Estimates

Planning Application Permit (\$)	2020/21	2021/22	2022/23	2023/24
Expenses				
Pre-lodgement	0	2,830	2,887	2,944
Public Exhibition / Consultation	0	2,830	2,887	2,944
Assessment	0	24,903	25,401	25,909
Monitoring & Compliance	0	2,830	2,887	2,944
Total Expenses	0	33,393	34,061	34,742
Revenue	0	9,834	10,080	10,332
Balance	0	- 23,559	- 23,981	- 24,411
Cumulative Balance	0	- 46,704	- 70,685	- 95,096

Notes:

¹ Expenses are assumed to increase at 2% p.a. reflecting the escalation of the primary cost driver (Salaries & Wages) based on the Harbour Trust's Enterprise Bargaining Agreement.

² Revenue is assumed to increase by CPI, at the assumed rate of 2.5% p.a.

Over the forward financial estimates, the Harbour Trust is expected to run a slight negative cumulative balance with respect to the Planning Application Permit activity. While it is valid and equitable for the Harbour Trust planning application fee structure to be aligned with the similar fee structure in NSW, it should be noted that Harbour Trust planning assessments are broader, and more in-depth, than would typically be expected of other planning authorities. This is due to the Harbour Trust's dual role as a public authority and landowner, with a direct interest in the outcomes achieved (particularly with respect to protecting heritage/environmental values and public amenity/access). As a result, the fees charged will often not cover the cost of the assessment. However, the cost in ensuring these desired outcomes is offset by the Harbour Trust's ability – again, as landowner – to derive a financial benefit from approved activities. The Harbour Trust balances its Corporate Plan objectives to care for its parklands, while being a financially-sustainable organisation – to support outcomes that are beneficial in terms of both planning and financial outcomes. Keeping fees aligned with NSW helps ensure that the planning process does not discourage investment in Harbour Trust sites – and the ongoing revenue that

this facilitates is reinvested back into the management of the sites. This is in line with the then Finance Minister's approval for the Harbour Trust's partial recovery of costs associated with the approval process of Development Applications (now referred to as Planning Applications) as per the Finance Minister's letter dated 15 August 2011.

7A. FINANCIAL PERFORMANCE

Prior to 2019-20, the Harbour Trust has not performed activity-based costing for regulatory activities. As such, the information provided below on financial performance prior to 2019-20 is limited to revenue.

Liquor Permit Applications

Over the five financial years from 2015-16 to 2019-20, the Harbour Trust collected \$88,452 revenue from Liquor Permit Application activities.

Liquor Permit	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Revenue	\$7,687	\$18,337	\$23,330	\$20,122	\$13,583	\$88,452
Expenses					\$8,364 ¹	
Balance					\$5,219	

Notes:

¹ Please note expenses excludes special events Liquor permits whose fees were waived.

Planning Permit Applications

Over the five financial years from 2015-16 to 2019-20, the Harbour Trust collected \$24,853 revenue from Planning Applications Permit activities. Due to the uncertainty in the number of applications received (and the value of works sought to be undertaken), there is no clear trend to be discerned.

Planning Permit	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Revenue	\$2,039	\$1,617	\$6,224	\$1,403	\$12,855	\$24,853
Expenses					\$45,247	
Balance					-\$32,393	
<i>Explain material variances:</i>	<i>In 2019-20, the under recovery was due an unprecedented volume of complex Planning Applications that required detailed assessments, and therefore our labour intensive.</i>					

The effectiveness of the Harbour Trust's regulatory charging activities are assessed based on a number of KPIs.

Non-Financial KPIs	Demonstrate	Monitoring Frequency
Days taken to issue application outcome	To ensure that customer expectations are met with respect to the timely completion of application review.	Quarterly
Timely payment of late fees	Ensuring the Harbour Trust recovers the cost of completing regulatory activities in an efficient manner.	Monthly
Breaches of Liquor Permit	Enables the Trust to allocate monitoring resources, review application process and terminate licences when issues are not rectified within specified timeframes.	Daily
Compliance with Planning Application Conditions	Ensure compliance with the conditions and requirements of the original or amended permit.	Completion of development

8. KEY FORWARD DATES AND EVENTS

Key Event	Key Date
Approval of CRIS	September 2020
Next Update of Forward Estimates	June 2021
Next Update of Actual Results	June 2021
CRIS Review and Update	June 2021

Date of CRIS change	CRIS change	Approver	Basis for change
12/6/2017	Draft CRIS developed for review	David Llewelyn	New Finance Minister Orders
12/7/2017	Included Activity flow charts and updated average cost details	David Llewelyn	New Finance Minister Orders
13/6/2019	Updated commentary & description, revenue and cost estimates for budget and forward years	Mary Darwell, Chief Executive Officer	CRIS Review
/ /2020	Updated commentary & description, revenue and cost estimates for budget and forward years	Mary Darwell, Chief Executive Officer	CRIS Review