



Australian Government

**Department of Climate Change, Energy,
the Environment and Water
Sydney Harbour Federation Trust**

COST RECOVERY IMPLEMENTATION STATEMENT

Fees for applications for Liquor Permits and Planning Permits 2024-25

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 Australian Government Cost Recovery Policy¹, sets out the framework under which government entities design, implement and review regulatory charging activities.

¹ The Australian Government Charging Framework and the Australian Government Cost Recovery Policy is 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 applications for Liquor Permits and Planning Permits. It also reports financial and non-financial performance information for these activities and contains financial forecasts for 2024-5 and three forward years. The Harbour Trust 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 consistent with the objects set out in the *Sydney Harbour Federation Trust Act 2001* (the Act). This includes bringing new life to its sites in ways that are compatible with protecting and interpreting their environmental and heritage values. The Harbour Trust generates revenue through fees while operating and maintaining its sites. Regulatory activities subject to charging fees include applications for Liquor Permits and Planning Permits.

1.2.1 Applications for Liquor Permits

What is the regulatory activity being cost recovered?

Receiving, assessing and granting applications for Liquor Permits is a regulatory activity that is administered by the Harbour Trust in accordance with the *Sydney Harbour Federation Trust Regulations 2021* (the Regulations), which have been made under the Act. The Regulations provide for the Harbour Trust to grant permits for activities that would otherwise be prohibited on Harbour Trust land, and to charge a fee for dealing with applications for such. This includes applications for permits for the sale and supply of liquor on Harbour Trust land.

The Harbour Trust grants 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.

Liquor Permits (with conditions) are granted by the Harbour Trust in accordance with Sections 9 and 10 of the Regulations. Fees for applications are charged in accordance with Section 59 of the Regulations.

What policy outcomes will the activity achieve?

Regulating the sale and supply of alcohol through the granting of liquor permits contributes 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 ensuring that activities involving the sale or supply of alcohol meet the requirements of relevant legislation and codes, as well as ensuring that they are consistent 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 lessees/licensees involved in various commercial undertakings.

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 that the community benefit of these undertakings is maximised, the Harbour Trust has instituted a strong monitoring and compliance regime. Charging is an appropriate means of ensuring that these undertakings remain sustainable. The Harbour Trust's regulatory approach is comparable to NSW.

Who will pay the regulatory charges?

Prior to the sale or supply of alcohol on Harbour Trust land, prospective permit holders must first submit an application for a Liquor permit and pay the applicable fee. The impact of charging on stakeholders is negligible, as applicants would be subject to similar fees if they were to apply for the sale or supply of alcohol within the adjoining NSW jurisdiction.

1.2.2 Applications for Planning Permits**What is the regulatory activity being cost recovered?**

Receiving, assessing and granting applications for Planning Permits is a regulatory activity that is administered by the Harbour Trust in accordance with the *Sydney Harbour Federation Trust Regulations 2021* (the Regulations), which have been made under the Act. The Regulations provide for the Harbour Trust to grant permits for activities that would otherwise be prohibited, and to charge a fee for dealing with applications for such. This includes applications for a planning permit for building activities or similar on Harbour Trust land.

Planning Permits (with conditions) are granted by the Harbour Trust in accordance with Sections 9 and 10 of the Regulations. Fees for applications are charged in accordance with Section 59 of the Regulations.

Certain applications may also need to be referred to the Department of Climate Change, Energy, the Environment and Water (DCCEEW), for consideration and separate approval under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

What policy outcomes will the activity achieve?

Regulating land use development through the granting of planning permits supports the appropriate activation of Harbour Trust sites by lessees and licensees proposing to undertake development. The regulatory 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 activity of regulating Planning Permits ensures that land use development and commercial activation on Harbour Trust sites is accompanied by a strong monitoring and compliance regime. Charging is an appropriate means of ensuring that land use development and commercial activation remain sustainable.

Who will pay the regulatory charges?

Individuals or organisations must apply for a Planning Permit where they propose to undertake certain actions on Harbour Trust land. When applications are assessed by the Harbour Trust, a fee is charged. The impact of charging stakeholders is negligible, as applicants would be subject to similar fees if they were to apply for the equivalent of a planning permit within the adjoining NSW jurisdiction.

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.

On 15 August 2011 the Finance Minister approved partial recovery of costs associated with the Harbour Trust's approval process for Development Applications (now referred to as Planning Permits).

2.2 Statutory authority to charge

The statutory authority to charge is contained within Section 59 of the Regulations.

Prior to commencement of the Regulations, the Harbour Trust's assessment of the regulatory burden of the Regulations to business, community organisations or individuals was quantified using the Australian Government's *Regulatory Burden Measurement Framework*, and it was determined that a Regulatory Impact Statement was not required.

Section 59 of the Regulations states:

(1) For the purposes of paragraphs 73(2)(f) and (n) of the Act, the Trust may charge the fee set out in column 2 of an item in the table in subsection (3) of this instrument in respect of the service, facility, licence, permission, permit or authority set out in column 1 of the item.

(2) The amount of any fee may be recovered by the Trust as a debt due to the Trust, on behalf of the Commonwealth, in:

(a) the Federal Court of Australia; or

(b) the Federal Circuit and Family Court of Australia (Division 2); or

(c) a court of a State or Territory that has jurisdiction in relation to the matter.

(3) The following table sets out the fees for the purposes of subsection (1).

Fees charged by the Trust		
Item	Service, facility, licence, permit or other authority	Fee
<i>Application for planning permit for building activities etc. on Trust land</i>		
1	Application for a planning permit for building activities etc. on Trust land if the estimated cost of the works does not exceed \$5,000	\$110
2	Application for a planning permit for building activities etc. on Trust land if the estimated cost of the works exceeds \$5,000 and not \$50,000	\$170 plus \$3 for each \$1,000, or part of \$1,000, by which the estimated cost exceeds \$5,000
3	Application for a planning permit for building activities etc. on Trust land if the estimated cost of the works exceeds \$50,000 and not \$250,000	\$352 plus \$3.64 for each \$1,000, or part of \$1,000, by which the estimated cost exceeds \$50,000
4	Application for a planning permit for building activities etc. on Trust land if the estimated cost of the works exceeds \$250,000 and not \$500,000	\$1,160 plus \$2.34 for each \$1,000, or part of \$1,000, by which the estimated cost exceeds \$250,000
5	Application for a planning permit for building activities etc. on Trust land if the estimated cost of the works exceeds \$500,000 and not \$1,000,000	\$1,745 plus \$1.64 for each \$1,000, or part of \$1,000, by which the estimated cost exceeds \$500,000
6	Application for a planning permit for building activities etc. on Trust land if the estimated cost of the works exceeds \$1,000,000 and not \$10,000,000	\$2,615 plus \$1.44 for each \$1,000, or part of \$1,000, by which the estimated cost exceeds \$1,000,000
7	Application for a planning permit for building activities etc. on Trust land if the estimated cost of the works exceeds \$10,000,000	\$15,875 plus \$1.19 for each \$1,000, or part of \$1,000, by which the estimated cost exceeds \$10,000,000
<i>Permit for sale and supply of liquor on Trust land</i>		
8	1-year permit for the sale and supply of liquor on premises on Trust land to one to 74 patrons per day	\$1,250
9	1-year permit for the sale and supply of liquor on premises on Trust land to 75 or more patrons per day	\$1,750
10	Special event permit for the sale and supply of liquor on Trust land to one to 74 patrons per day for an event lasting 1 to 4 days	\$500
11	Special event permit for the sale and supply of liquor on Trust land to 75 or more patrons per day for an event lasting 1 to 4 days	\$1,000
12	Special event permit for the sale and supply of liquor on Trust land to one to 74 patrons per day for an event lasting 5 or more days	\$1,250
13	Special event permit for the sale and supply of liquor on Trust land to 75 or more patrons per day for an event lasting 5 or more days	\$1,750

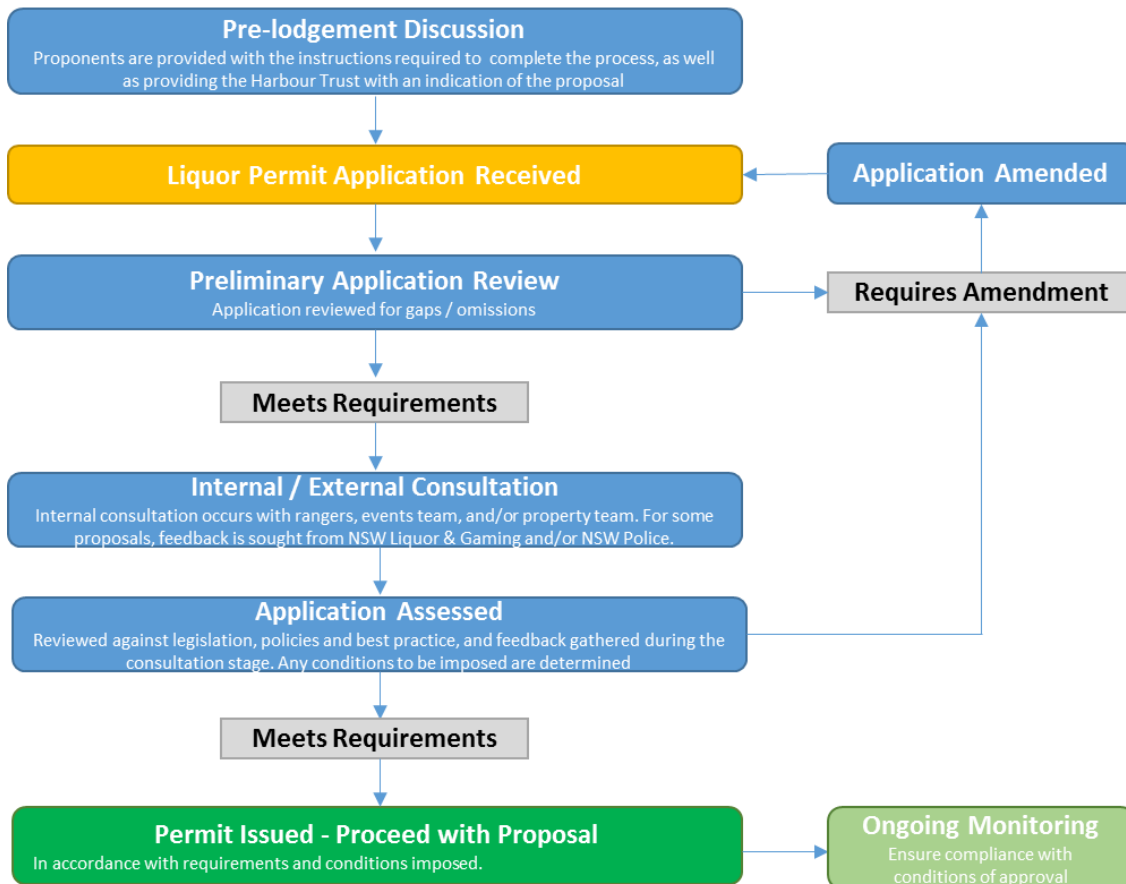
3. COST RECOVERY MODEL

3.1 Outputs and business processes of the regulatory charging activity

3.1.1 Liquor Permit Applications

The outputs of this activity are the Liquor Permits granted to lessees/licensees (including operators of special events on Harbour Trust 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 Applications – 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 0.5 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 to 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 0.5 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, including those subject to the *Music Festivals Act 2019* [NSW]) with Liquor and Gaming NSW, and/or NSW Police. The time spent by Harbour Trust staff at this stage is estimated to be between 1 and 6 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 granted, 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 6 hours.

Ongoing Monitoring and Compliance

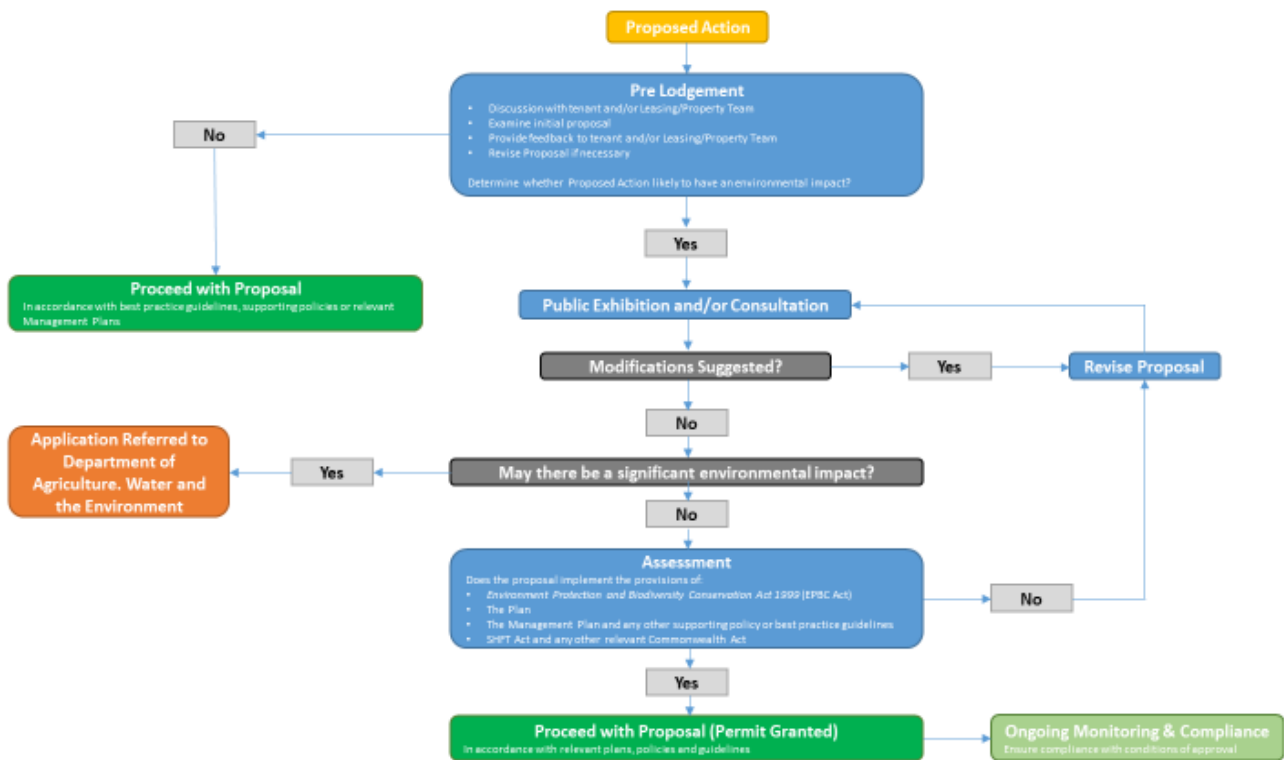
Once a permit has been granted, the activities of the lessee/licensee are monitored to ensure compliance with any conditions imposed as part of the permit granted. If a breach of conditions is identified, the permit holder will be directed to remedy, with the potential for a fine to be issued. The Regulations also provide for revocation of a permit in certain cases. The time spent by Harbour Trust staff at this stage is estimated to be between 1 and 2 hours.

3.1.2 Planning Permit Applications

The outputs of this activity are the Planning Permits granted to individuals or organisations undertaking certain actions (such as construction and land use) on Harbour Trust land. Since 2004, the Harbour Trust grants, on average, 13 Planning Permits to third parties (external applicants) per financial year.

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.

Planning Permit Applications – Business Process



Pre-lodgment

Proponents are provided with instructions for completing the application process. This stage also provides the Harbour Trust with the opportunity to gain a preliminary understanding of the nature of the proposal. Discussion may occur with the lessee/licensee and/or the Harbour Trust's Property Team. At this stage, the Planning Team is able to gauge the type and scale of the proposed action's potential environmental impacts and operational issues. The time spent by Harbour Trust staff at this stage is estimated to be between 2 and 4 hours.

EPBC Act referral and/or Public Exhibition

If the proposed action is considered to potentially pose a significant environmental impact and/or to be of significant public interest, the Planning Permit application would be referred to DCCEEW in accordance with the EPBC Act and/or be exhibited for public comment. Internal consultation with relevant branches of the Harbour Trust is standard, at minimum with the Property, Heritage and Site Services teams. Sometimes consultation with a neighbouring council or other bodies such as NSW National Parks & Wildlife Service may occur. At the conclusion of any public consultation process, modifications and queries about the proposal may be suggested to the proponent. When third parties' proposed actions are subject to public exhibition, Harbour Trust staff spend upwards of 4 hours per application during this stage.

Assessment

At this stage, the application undergoes preliminary assessment in accordance with the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), and other relevant legislation/policies and management plans. Applications that are considered to potentially have a significant impact on the environment are referred to the Minister for the Environment for consideration under the EPBC Act.

If the application is assessed as meeting all requirements, the Harbour Trust may grant a Planning Permit with conditions. If the requirements are not met, the applicant may be informed of any amendments required, or the application may be refused. The time spent by Harbour Trust staff at this stage is estimated to be between 6 and 30 hours, depending on the complexity of the proposal.

Ongoing Monitoring and Compliance

Planning Permits will usually be subject to conditions. Monitoring the permit holder's compliance with these conditions usually involves the Planning Team collating required documents, issuing construction/occupation approvals, and undertaking inspections during and after the works are completed. The time spent by Harbour Trust staff at this stage is estimated to be between 2 and 8 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, granting 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 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 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 Harbour 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	35.82	8.85	44.67	286.55	70.79	357.33
Preliminary Application Review	35.82	8.85	44.67	286.55	70.79	357.33
Internal/External Consultation	71.64	17.70	89.33	429.82	106.18	536.00

Application Assessed	71.64	17.70	89.33	429.82	106.18	536.00
Compliance & Monitoring	71.64	17.70	89.33	143.27	35.39	178.67
TOTAL	286.55	70.79	357.33	1,576.01	389.32	1,965.33

Note: Future costs (as presented in Section 6) are assumed to increase by 3.8% p.a. reflecting the escalation of the primary cost driver (Salaries & Wages), based on the Harbour Trust's Enterprise Agreement.

The lower bound of the estimated cost to the Harbour Trust of completing the Liquor Permit application activity is \$357, with the upper bound estimated to be \$1,965. The difference between the lower and upper bounds reflects the varying levels of complexity and associated resource requirements of different applications.

3.2.2 Planning Permit 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-lodgment	143.27	35.39	178.67	286.55	70.79	357.33
Public Exhibition and/or Consultation	-	-	-	286.55	70.79	357.33
Assessment	429.82	106.18	536.00	2,149.10	530.90	2,680.00
Compliance & Monitoring	143.27	35.39	178.67	573.09	141.57	714.67
TOTAL	716.37	176.97	893.33	3,295.29	814.04	4,109.33

Notes:

¹ Future costs (as presented in Section 6) are assumed to increase by 3.8% p.a. reflecting the escalation of the primary cost driver (Salaries & Wages), based on the Harbour Trust's Enterprise Agreement.

The lower bound of the estimated cost to the Harbour Trust of completing the Planning Permit application activity is \$893, with the upper bound estimated to be \$4,109. The average estimated cost is \$2,307. The difference between the lower and upper bounds reflects 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 fee schedule for the Harbour Trust's Liquor Permit applications is based upon two types of permits: 'On-Premises' and 'Special Events'.

- For *On-Premises Permits*, one of two different annual permit fees may be charged, depending on the maximum number of daily patrons for the premises.
- For *Special Events Permits*, one of four different rates may be charged, depending on the maximum number of daily patrons for the venue, as well as the duration of the event.

The fee schedule reflects the varying complexity of assessing each type of permit application.

The fees for liquor permits are set out in section 59 of the *Sydney Harbour Federation Trust Regulations 2021* and are quoted in full in section 2.2 of this report.

However, there are some exceptions to the fee structure:

- Lessees/licensees applying for minor variations to current liquor permits are not charged a fee, as it is deemed to be covered in the Annual Permit charge.
- Liquor permit fees for events may occasionally be waived in accordance with section 59(1) of the Regulations, to allow the Harbour Trust to remain competitive in the event-market. This discretion takes into account the challenging nature of our sites (such as Cockatoo Island) which increases the cost of setting up temporary event infrastructure, while noting that the Harbour Trust will derive revenue from a commercial licence for the event. Current permits may be varied in accordance with section 11 of the Regulations. No fees are charged for variations. Variations are uncommon, and it is noted that these are typically minor in nature and thus do not require a detailed assessment. Given these factors the cost of assessing permit variations is negligible.

The Harbour Trust will undertake a review in 2024-25 of its liquor permit fees including consideration of their alignment with fees being charged in NSW.

3.3.2 Planning Permit Applications

The structure of the Harbour Trust's Planning Permit application fee schedule, as set out in the 2021 Regulations, is modelled on that applied by local councils in NSW, where a fee is paid as a portion of the estimated cost of the proposed development. 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 Permit applications increasing by the rate of inflation.

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

The fees for planning permit applications are set out in section 59 of the *Sydney Harbour Federation Trust Regulations 2021* and are quoted in full in section 2.2 of this report.

Current permits may be varied in accordance with section 11 of the Regulations. No fees are charged for variations. Variations are uncommon, and it is noted that these are typically minor in nature and thus do

not require a detailed assessment. Given these factors the cost of assessing permit variations is negligible.

The fees charged by the Harbour Trust, as set out in our 2021 Regulations, were aligned with those charged by local councils in NSW, as prescribed by the NSW Government under the *Environmental Planning and Assessment Regulation 2000 (NSW) (EP&A Regulation)*. A new EP&A Regulation came into force in December 2021, three months after the Harbour Trust's 2021 Regulations commenced. While the fee structure in the 2021 EP&A Regulation remained the same, the rates changed, with the result that there is now a minor misalignment between Harbour Trust and NSW fees. Harbour Trust fees are now approximately 77% of those typically charged in NSW, which in 2023-24 equated to \$34,177. This is not considered a significant sum, reflecting the low volume of Planning Permit applications processed by the Harbour Trust. Notwithstanding that, the Harbour Trust will review its Planning Permit application fees in 2024-25 with a view to recalibrating its fees with those currently charged in NSW.

4. RISK ASSESSMENT

There are potential risks in charging application fees for the Liquor Permit and Planning Permit regulatory activities. The major risk stems from whether the low levels of applications processed by the Harbour Trust distort the estimated costings to complete the activities. Similarly, the wide range of estimated costings provided for processing 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 assessed 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 considered that both regulatory charging activities are well managed by the Harbour Trust, leading to an overall low risk rating regarding cost recovery itself. The activities and structures in place are considered acceptable to stakeholders, given the relatively low number of applications that are assessed, the rigorous extent of assessment and monitoring by the Harbour Trust's Planning team, and the general alignment of fees/charges with NSW levels.

With respect to the operational risks relating to undertakings requiring 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 internal and/or external stakeholders occurs as part of the assessment of the permit application either through direct contact or through the public exhibition of plans and by inviting submissions. Once a permit has been granted stakeholders are able to contact the Harbour Trust to raise any concerns they may have about the conduct of the permitted action.

Liquor Permit Applications

The Property team meets with stakeholders in relation to applications for Liquor Permits for tenanted premises. The Harbour Trust's Events and Venue Manager meets with stakeholders in relation to requests for Liquor Permits for events. Any other potentially affected stakeholders are also consulted, either through direct contact or through the public exhibition of plans and by inviting submissions. In combination, the various modes of stakeholder engagement provide a mechanism for the Harbour Trust to receive feedback about the regulatory charging activities on an ongoing basis.

Planning Permit Applications

For Planning Permit 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.

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 14 On-Premises Permits, and 16 Special Events Permits. This is based on 2023-24 actual figures.
- Expenses are calculated through multiplying the total number of On-Premises and chargeable Special Events Permits 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 3.8% p.a. being the average increase in the primary cost (Salaries & Wages). The escalator is based on the Enterprise Agreement.
- Revenue is calculated through:
 - On-Premises Permit – The average fee charged (due to the fixed nature of the businesses obtaining annual permits) multiplied by the estimated number of on-premises permits to be granted.
 - Chargeable Special Events Permit – The average value of the fees schedule, multiplied by the estimated number of special-events Permits to be granted.
 - Revenue is not escalated as the Liquor Permit Fees Schedule is fixed.

The table below provides the estimated results for 2024-25 and three additional forward years.

Liquor Permit Application – Financial Estimate

Liquor Permits (\$)	2024/25	2025/26	2026/27	2027/28
Expenses ¹				
Pre-lodgement Discussion	3,819	3,964	4,115	4,271
Preliminary Application Review	3,819	3,964	4,115	4,271
Internal/External Consultation	5,941	6,166	6,401	6,644
Application Assessed	5,941	6,166	6,401	6,644
Monitoring & Compliance	2,546	2,643	2,743	2,847
Total Expenses	22,065	22,904	23,774	24,678
Revenue ²	27,591	27,591	27,591	27,591
Balance	5,525	4,687	3,816	2,913
Cumulative Balance	5,525	10,212	14,028	16,941

Notes:

¹ Expenses are assumed to increase at 3.8% p.a. reflecting the escalation of the primary cost driver (Salaries & Wages) based on the Harbour Trust's Enterprise Agreement.

² Revenue is not escalated as Liquor Permit Fees are fixed.

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 2021*, the Harbour Trust may charge fees in respect of licences and permits that are granted by the Harbour Trust.

The financial estimates are based on assumptions of effort required, as outlined in prior sections of this CRIS. Fees for Liquor Permit and Planning Permit applications are generally consistent with those charged in NSW. A revision to the fee structure may be required if the modelling confirms revenues consistently exceed expenses.

Applications for Planning Permits

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

- Based on the 5 years from 2019-2020 to 2023-2024, the average number of Planning Permit applications determined were 12 per annum. It is assumed that this is the average number of applications determined per annum over the forward estimates.
- Expenses are calculated through multiplying the average number of Planning Permit applications determined 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 3.8% 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 Permit applications determined per annum by the average actual fee paid over the period 2019-2020 to 2023-2024. An assumed CPI increase of 3.8% p.a. to take into account an increase in building costs has been applied (as fees paid are based off the expected value of proposed works).

The table below provides the estimated results for 2024-25 and three additional forward years.

Planning Application Permit – Financial Estimates

Applications for Planning Permits (\$)	2024/25	2025/26	2026/27	2027/28
Expenses				
Pre-lodgement	3,109	3,227	3,350	3,477
Public Exhibition / Consultation	2,073	2,151	2,233	2,318
Assessment	18,653	19,362	20,097	20,861
Monitoring & Compliance	5,181	5,378	5,583	5,795
Total Expenses	29,015	30,118	31,262	32,450
Revenue	7,203	7,477	7,761	8,056
Balance	- 21,813	- 22,641	- 23,502	- 24,395
Cumulative Balance	- 21,813	- 44,454	- 67,956	- 92,351

Notes:

¹ Expenses are assumed to increase at 3.8% 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 3.8% p.a. This is to reflect an assumed increase in the value of works being proposed (of which the Planning Permit Fee is based).

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 the permitted 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

Liquor Permits Applications

Over the financial years from 2019-20 to 2023-24, the Harbour Trust collected \$108,224 revenue from Liquor Permits activities.

Liquor Permit	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Revenue	\$13,583	\$18,120	\$21,049	\$27,055	\$28,416	\$108,224
Expenses	\$8,397	\$15,525	\$18,512	\$16,396	\$24,381	\$83,211
Balance	\$5,186	\$2,596	\$2,537	\$10,659	\$4,035	\$25,013

Planning Permit applications

Over the financial years from 2019-20 to 2023-24, the Harbour Trust collected \$35,278 revenue from Planning Permits from third parties. Due to the uncertainty in the number of applications determined (and the value of works sought to be undertaken), there is no clear trend to be discerned.

Planning Permit	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Revenue	\$12,855	\$5,656	\$5,035	\$5,971	\$5,761	\$35,278
Expenses	\$45,248	\$32,852	\$13,601	\$27,602	\$17,507	\$136,810
Balance	\$32,393	\$27,195	-\$8,566	\$21,630	-11,746	-\$101,530

7B. NON-FINANCIAL PERFORMANCE

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 determine application outcome	To ensure that customer expectations are met with respect to the timely assessment and determination of an application.	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 permits when issues are not rectified within specified timeframes.	Daily
Compliance with Planning Permit Conditions	Ensure compliance with the conditions and requirements of the original or varied permit.	Completion of permitted activity

8. KEY FORWARD DATES AND EVENTS

Key Event	Key Date
Approval of CRIS	October 2024
Next Update of Forward Estimates	October 2025
Next Update of Actual Results	October 2025
CRIS Review and Update	October 2025

9. CRIS APPROVAL AND CHANGE REGISTER

Date of CRIS change	CRIS change	Approver	Basis for change
12/6/2017	Draft CRIS developed for review	David Llewelyn, Manager Finance	New Finance Minister Orders
12/7/2017	Included Activity flow charts and updated average cost details	David Llewelyn, Manager Finance	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
14/9/2020	Updated commentary & description, revenue and cost estimates for budget and forward years	Mary Darwell, Chief Executive Officer	CRIS Review
22/9/2021	Updated commentary & description, revenue and cost estimates for budget and forward years	Members of the Trust	CRIS Review
19/10/2023	Updated commentary & description, revenue and cost estimates for budget and forward years	Members of the Trust	CRIS Review
XX/10/2024	Updated commentary & description, revenue and cost estimates for budget and forward years	Members of the Trust	CRIS Review